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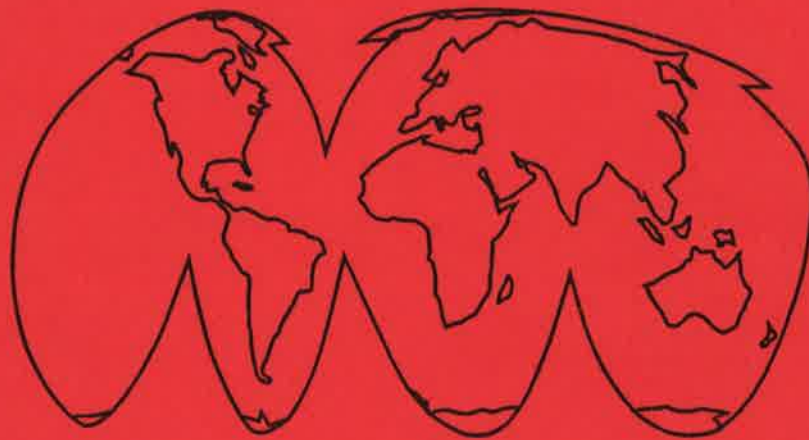
Page numbers have been added — each paper may have its own page numbers starting at one. For clarity, please cite these proceedings using the **red** page numbers added to the bottom right of each page.

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NASON

Eighteenth Macromarketing Conference

New Visions in a Time of Transition



August 12-15, 1993

The W. Alton Jones Conference Center
The University of Rhode Island

Conference Chairs: A. Fuat Firat
Arizona State University West
Annamma Joy
Concordia University

Arrangements Chair: Ruby Roy Dholakia
The University of Rhode Island

CONFERENCE PROGRAM

EIGHTEENTH MACROMARKETING CONFERENCE

August 12-15, 1993
W. Alton Jones Campus
The University of Rhode Island

Thursday, August 12, 1993

- 12:00 - 15:00** *Buffet Lunch*
- 15:00 - 18:00** *Registration/Reading Time/Games*
- 18:00 - 20:00** *Reception and Dinner*
- 20:00 - 22:00** *Opening, Keynote and Explorations Session*
- Opening Remarks - Annamma Joy
Organizational Remarks - Ruby Roy Dholakia
Program Introduction - A. Fuat Firat
- Keynote - Alladi Venkatesh
- Explorations - Eileen Fischer
 Lisa Penaloza

Friday, August 13, 1993

- 7:00 - 8:00** *Breakfast*
- 8:00 - 10:00** *Competitive Papers Session*
- Donald F. Dixon, "Macromarketing in the 1920s: The Case of the Robinson-Patman Act"
- David J. Morris, Jr. and Richard E. Plank, "The Unitary Perspective: An Alternative Philosophical Frame of Reference for Macromarketing Theory Development"
- Andreas W. Falkenberg, "Marketing and the Wealth of Firms"
- Terri L. Rittenburg and Madhavan Parasarathy, "Implications of Target Market Selection: A Proposed Framework for Developing Strategies from a Macromarketing Perspective"

EIGHTEENTH ANNUAL MACROMARKETING CONFERENCE

AUGUST 12-15, 1993

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FRIDAY AUGUST 13, 1993

Competitive Session (8:00 - 10:00 AM)

Donald F. Dixon, "Macromarketing in the 1920s: The Case of the Robinson-Patman Act"

David J. Morris, Jr. and Richard E. Plank, "The Unitary Perspective: An Alternative Philosophical Frame of Reference for Macromarketing Theory Development"

Andreas W. Falkenberg, "Marketing and the Wealth of Firms"

Terri L. Rittenburg and Madhavan Parasarathy, "Implications of Target Market Selection: A Proposed Framework for Developing Strategies from a Macromarketing Perspective"

Special Session (10:30 AM - 12:00 NOON)

Competitive Session (1:00 - 3:00 PM)

Linda R. Stanley and John T. Tschirhart, "Marketing in the Environment: A Biophysical Perspective"

Gopalkrishnan Iyer, "What Shall We Do? An Ecological Macromarketing Framework and the Responsibility of the Intellectual"

Robert Benton, "Ecological Knowledge and Attitudes in the School of Business"

Lars Thoger Christensen and Soren Askegaard, "Innovation Beyond Change: A Macromarketing Perspective"

Explorations (3:15 - 4:15 PM)

Nikhilesh Dholakia, "Macromarketing -- Back to the Future"

Romain Laufer, "Marketing, Legitimacy and Society"

Macromarketing in the 1930s:
The Case of the Robinson-Patman Act

Donald F. Dixon, Penn State Great Valley

The appearance of the Journal of Marketing in July 1936 came at a crucial moment. One of the ninety-six bills signed by President Roosevelt on June 20, 1936 was the highly controversial Robinson-Patman Anti-Price Discrimination Act. An article in the second issue of the Journal noted that "No law passed by the 74th Congress during its second session has aroused more wide-spread interest among students of marketing than the Robinson-Patman Act" (Engle 1936, 75). The first volume of the Journal also contained four other articles related to the Robinson-Patman Act (Alderson 1937, Edwards 1937, George 1937, Stevens 1937).

Alderson chastised the marketing profession for its failure to take part in the legislative debate on the Robinson-Patman Act, arguing that marketing specialists should be judged as "one of the most supine of professional groups" if nothing was done about pending legislation, "For surely no one is better qualified to play a leading part in the consideration of measures designed for the regulation of competition" (1937, 189). Not everyone held such a sanguine view. In a contemporary essay on "The Place of Learning in the Distribution of Goods," Thurman Arnold implied that marketing theory could not provide a basis for addressing problems because scholarship simply perpetuated creeds "in spite of their conflict with reality" (1937, 84-85).

This paper reviews the literature of 1936 and 1937 to determine the contribution of the academic marketing profession to the debate regarding the Robinson-Patman Act. The first section sketches the background of the Robinson-Patman Act. The second section reviews statements of the proponents and the third, arguments by marketing professionals opposing the bill. The final section identifies the issues being addressed and the conceptual underpinning of the positions taken by the supporters and opponents of the bill.

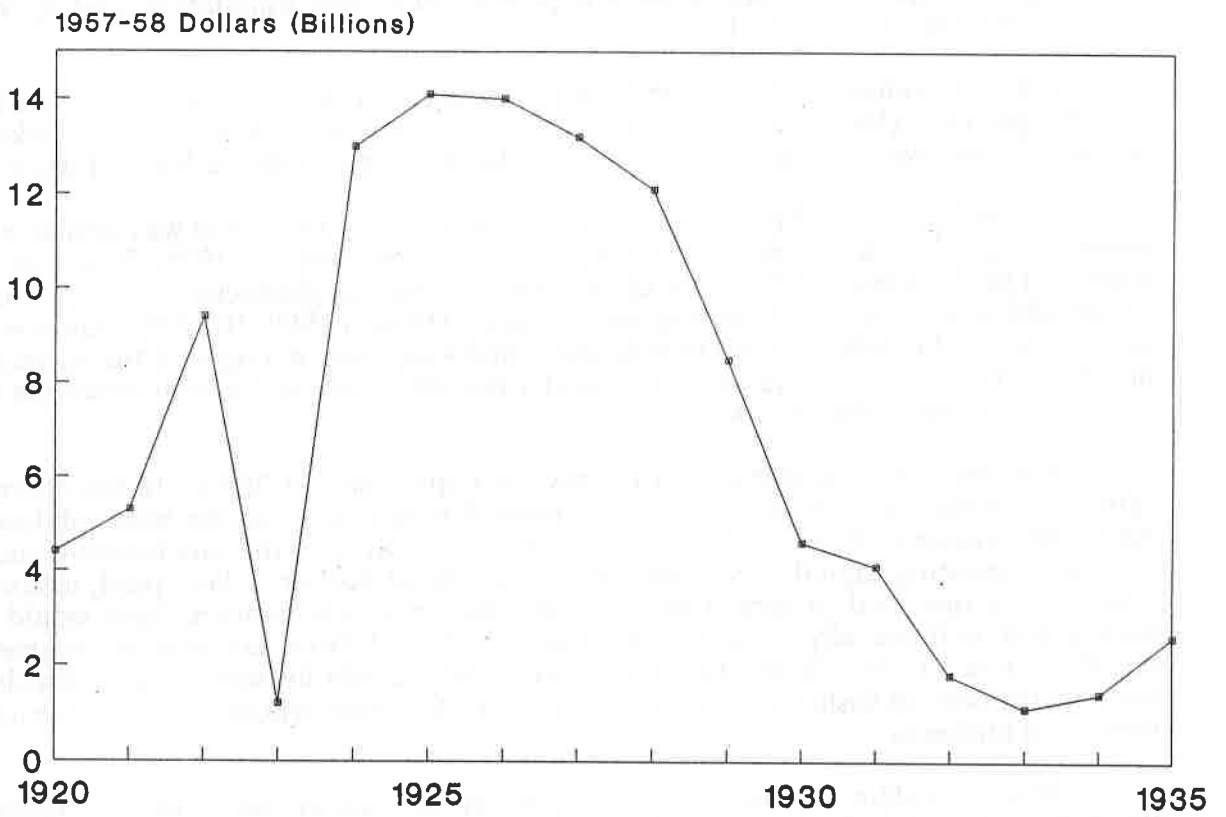
The Background of the Robinson-Patman Act

The economic prosperity of the First World War was followed by a collapse which became most acute in 1920. However, the nation quickly recovered, and the 1920s were characterized by growing prosperity for large segments of the population. Per capital GNP rose 27% during the decade (Table 1). Material prosperity was apparent in the widespread acquisition of new and better quality durable goods. Automobile registration nearly doubled during the 1920s, increasing to 23.1 million in 1929, when there was one automobile for every five persons in the nation. In addition to material prosperity, the standard of living was improved by increased public services, including education, recreation, health and sanitation (Committee on Recent Economic Changes 1929, I: 77).

A new optimism accompanied the material prosperity of the 1920s. One historian described the average American in the 1920s as "feeling that conditions were improving and that the future held out a real hope" (Faulkner 1937, 651). The belief that anyone

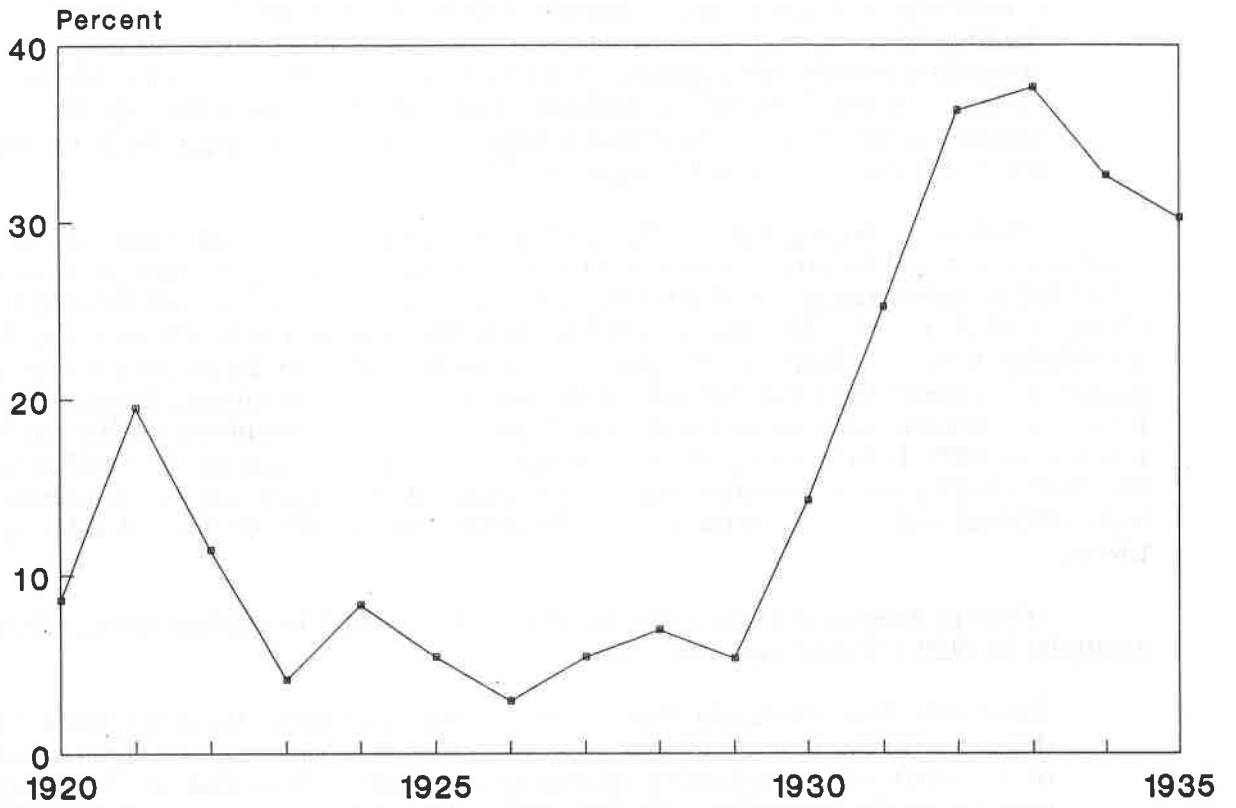
Theodore W. Cart, Professor of American History, Francis Marion College, retired, suggested this topic and provided much of the historical setting; his assistance is gratefully acknowledged.

Figure 1
Value of New Housing Units



Source: Bureau of the Census 1975, 620.

Figure 2
Unemployment Rate, Non Farm Employees



Source: Bureau of the Census 1975, 126.

by the counsel of the U.S. Wholesale Grocers Association, which joined with the well organized National Association of Retail Druggists to persuade Wright Patman to sponsor the legislation. The members of both groups had felt the impact of changes in distribution, and had enjoyed some shelter under the N.R.A. codes.

Hearings were held on the Patman bill by the House Judiciary Committee, and it was reported out, in amended form, accompanied by an adverse minority report. The Robinson Bill (S. 3154) was introduced in the Senate on June 26, 1935, and was favorably reported by the Judiciary Committee on January 16, 1936. On March 4, 1936 the Borah-VanNuys Bill (S. 4171), patterned after the Canadian Price Discrimination Act, was introduced and supported by opponents of the Robinson and Patman Bills who realized that the temper of Congress and the pressure exerted by special interests made the passage of some legislation inevitable. The Senate and House passed the Patman and Robinson bills, with amendments. The Conference Committee reported a bill which was a mixture of the amended Patman and Robinson Bills, with the Borah-VanNuys Bill thrown in for good measure.

The Proponents of the Legislation

Underlying the Patman bill was the perception that the little man, typically the virtuous independent merchant, required stronger legal protection against unethical competitive practices, broadly defined as "unfair price discrimination." The Federal Trade Commission had found that one important factor in the growth of the chain stores was their ability to purchase goods at a lower cost than the independents. Moreover, the Commission's Report, and information that emerged when N.R.A. codes were negotiated, revealed the complexities of price negotiation and the predatory characteristics of excessive quantity discounts, loss leader sales, and unearned payments for brokerage and advertising.

When the Patman Bill was introduced, its anti chain store character was preeminent; the preamble stated that the bill was designed "to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by his chain competitor" (Congressional Record 1936, LXXIX, 9077). The reference to the merchant and the manufacturer is significant; the bill was intended to protect individuals, not a nebulous "line of commerce" as specified in the Clayton Act. Moreover, one of the issues addressed in President Roosevelt's Second Inaugural was the need "to solve for the individual the ever-rising problems of a complex civilization." [Emphasis added] (Anon. 1985, 148).

The proponents of the Act held "the opinion" that chain stores "seriously imperiled" the small businessman; according to the House Judiciary Committee Report 1936: "Your committee is of the opinion that . . . the survival of independent merchants, manufacturers, and other businessmen is seriously imperiled" (House Judiciary Committee 1936a, 3). Small business was imperiled because the chain stores had destroyed "equal opportunity." The legislation was intended to rectify this damage: "The purpose of this proposed legislation is to restore, so far as possible, equality of opportunity in business" (House Judiciary Committee 1936a, 3). The phrase "equality of opportunity" was used in the 1936 Democratic Platform, which was dedicated to "the establishment of equal economic opportunity for all our people."

"Equality of opportunity" became a shibboleth for the proponents of the legislation; the House Judiciary Committee Report (1936, 6) stated that the "guiding ideal" of the legislation "Is the preservation of equality of opportunity as far as possible to all who are usefully employed in the service of distribution and production." Another statement asserted that equality of opportunity is "the simple birthright of every free American" (Congressional Record 1936, LXXIX, 9077).

Nevertheless, the fear of monopoly was raised in House and Senate debates and it was claimed that the growth of chain stores would eventually eliminate small retailers. Congressman Gerald W. Boileau argued that without legislative control of unfair price discrimination there would be

Complete monopoly in a system of distribution of commodities in the retail trade of the country, bringing about the ultimate dissolution of all independent merchandising establishments, the domination of one or at least a small group of chains and the absolute elimination of the independent merchant from our economic system (Special Committee 1935-36, 2:146).

The Report of the House Committee on the Judiciary held that "the evidence is overwhelming that price discrimination practices exist to such an extent that the survival of independent merchants, manufacturers and other businessmen is seriously imperiled" (House Judiciary Committee 1936a, 3) and Subcommittee Chairman Hubert Utterback felt that "We are facing the day when there will not be any competition" (Judiciary Committee 1936a, 2:4117). M. Logan, his counterpart in the Senate, saw monopoly in retailing "a clear threat that must be attacked in time" (Congressional Record 1936, LXXX, 3117).

The bill that President Roosevelt signed on June 19, 1936 seemed to represent a victory for powerful pressure groups and forces supporting greater government intervention in the market. Moreover, the pace of the legislative effort seemed frantic to some observers; one person testifying in the Hearings commented: "We find ourselves in the midst of a determined effort to amend the antitrust laws, and there does seem to be some little hysteria about it all" (Senate Judiciary Committee 1936, 75).

Opponents of the Legislation

Two threads are apparent in the arguments presented by the opponents of the Robinson-Patman Act. First, the "opinions" upon which the proponents based their argument were challenged with the "facts." Second, the proposed legislation threatened the free market mechanism which is crucial for both economic efficiency and economic recovery.

First, opponents held that the evidence in the F.T.C. Report and other sources failed to show that the chains were destroying the independents. Malcolm McNair said that "Certainly there is no evidence here that chain stores are driving independent wholesalers out of business. The rates of mortality in many of these lines of business always have been high" (Senate Judiciary Committee 1936, 6). The Minority Report quoted the McNair statement that retailers were meeting chain store competition by forming voluntary cooperatives (House Judiciary Committee 1936b, 20). In view of the evidence, McNair remarked: "I see no point in jumping on the chain stores for something you think they might do" (Senate Judiciary Committee 1936, 12).

In an article published after the Act was passed, Charles F. Phillips argued that abolishing special discounts to chain stores could not solve the problems of the independents because the competitive advantage of chains did not depend upon discounts: "The chain would be able to undersell the independent considerably, even if the entire difference in merchandise cost were eliminated." Phillips also offered the gratuitous comment "If this fact had been more widely known, a considerable part of the pressure exerted . . . would never have been brought to bear upon Congress" (Phillips 1936, 64).

The second thread in the opposing arguments reflected a value system that differed from that of the proponents of the legislation. While the proponents emphasized the plight

traditional pattern of interaction among sellers in a single market. The Minority Report held that "It is axiomatic that some merchants can conduct their establishments more prudently, efficiently, and economically than their competitors" (House Judiciary Committee 1936b, 5). It also was argued that individual retailers could compete successfully with chain stores "if they will adopt the modern, waste eliminating methods found successful by chain stores - methods on which chain stores have no patent - namely, concentration on fresh stocks, longer seasons for seasonable goods, economical operation, cleanliness, good lighting, and attractive displays." (Senate Judiciary Committee 1936, 147).

Some effort was made to go beyond the traditional view of competition and to explain the concept of competition between distribution systems. Paul Nystrom distinguished the process of selling to retailers through wholesalers from that of direct sale to large retailers, and commented that "These various distributing systems are in keen competition. From the public standpoint that seems to be a very desirable thing" (Senate Judiciary Committee 1936, 110). However, the concept of competing distribution channels was not developed in the legislative debates. After the Act had been passed Stevens argued that competition among different types of marketing agencies "and of other systems yet in the future is of far greater importance to consumers than that between the individual members of such systems" (1937, 332). This is a dynamic concept of competition, "Its characteristics changing with the impact of any and all sorts of changes in industrial and marketing methods, processes, and techniques." Thus "price competition between the individual units of the industry may be of significantly less importance than that between the commodities and industries involved" (Stevens 1937, 331). It was recognized that this view was unlikely to have immediate policy making impact: "This is the long run point of view and naturally it will not satisfy many" (Stevens 1937, 332).

A Review of the Controversy

For the proponents of the legislation, the stated fundamental issue was social justice, which requires fair competition. The emphasis on social justice was fundamental to the New Deal; in his Second Inaugural Address President Roosevelt spoke of "using the new materials of social justice . . . to erect on the old foundations a more enduring structure." (Anon. 1985, 148). The person, not a system of business, stands first. Free enterprise must operate within an established social-political system; social as well as economic good comes from refusing to leave the economy to the mercy of a battle among giants. The intention was to protect small, locally owned business despite the danger that this policy might result in higher prices.

The "monopoly" that the proponents of the legislation saw as a threat differed from the concept of monopoly used by the opponents who argued that no empirical evidence suggested such a threat. The F.T.C. failed to discover any agreements or combinations in restraint of trade, (Federal Trade Commission 1935, 23) and testimony presented at the Hearings showed that the rapid growth of the chains had ceased. Indeed, Patman was obliged to admit that independents had grown faster than the chains after 1933" (Congressional Record 1936, LXXX, 8113). But a comparison of the numbers of chain and independent stores was irrelevant to the proponents of the legislation. It was the situation facing individual businessmen, especially in small towns, which was important. This orientation is apparent in the following exchange between McNair and Senator Borah:

McNair: I am convinced that the competition between the chain stores is the most strenuous that we now have. I see no evidence of collusion to fix prices by any of them.

Senator Borah: It might be all right to apply that theory to two or more chain

The economic argument presented by the opponents was straightforward. Lower prices should increase the amount purchased. An increase in the amount sold should reduce average cost for businesses with excess capacity and, in some circumstances, costs might fall low enough to maintain, if not increase, profit at the lower selling prices. Unfortunately the implicit assumption underlying this reasoning, that sufficient income was available for consumers to make purchases, was incorrect. Moreover, the argument that lower prices would bring prosperity was hard to reconcile with the Depression experience; the wholesale price index had fallen from a base of 100 in 1926 to 64.8 in 1932 (Figure 3). The index for farm products fell even further, to 48.2. Low prices were associated with depression, not recovery.

Finally, this line of reasoning requires faith in the competitive market, and in the mid 1930s the nation had lost faith in the operation of the competitive market. In the 1920s "the overwhelming majority of the American people believed with increasing certainty that business men knew better than anybody else what was good for the country." (Cochran and Miller 1961, 337) But this was the 1930s. An early article in the Journal of Marketing stressed this point: "If anything would seem to be clear, it is that a large section of the public has lost its faith in competition." (Stevens 1937, p. 331) However, the opponents of the legislation did not seem to recognize the anomaly of presenting arguments that relied on a system of thought that had been discarded by others because the Depression had shown it to be invalid.

Thus novel theoretical arguments, such as that of competition among channel systems (Edwards 1937, Stevens 1937) and an early recognition of the "Wheel of Retailing" (White 1937) were not relevant to the issue at hand. The opponents of the legislation failed to comprehend the moral issues that Arch Shaw had raised twenty years earlier in Some Problems of Distribution. Shaw stated that: "The real force to reckon with is public opinion - the reaction of contemporary thought or emotion or ethical sense upon which the activities of business and the conditions under which they are carried on" (1915, 34).

The proponents of the legislation clearly understood the importance of public opinion, while the opponents were similar to Shaw's "average businessman" who "has at times either not caught society's drift or has not realized its vital bearing on his business." And Shaw's comment that "Not until the law formulating this public opinion was enacted or about to be enacted has he awakened to its purport" (1915, 35) clearly applied to the marketing profession in the mid 1930s.

Conclusion

The limited participation of marketing professionals in the Robinson-Patman Act debates justifies Alderson's characterization of this group as "one of the most supine of professional groups." But the nature of the contributions that were made does not justify his claim that "no one is better qualified to play a leading part" (1937, 189). Indeed, as Thurman Arnold suggested, marketing theory only met a demand for "rounded explanations of institutions, for ideals and for principles which will extend the culture of the present into the future" (1937, 85).

The underlying problem is seen in Alderson's understanding of the issue at hand. He saw the Robinson-Patman controversy in the context of "the regulation of competition" (1937, 189), but the proponents of the Act did not wish to regulate competition in terms of the economic system that had been accepted in the 1920s. They wished to change the way in which the system operated. President Roosevelt made this position clear in his Second Inaugural: "We have always known that heedless self-interest was bad morals; we know now that it is bad economics" (Anon. 1985, 149).

Opponents of the Act remarked that there was a paradox in attempting to increase competition by restricting the use of competitive tools, and failed to recognize that the competition to be increased was social in nature, while that which was to be restricted was economic. In the absence of an understanding that the market is not an end in itself, but an economic institution that performs a social function, the social objective of the legislation was implicitly rejected by its opponents. Consequently, they were unable to suggest alternative means of achieving the social objective - such as subsidies or tax relief - which might not have interfered with the workings of the competitive market. In brief, the absence of a macromarketing orientation limited the response of marketing professionals to the proposed legislation. Whether an alternative response would have had any practical effect is problematical. However, in terms of marketing theory, the Robinson-Patman controversy indicates the necessity of a macromarketing perspective for marketing professionals to make useful contributions to social policy.

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EASTERN PHILOSOPHICAL PERSPECTIVES AND
THE DEVELOPMENT OF MACROMARKETING THEORY

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Abstract

Theory development in marketing has progressed following a pluralistic philosophy inherent in Western philosophical thought. This involves the notion of delineating functions, concepts and ideas in a linear structure. Eastern philosophy, however, embraces a unitary or holistic perspective. These two philosophical orientations as they apply to theoretical development may be compared and contrasted using the nature and scope of marketing as a focus. Does this philosophical perspective have anything to offer the process of developing macromarketing theory? This paper suggests the need for debate on this issue.

Dichotomies Model." This classification, some would argue, has served to articulate and solidify the boundaries of the field. This is not to suggest that alternative paradigms have not been proposed but that these also are considered limited by the boundaries of Western philosophy (Dholakia and Arndt 1985). For example, attempts at a systems approach to business (an integrated method between functions) were subsumed within the function of marketing (because of our dominant philosophical foundation) rather than applying system theory to unify all functions (Dixon & Wilkinson 1982; Fisk 1967). The above mentioned works, as well as the twelve schools of marketing thought, as outlined by Sheth, Gardner, and Garrett (1988), are built upon Western or what we refer to as a pluralistic philosophical tradition because they separate marketing into components and as a separate discipline. This philosophical foundation has driven the development and acceptance of marketing theories that enhance the position that marketing is separate and distinct.

The work by Sheth, Gardner, and Garrett (1988) suggests that a general theory of marketing is both possible and necessary as well as the feasibility of several general theories. We will argue that another philosophical foundation does provide the basis for constructing potential alternative marketing theories.

The position of this paper is that marketing in the Western world has developed a unique point of view based on an interpretation of Western philosophy. The following discussion will explicitly define the philosophical dichotomies, broadly named

Wilhelm Dilthey of Germany is credited with the West's separation of science and humanities in the mid 19th century. If a single person had to be held accountable for historicism, the reinvention of hermeneutics, and the introduction of the distinction between sciences and humanities into contemporary Western culture, it should be him. The terminology of the "two cultures" was later introduced by the British author and physicist C.P. Snow. Dilthey's distinction between Naturwissenschaften and Geisteswissenschaften (literally, "sciences of the spirit") was accepted without question by most continental philosophers The myth of the two cultures is now so deeply ingrained that it might be called the Prejudice of Twentieth Century Research (Stall 1989, 421-422).

William James, as an example, advocated a pluralistic approach to modern philosophy at the end of the nineteenth and beginning of the twentieth centuries (1909). James' view evolved from the position of such philosophers such as Bacon, Descartes, Hobbs, Locke, Newton, Hume and Popper. The results of such a distinct Western approach have encouraged the early structuring of marketing as a separate function within the organization and as a unique field of study. Marketing theorists have identified such things as university politics, economic considerations, and other historical factors as the reasons why marketing developed as a separate discipline (Bartels, 1988). The overall Western philosophy of separation has not been directly considered as a limiting factor. This has further lead to the development of numerous frameworks as the means for understanding the marketing activity. Sheth, Gardner, and Garrett (1988) recently examined marketing theory development and generated a framework for both the theories themselves and the evaluation of the theory. This search for a framework by dividing marketing, is very characteristically pluralistic because it seeks to separate. The reader may recognize

pluralistic philosophy, the discipline of marketing seeks to limit itself to a distinct subject area. Marketing is considered a singular entity that is applied to the whole to achieve one or more objectives. Those who are in the marketing discipline seek to distinguish the discipline from other social processes and to identify the boundaries separating it from non-marketing activities (Hunt 1991). The more precisely marketing can articulate the differences, the closer marketing can come to agreement on its unique and distinct contribution to the whole.

The American Marketing Association (AMA) has defined marketing as "the process of planning and executing the conception, price, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals" (1988, 115). Although there are other definitions of marketing, this one has been chosen because the American Marketing Association has the largest membership of both academics and practitioners in the United States. This definition will be used to compare a pluralistic and unitary perspective along with the notion of the overall nature and scope of marketing. Table 1 provides an overview of this discussion.

TABLE 1 ABOUT HERE

Pluralistic

The distinguishing characteristic of marketing from other

to the study of (1) marketing systems, (2) the impact of marketing systems on society, and (3) the impact of society on marketing systems" (Hunt 1991, 13). One may conclude that this definition by the American Marketing Association and Hunt's distinction between individual (micro) and organizational (macro) goals are in general agreement if one believes that organizational goals reflect those of society. If one views organizational goals as intra-organizational then it would be a micro issue.

The choice of the word "organizational" rather than the term business also incorporates Hunt's profit sector and nonprofit sector. Kotler refers to the term organizational to describe both the profit and nonprofit sectors. "Marketing analysis and planning are relevant in all organizations producing products and services for an intended consuming group whether or not payment is required" (Kotler 1972, 47). Although the AMA has not incorporated the positive/normative terms, the concepts and application have had an impact on marketing theory development. Both the positive and normative positions are well grounded in the history of Western philosophy of science and literature.

Planning

The American Marketing Association definition suggests that marketing has a distinct role in planning and executing the organization's marketing efforts. The general belief of the marketing concept as a central theme for marketing drives the

of other resource areas. The question then becomes where, when, how, and which resources are to be applied to achieve an organizational purpose. Exchange is a measure of success based on these combined activities. The argument from the unitary view then becomes that exchange should not be managed by one specific resource area at the individual (departmental) or organizational levels, but that an interfunctional approach based on teamwork should be undertaken. We recognize that the idea of functionalism is not a new one and has been explored within marketing as well as other business disciplines, and in fact might be viewed by some of our colleagues as a "hot topic". However, the perspective or unit of analysis changes taking a Unitary position.

Marketing will have no particular organizational monopoly on the conception, price, promotion and distribution of ideas, goods and services. A unitary approach advocates the participation of all resource areas to achieve a combined focus. Based on this philosophy, marketing considerations will also influence the direction and decision-making process of all other areas of the organization. For example, the selection of employees or the acquisition of physical assets, when undertaken, would include a marketing consideration. This combined effort is accomplished when a common nature for all functional areas of the organization has turned each function into tools or resources to block competitors from access to targeted markets (Morris 1990). These tools are part of the scope of a business, not its nature.

This too, is not necessarily a new idea, given the current

Scope of Marketing

Pluralistic

It is necessary to identify the scope of marketing from the standpoint of pluralistic philosophy. Although marketing may be conceptualized as having a broad range of possibilities, distinct limitations and differences exist. The scope of a field is often formed on the basis of its nature. If the nature of marketing is the creation of exchanges, then the scope is made up of those areas deemed to perform that function. The question then becomes: Are sales management, consumer behavior, the 4P's, etc., part of the creation of exchange? If the answer is yes, then these elements are within the scope of the field; if the answer is no, then they are part of the scope of another field.

Shelby Hunt (1991) has attempted to divide the scope of marketing into three categorical dichotomies: profit-sector/nonprofit-sector, micro/macro, and positive/normative. Although these categories may have certain applications for other resource areas outside of marketing, to apply these dichotomies generally has not been a consideration. They are conceived as unique to the field of marketing because they focus on the distinct nature of marketing. When new areas evolve, they need to be added to existing categories, or new categories have to be created (Arndt 1981).

Profit and Nonprofit

The category of profit/nonprofit is a tax consideration granted by the force of law. These tax grants are different depending on whether they are local, regional, national or international. Tax abatement is awarded to a particular segment of society to give that segment political market power. This granting of monopoly status creates advantages for the recipient organizations. The concept of an organization seeking to attain and maintain advantages is no different for an airline that seeks the granting of F.A.A. approvals or a McDonald's that attempts to gain an advantage by choosing a busy location or by reducing prices. All businesses attempt to gain some sort of market power to assure growth and survival. From a unitary perspective, the issue is not whether there should be advantages but rather how to identify and apply these advantages. The application of advantages is a concept common in any strategy book. The particular set called profit and nonprofit is just one organizational attribute not a special division that requires a whole separate derivation. Society has concluded that giving a particular business a tax advantage contributes to the success of that businesses. The profit and nonprofit distinction is cultural. The objectives of the society determine this status not the particular product or service. If profit/nonprofit were the criteria, then all societies would grant tax abatements to the same business enterprises.

marketing science section.

Is Marketing a Science?

Pluralistic

Marketing theory, at one level of abstraction, has attempted to separate explanation into two opposing perspectives which may be termed positive and normative. The positive approach argues that marketing should attempt to embrace the attributes of a science. These attributes have been identified as a distinct subject area, underlying uniformities, a scientific method and intersubjective certification. There has also been an intense debate regarding what is science and how it should be undertaken (Hunt, 1990; Anderson 1983,1986). In the normative position, marketing identifies how the world should be and then moves towards that ideal. Those believing in the positive position would argue that those with a normative view propose a theory that lacks scientific attributes. Without the rigor of this approach, marketing will not take its place with other respected areas such as economics, physics and biology (Bartels 1968, Hunt 1991, Hutchinson 1952).

Unitary

A unitary approach to marketing as a science would attempt to separate culture-bound phenomena from those that are indeed

Summary

The theory and practice of marketing, as put forth in most of the United States and the rest of the Western world universities, is typically based on a very narrow Western philosophical tradition. The work of Sheth, Hunt, Kotler, Levy, Bartels, and others describes the development of marketing thought in terms of a particular world view that is affecting the current development of marketing theory. The question posed in this presentation becomes should future directions for marketing thought include perspectives that are outside the current boundaries of our philosophical framework. This paper suggested that other philosophical positions, especially from Asian sources, imply a different way of approaching theory development. Sheth, Gardner, and Garrett (1988) note that there is a need to develop a general theory of marketing which will gain general agreement concerning the nature and scope of marketing. They also suggest the possibility of several general theories of marketing.

It is our hope that we will eventually have several general theories of marketing. But that seems a long distance into the future. We must not lose sight, however, of the fact that there is real value in working toward general theories of marketing. It is only by exploring the assumptions and linkages necessary to build such theories that we truly move toward marketing as a science (202).

In summary, we would like to pose a number of interesting questions for debate:

- (1) Is, in fact, marketing theory dominated by a Western philosophical tradition?

TABLE 1

Comparison of Pluralistic and Unitary Approaches
Nature and Scope of Marketing

	Pluralistic	Unitary
Nature	Marketing is distinct and separate from other disciplines	Marketing is a social process which overlaps with other disciplines
Scope	Profit/nonprofit micro/macro positive/normative	These distinctions are unnecessary and exclusionary. i.e. there are no preconceived distinctions
Science	Debate is focused on positivist versus relativistic approach to define what constitutes a science.	Focus is on the ability to combine physical and metaphysical dimensions

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Marketing and the wealth of firms

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Introduction

Economics can be seen as the study of the wealth of nations, as did one of its founding fathers, Adam Smith. In business and management disciplines we study "the wealth of firms". From a descriptive and from a normative viewpoint, we seek answers to questions like how wealth is/ought to be created, measured and managed and distributed. A theory of the firm should therefore be able to predict and explain firms' wealth, and answer questions such as why firms are different, what are the determinants of success and failure, what explains a firm's survival and size.

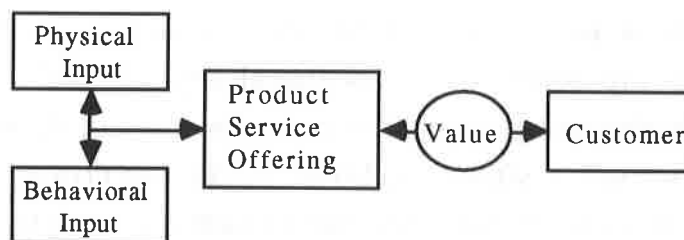
The recent political and economic events, and the subsequent privatisation of firms in Eastern Europe have caused us to re-examine some of the basic tenants in the traditional market based economics, many of which we have taken for granted. What are the sources of wealth in firms - how do we account for them and how do we manage and develop them? The problems in the post communist economies may be due to lack off appropriate behavioral assets inside and outside the firm, and not be due to lack of appropriate technology or financing.

Typically, we has analyzed the firm - and stayed within the firm as a unit of analysis. However, the argument that will be made here, is that this is not sufficient if we are to understand the wealth of a firm. It is not sufficient to focus on a firm as a single legal entity. One must look beyond the single firm to the industry as the industrial organization economists do. Or, we can view a firm as a part of a cross industry network (network theory) or as a value chain (Porter, 1986). In marketing, Fisk (1967) recommends the use of a systems perspective, which is more holistic than the traditional focus on individual marketing functions. However, the authors do not really look beyond the firm to explain the wealth of the firm. It will be argued here that the wealth of a firm is in part a function of the firm's internal and external relationships and in part a function of the quality of the assets of other firms.

The value creation process

In order to search for the wealth of the firm, it is necessary to focus on how wealth is created. Wealth is created by peoples' behavior or work. Behavior alone can create a service, an offering - which may be valued by a customer who is willing to pay for the service (see figure one). Examples include a lecture, a massage, a reading of poetry or a legal consulting service. Often, the offering is created by an interaction between a behavioral input and a physical input; a car and a driver provides a taxi service, a factory and its employees make radios etc. Most of the time there is a complex set of interactions between several behavioral inputs and several physical inputs that will produce the offering. The providers of these inputs are interdependent and may not all reside inside the same firm; however the creation of wealth for all the parties involved, depends on whether the customers value the final product/service offering. The offering is without value unless someone is willing to pay or trade for it.

Figure one
The value creation process



As human beings at birth, we are not endowed with any physical assets other than our bodies - which may be for rent, but not for sale. (inheritances are excluded here). We only have our behavioral assets, which can be used later on to acquire physical assets. We can therefore say that the original asset or value creator is behavior or work. The value of work is rewarded by customers, and if a part of this value is not consumed, but saved, the surplus can be used to acquire physical assets. Thus a firm's non behavioral assets originate with its behavioral assets,

we seek to understand the wealth of firms. Behavioral assets are the firm's unique and difficult to imitate resources used to sustain performance - according to a resource based view of the firm (Rumelt, Schendel and Teece 1991). Firms grow and decline depending on their ability to create and maintain key organizational capabilities (Teece 1993) or key behavioral assets. (See also Itami 1987)

There are several types of behavioral assets. We can divide these into three categories. First, the technically based behavioral assets, which include skills in production, product development, innovation skills or the general engineering and production skills. Second, we have the managerially based assets used inside in the firm. This includes competences and routines used to manage the firm internally; organizational design, motivation and management of the labor force, personnel administration, accounting and financial management. Third, we have the managerially based assets which involves the firm's external relationships - which mostly fall inside the field of marketing. This includes the development of relationships to suppliers and distributors, creation and execution of market strategies, the generation of market knowledge, product development, positioning, distribution, communication and the like. Brand equity is an example of a marketing related behavioral asset that exists outside the firm in the minds of the final users. It is the final users perception and evaluation of the firm's output that represent the value of the firms activities.

The three categories of behavioral assets all include behaviors ranging from the very sophisticated at the strategic level, to the more routinized low-skilled behavior at the lower levels in the organization. The importance of investments in these areas have been emphasized by Chandler (1990) as he describes the British failure to "make the necessary interrelated three pronged investment in production, marketing and management" (p 275). Some of these investments will, however, reside outside the legal limits of the firm.

Location and control of the firm's assets

synergies between firms. This unit of analysis has been described by Lazer and Kelly (1962) for marketing where a marketing system is described as a set of functionally interdependent marketing relationships among people (routines) and institutions in the system where individuals and institutions create relationships and interact through cooperation and competition linkages. The system can be an integrated and interactive network. (e.g. Lazer 1996)

These external behavioral relationships add to the value of the firm. Indeed, the price of a firm when sold, the price paid for the legal unit called "firm X", does reflect and include the assets located outside "firm X". This means that the firm is not quite as autonomous as economic theory seems to indicate. The large state owned enterprises in Eastern Europe did not have a functional set of external (and internal) relationships useful in the market economy. Hence, the relatively low value of these firms.

Some assets are easily controllable and some are assets over which we have limited control. Clearly, we have less control over behavioral assets than we have over physical assets and valuable paper. In table one, we seek to develop a framework for analyzing the firm's assets along two axis. The two dimensions are "location" of the asset relative to the firm, and the degree to which the firm as a legal unit has "control" of the assets.

Table one
Location and control of a firm's wealth

can do with these assets, but they are probably the assets over which the firm has the most control.

Both the physical assets and the valuable papers are subject to external evaluation and markets - values are not controlled by the firm, but by markets. However, the firm may seek to maximize the value of these assets, by trading them, hedging against sudden movements or use the assets as objects of speculation. Some of the valuable paper assets are marketed in the currency markets or the stock markets, seeking higher values and higher interests/ dividends.

How does marketing contribute to the value of these assets? If marketing is defined as *exchange facilitation in markets*, then careful acquisition of assets, a carefully crafted supplier strategy falls under the domain of marketing. Purchasing and negotiation of physical assets on behalf of the firm are valuable competences and routines, which may result in a more optimal and a cheaper physical asset base for the firm. There is also an important marketing function associated with the marketing of valuable papers, be it stocks or international currencies, not often (ever?) studied in marketing.

High control, borderline assets

The next category of assets have many of the same properties of the assets internal to the firm. They are used inside the firm, but they are rented or leased. This is often done with physical assets - like leased airplanes, retail store space and cars. Even some valuable paper can be rented like industrial property through license agreements. The assets are owned externally to the firm, and there are some limits as to what the firm can do with them. There are no depreciation allowances. The agreements are limited in time and can be renewed or cancelled, and the use of the assets is often restricted.

The firm cannot list these assets on its balance sheet but the rented assets do contribute to the wealth of the firm. A favorable lease agreement will make the firm able to generate a good cash flow, a

domestication. Conversely, the value of a franchisee is dependent on the franchisor. From the view point of both franchisor and franchisee, the contract enhances the value of both partners - and these values are external to both firms.

These assets are marketing related assets. The selection of a distribution strategy falls under the domain of marketing. Decisions on positioning, location, products, services, communication and pricing are key ingredients in the contracts with franchisees, and are marketing decisions.

Medium control, internal assets.

Non-behavioral assets (like physical assets discussed above) are by their nature more controllable than behavioral assets. An example of an asset inside the firm over which one may have a medium degree of control, would be the labor force of the firm. Labor can be motivated to perform a desired task through sticks (theory X) and carrots (theory Y). The tasks can be implicit in the relationship with the employer, or specified in contracts. There are limits to the degree of control that can be exercised over this behavioral asset. There is a set of laws and regulations that govern what can and cannot be expected. A physical asset, like a truck may be in operation 24 hours a day - but not the driver - the behavioral asset. The labor force also has voice and exit options. (Hirshman 1970). If the exerted control is perceived as excessive or unwanted or unreasonable, the labor force can protest (voice); try to negotiate a different set of controls. Or, the labor force can walk out on strike (temporary exit to force a more acceptable contract). Finally, labor is free to exit - quit and seek new employment.

The employment contract in fact removes the parties from the forces of the short term employment market, and the relationship becomes domesticated. In the long term, the behaviors of the employees are transformed into physical assets or valuable papers - according to the notion that capital can be seen as stored labor.

six times a year. A well-qualified and competent board is an asset for the firm as it presides over the major strategic decisions of the firm. Poor strategic decisions will result in poor performance of the firm. The board straddles the border between the firm and the environment - neither fully inside nor outside the firm. The firm has some control of its board members - and the board members have some control of the firm. The members serve on the board for a number of years - and have limited exit options during their terms.

Medium control, external assets:

The relationships that a firm has with its input providers are of great importance and can be of great value to the firm. The same goes for those who depend on the firm's output - like the distributors. Some suppliers not only provide the needed input, but also provide innovations, on time delivery, cooperate with the firm on new product development, and undertake new projects with the firm. After a while, well founded trust develops between the firm and its suppliers, and the interaction between the two gets smoother and simpler. A longer lasting relationship with a high quality supplier, entails lower the transaction costs and provides more benefits to the firm.

If the firm were to depend on short-term relationships with its suppliers such as putting all of its supply orders out for a bid, and thereby be forced to develop mutual trust and confidence with every delivery, then the transaction costs would be excessive. By removing the exchange relationship from the everyday workings of a short term market, it becomes more valuable for both parties. The relationship is domesticated. Thus the prices charged between parties in domesticated markets can be higher than in market exchanges - up to the short-term market price plus the associated transaction costs.

In exchanges where one or both parties have a short-term horizon, there is no real incentive to be honest, and thus the transaction costs will rise. A seller of a stock, a house, a used car or casual sexual services are not likely to share negative information with their customers if they do not expect to meet the customers again. Honesty and

cooperation in inter-organizational relationships e.g. Stern and Reve 1980.

Independent suppliers and the distributors are clearly outside the firm, so the value to the firm is based on mostly behavioral assets existing outside the firm. However, these relationships can also give the firm access to non-behavioral assets (physical assets and valuable paper) owned by other firms in the value chain, such as access to warehouses, brand names, production equipment and financing.

Internal assets, low control:

While the labor force may have few exit options, management does not have the same limitations. A good manager will always have exit options to other opportunities in other firms. Substitution of managers from within or from the outside the firm will leave the firm temporarily vulnerable. One therefore finds different additional incentives for managers, like stock options, golden handcuffs, golden parachutes special pension plans and the like to make sure that the managers stay in the firm. These are special incentives intended to ensure domestication. This is done by reducing the exit options in order to increase loyalty - or to ensure a high degree of domestication of the market forces working on managers.

Excessive use of exit options on part of some managers may affect the chances of a new entry as the candidate will not be seen as capable of loyalty - a hit and run manager, but usually a few exits do not hurt the career. The competences and the routines that managers embody are behavioral assets and are at the firms disposal inside the firm. Again, the control of these assets are limited to what one may be able to motivate the managers to do. It is hard to gain complete control of managers the same way that a manual may specify the duties of an assembly line worker. It is probably not useful to specify the managers jobs in too many details as this reduces flexibility, innovativeness and the degree of a managers responsibility. (cf. principal agent literature)

extent to the suppliers. The variety of relationships, ranges from contractual relationships such as franchise agreements to short term market relationships. It is therefore that this important asset has the easiest access to exit options - along with the owners.

If the incentives for the managers favor short term optimization for managers with easy exit options, the wealth of the firm can seriously affect the wealth of the firm in both the short and the longer term. This problem has recently been addressed by some firms (Kodak and Chrysler) where top managers have been compelled to buy shares for the equivalent of one to four times the annual salary - and not sell them for five years. This makes the managers different from normal shareholders - closer to proprietors than to pundits. (Economist, Jan 17th 1993 pp 17-18)

Low control, borderline assets:

Returning to the example from Eastern Europe, the command economies did not perform the functions of ownership well. We believe that private stewardship of assets creates more wealth for the firm than public custodianship. The evidence from both the east and the west suggests that this is the case. One does take better care of one's own assets than assets owned by others. The owners' wealth is on the line and she/he will try to make sure it does not wither away.

In the earlier days of capitalism, the owners shared the destiny with the firm and other stake holders to a large extent - and the owners were involved in the management of the firm. The captain prospered with his ship - and was the last one to abandon it if things went poorly. This kind of long-term custodianship of assets is still found in family owned firms and family-owned farms. The evolution of the public corporation allowed risk sharing by a large number of owners, and the owners did not have to be involved in management. However, this also gave rise to the struggle between managers and owners (Jensen 1989). The struggle has resulted in a new trend, seeking a closer link between the interests of owners and managers. According to Jensen, the public corporation has outlived its usefulness in many sectors of the economy.

the firm, and could choose not to represent the long term interests of the owners. The owners themselves could be in and out of the firm in an hour, or be owners for a year or for ten years. However, the incentives in the stock market are such that the most important thing for an owner is that someone else buys the stock at a higher price when one is ready to sell (greater fools theory). The short term owner and the short-term manager are now the first ones to abandon the sinking ship. This author is not aware of any recent studies in the marketing discipline focussing on the markets for firms.

External assets with low control:

The last box in the matrix represents the most elusive behavioral assets of all - yet also the one asset that can represent the most wealth for the firm: the final users. The reputation and the trust that the firm has built with its final customers such as brand equity (Aaker 1991) represent a most valuable asset, created by marketing activities over years of careful marketing management. By researching the final users; their needs and behaviors, marketers have gained an understanding of their customer markets. This understanding has enabled the firm to develop products based on marketing research and enabled the firm to develop an appropriate mix of products, services, communications and distribution to serve its customers. The firm has achieved a position in the minds and lives of the customers which forms the foundation of future purchases. The firm has rented space in its customers' heads.

The price paid for RJR/Nabisco was in part a function of the value of the brand names involved and their potential for future sales. The physical assets in that transaction were negligible compared to the overall price paid. What was in fact sold, was in part a behavioral asset external to the firm over which the firm has relatively low control, namely the probability of repeat purchases. New owners or new managers could make mistakes and in fact lose their products' reputation if they were not careful - and these assets would be lost. Competition could further erode the behavioral assets. Final customers often have exit options, especially in the consumer goods markets.

quality supplies, good management, good owners and a good board of directors, good marketing and distribution, a good quality control and a reputable brand name. They could, in other words, supply all the necessary behavioral assets, some internal to the firm, but mostly external behavioral assets. These assets, added to the behavioral assets represented by the low wage competent work force and the physical assets, could make the firm perform quite well. What is then the value of the Polish company? It depends on the behavioral assets. Without them, there is almost no value - and with the necessary competences and routines, it can be quite valuable.

The second example is the fictitious "Spine BackPack Co." It makes back packs and has very few physical assets. It own no physical facilities but rent a rough assembly facility. It does have a number of patents and trade marks. However, the firm has highly skilled suppliers. It uses a special Gortex developed fabric - and an ultra light frame made of materials supplied by a large non ferrous metals firm interested in great applications of their new technology. The firm also cooperates with an institute for sports medicine for a set of proper ergometric design features. It also cooperates with an experienced designer studio for the proper product design. The owners are patient and are known to stay with their firms for generations. Furthermore, distribution is done by the world's largest ski producer in a piggyback arrangement. The firm sells under two brand names: Ergo-Spine and the ski producer's name. The ski producer's name is well established, they have rented space in the minds of most of the members of the target market for years. The value of the Ergo-Spine name with the market is so far negligible. It gets the benefit from the behavioral and physical assets of the other actors in the network, and it benefits from the behavioral assets and physical assets. The behavioral assets inside "our" firm consist of talented owners, extensive competence in the area of expedition planning and execution (the Mt. Everest/South Pole types), excellent marketers and a skilled labor force. They also have excellent managerial routines and competences that ensure excellent analysis and decision making.

charterers to be used to carry various cargoes. The international oil companies are examples of ship charterers. The difference between the performance of ship owning companies is not with the physical assets, but with the behavioral assets. Norwegian ship owning companies with similar ships sailing in the same markets with similar crews and customers, have performed differently over the past 40 years. Some firms are simply more competent, they have better routines and make better decisions. They have different relationships with other members of the value chain and have better strategic alliances. They motivate and train managers and crews differently and have a different relationship with their customers. This all adds up to lower costs and a better reputation for dependability and better value from the customer's viewpoint.

We have also seen that firms which are more interested in "asset play", have a higher operating costs and a higher mortality rate. This should not be surprising given the framework presented here. If managers focus primarily on the physical assets, the behavioral assets will not be able to expand and will not be able to develop a desired reputation for dependability in the market. It is hard to plot a long- term strategy of achieving a reputation as a dependable provider of transportation services if the physical assets (ships) may disappear at short notice. Differential performance in firms with the same physical assets are explained by the behavioral assets located inside-, borderline to- and/or outside the firm.

The matrix presented, focuses the managers attention to important areas; notably as a prescriptive normative guide for managerial focus. First, create behavioral assets for the firm inside and out. Try to domesticate these behavioral relationships as much as possible in order to increase trust and reduce transaction costs. Manage for behaviorally based wealth, especially the marketing related assets. Treat human resources as a fixed- rather than a variable cost; they are more important for the firm's earnings potential than most physical assets. Second, transform all these behavioral assets into physical assets and valuable paper as efficiently as possible. They are more controllable.

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IMPLICATIONS OF TARGET MARKET SELECTION:
AN ETHICAL FRAMEWORK FOR DEVELOPING MARKETING STRATEGIES

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Abstract

Marketers have been criticized in recent years for their selection of target markets, particularly for targeting disadvantaged or vulnerable segments of a society as markets for potentially harmful products. This paper presents a framework for analyzing consumer segments based on their sophistication or disadvantage in the marketplace and for analyzing products based on benefits or harm to users and society. Micro strategies are discussed briefly. The macro perspective is examined by matching Harris and Carman's (1983) typology of market failures to the categories delineated in the proposed framework. Remedies are explored in both the domestic and global context, drawing on Sheth and Frazier's (1982) strategy mix choice for planned social change. Finally, managerial and research implications are discussed.

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It might be argued that marketers are being criticized for doing their jobs too well. Having identified market segments which represent attractive target markets for their products, they have devised strategies to appeal to these audiences, only to face a backlash of consumer protest. The shock waves of indignation arising from R. J. Reynolds' targeting of urban blacks with its Uptown brand (Nielson 1990, Waldman 1989) brought such heated criticism that the product was quickly withdrawn from the market.

Despite such examples of consumer reactions to targeted marketing efforts, there does not appear to be evidence that consumers object to the concepts of market segmentation and target marketing. Indeed, Star (1989) argues persuasively that the opposite seems to be true. Consumers are annoyed when they are targeted with information irrelevant to them and prefer not to be bothered about products in which they have no interest.

Since target marketing doesn't appear to be viewed as an inherently bad phenomenon, it is important to identify the circumstances in which it is perceived negatively. It appears that criticism occurs (based on attention in the media) when products which are considered by society to be inherently harmful or potentially harmful are targeted to market segments which are disadvantaged in some way. Laczniak and Murphy (1993) draw a distinction between products which are inherently harmful for all users, such as cigarettes, and products which have the potential for harm when they are abused, such as alcohol or gambling. The potential for abuse may be based on the addictive nature of these products, but recent medical evidence suggests that some individuals may be more "prone" to certain addictions because of their genetic make-up (Benowitz 1992; Carmelli, et al. 1992; Cloninger 1987); therefore, it may be the combination of type of product with specific target

designations for combinations of product type and target market reflect the values of society. It should be noted that this matrix is designed as a normative guide for ethical decision making and, as shown here, is relevant within the context of a given target market, whether this be a small domestic niche or a global market segment.

As Figure 1 shows, it is suggested that target markets might be categorized as sophisticated consumers, disadvantaged consumers, and vulnerable consumers. While it is recognized that differences among consumers are more likely to lie along a continuum than to fall into discrete categories, they are thus categorized for simplicity's sake. The purpose of this paper is to focus on the "big picture" in examining the framework as a possible tool rather than to argue about what should be the criteria for segmenting each cell. Based on this intent, sophisticated consumers are defined as those members of the market who have been exposed to many advertising and selling approaches and have attained adequate cognitive abilities to become fairly sophisticated in defense mechanisms against these techniques. Wright (1986) characterized these defense mechanisms as a "schemer schema." Disadvantaged consumers are characterized in this framework as those who have the cognitive abilities and defense mechanisms to make them sophisticated, but have disadvantages of other kinds. Such consumers might be socioeconomically disadvantaged in the society and/or prone to addictions. As Hirschman (1992) points out, addictions have physical or social roots, or both. While socioeconomic differences among consumers are relatively easy to identify, differences in being prone to addiction are not. Vulnerable consumers are those who may not fully understand the implications of marketing messages. Laczniak and Murphy (1993) suggest that groups such as children,

are differentiated from inherently harmful products by Laczniak and Murphy (1993). They suggest that inherently harmful products, such as cigarettes, are dangerous when they are used as intended, while problems occur with some controversial products, such as alcoholic beverages and firearms, because of abuse or misuse. It might be argued that all marketing efforts are potentially harmful at some extreme because they encourage envy; this is an interesting philosophical question which goes far beyond the scope of target market selection. For purposes of this framework, it is assumed that measures can be obtained which would aid marketers in assessing consumers' aggregate beliefs about harmful versus beneficial products, and that such measures would provide the basis for categorization within the relevant market context. One other issue with regard to potentially harmful products is that they may appeal to some segments of a society who wish to "live dangerously." This phenomenon may in fact be influenced by culture; as Triandis (1989) points out, collectivist societies tend to have, all other things being equal, less crime, particularly fewer sex crimes, fewer hospital admissions and less drug abuse than individualist societies. So it may be that the types of "deviant behavior" associated with usage of harmful products would be more predominant in individualist societies.

With respect to both target market and product categories, it is recognized that the delineations are somewhat fuzzy; this problem is at least partially due to the dearth of research in this area to date. As the framework is tested and quantified, this issue can be addressed more specifically. It also should be noted that it is not expected that consumers fall into one category as an absolute, but that, depending upon the specific product being considered, the target market would be identified and then

approach protects consumers' choices without "overprotecting" anyone in a "big brother" sort of way. In targeting vulnerable consumers, it is suggested that caution be exercised regardless of the product, due to the diminished abilities of this market segment as consumers. Products which are or may be harmful should not be targeted to these groups. Again, these guidelines are only speculative at this point; data are needed to validate society's views on which cells should be red, yellow and green, based on the macro analysis.

Turning from the micro to the mezzo or industry level, this proposed framework might be of particular importance in social marketing endeavors, such as anti-drug campaigns, and for those industries which produce products considered controversial, such as alcohol, tobacco or firearms. For example, a poll of media planners and buyers found that about 40 percent believe tobacco advertising should be banned altogether and 22 percent believe alcohol advertising should be banned (Lukas 1990). This is an industry-wide concern, of particular relevance since specific segment development strategies have been criticized in these industries.

The focus of this paper is the macro level. Consumer concern about marketing of particular types of products to particular market segments has been documented, but in order to consider these phenomena from a macro perspective, it is necessary to examine the broader issues and implications for the overall economy.

Market Failures

One useful framework for examining macromarketing issues might be Harris and Carman's (1983) institutional typologies of market failure. Harris and Carman classify types of market failures as: imperfect competition, excessive competition, anticompetitive conduct, imperfect information, side effects,

consumption are borne directly by non-subjects of the exchange, such as effects of second-hand smoke or environmental pollution.

Demerit Goods. Demerit goods exist because of the value conflicts in a society between individual and social preferences about economic goods and services (Harris and Carman 1983). Examples of demerit goods are gambling, prostitution, alcohol, tobacco and "recreational" drugs. These are the products which fall into the harmful categories. Merit goods are those society values, such as education, and are likely candidates for social marketing efforts.

Figure 2 illustrates the matching of Harris and Carman's (1983) types of market failures with the target market/product category matrix. As this figure shows, each cell of the matrix potentially represents at least one type of market failure (although merit goods might be excluded from this analysis); most cells represent a combination of possible market failures.

While market failures occur at whatever level is relevant for that market (i.e., local, regional, national, global), remedies for market failures tend to be imposed by governments, and so address the domestic markets over which they have jurisdiction. This level of analysis is labelled "domestic," but might reasonably include supranational groups such as the European Community, since rules and regulations may be applied to group members. Remedies for market failures will be considered from both domestic and global perspectives.

Remedies for Market Failures: The Domestic Case

Harris and Carman (1984) suggest several types of regulatory responses to market failures: legal rights, information responses, standards, taxes/subsidies, controls on collective action, price controls, allocative

consumption, to preserve a class or social structure, to advance national interests, or to protect individuals or society from other people's tortious consumption (externalities). In democratic societies, the emphasis on individual freedom makes sumptuary legislation unpopular, although it may be used to protect vulnerable segments, such as youth. The dilemma of the sumptuary law approach is that, in order to protect disadvantaged and vulnerable segments of society, some of their freedom is eliminated, which may serve to maintain the status quo for an established elite. Further, as Smith and Quelch (1993) point out, the segmentation issue is not just one of inclusion, but of exclusion as well. In other words, government protection of certain groups of consumers, such as ethnic minorities and women, will be viewed as equally offensive as "exploitation" of these consumers by marketers of harmful products.

A potentially fruitful approach for matching remedies with segments might be borrowed from Sheth and Frazier (1982), drawing on their model of strategy mix choice for planned social change. While the dimensions of their matrix are consumer attitude and behavior rather than target market and product type, the concept of matching social remedies to the needs of specific market segments seems directly applicable. The strategies outlined by Sheth and Frazier are: information and education, persuasion and propaganda, social controls, delivery systems, economic incentives, economic disincentives, clinical counseling and behavior modification, and mandatory rules and regulations.

These strategies might be applied as presented in Figure 3. For socially beneficial products, economic incentives and delivery systems might be offered to all segments, but persuasion and propaganda could be used with

beverages. As Hollander (1984) points out, examples of such sumptuary laws to discourage use of potentially abused products take the form of liquor taxes (economic disincentives) and minimum drinking ages (mandatory rules for some segments).

Suggested strategies for inherently harmful products would again be economic disincentives for all groups, with reinforcement in the form of information for sophisticated consumers. Disadvantaged consumer groups should be provided clinical counseling and behavior modification, and it is suggested that persuasion and propaganda be employed because of the inherently harmful nature of the product and the susceptibility of this group to addiction. For vulnerable consumer groups, mandatory rules and regulations should be applied, as well as reinforcement in the form of education. In the case of children and tobacco products, all protections might be applied, while with other vulnerable groups, such as market illiterates, economic disincentives and education would be the most reasonable approaches.

While there are always limits in drawing generalizations, the foregoing strategy prescriptions provide a system of remedies which recognize the differences among consumer segments with respect to various product categories. This framework builds on Carman and Harris's (1986) matching of regulatory responses to market failures by incorporating these market segment distinctions.

Remedies for Market Failures: The Global Case

While there is no binding international law governing the actions of private firms and no world court for business enterprises, there are international organizations which provide ethical guidelines for transnational

include specific guidelines for target market selection, just as issues such as bribery, product safety and hiring practices usually are addressed in such codes.

In the global arena, the issues which tend to spark consumer outrage are those pertaining to more vulnerable target markets, namely consumers in developing countries. The marketing of infant formula in developing countries; of pesticides and the resulting "circle of poison"; and of tobacco products and their effects on Third World health, nutrition and burning of rain forests are but a few examples of issues which have gained worldwide attention. Cateora (1990) states that the economic level of a country is the single most important environmental element to which the foreign marketer must adjust the marketing task in a developing market. Indeed, there is some question as to whether Western marketing practices are even appropriate in developing countries. Dholakia (1981) points out that the nature of marketing systems in the Third World is not that of a lagged marketing system merely trying to "catch up"; it is a complexly developed and dependent marketing system which thrives on inequity and lacks impulses for self-sustained development. Hosley and Wee (1988) assert that researchers have not agreed on how to define marketing within the context of the LDCs. In fact, it has been suggested that marketing thought has been dominated by a paradigm bound to the American industrial context, and that this paradigm may not be valid or relevant for large sections of the world system, notably socialist and Third World countries (Dholakia, Firat and Bagozzi 1986).

While it is beyond the scope of this paper to discuss these philosophical issues in depth, they provide a notion of the complexity of addressing the ethical implications of marketing practices when crossing

regarding the public policy implications of the various social strategies (i.e., economic disincentives versus mandatory rules and regulations).

Implications and Conclusions

A growing awareness on the part of society of ethical abuses by business firms has resulted in scrutiny of more marketing practices than ever before. The framework proposed in this paper represents an attempt to categorize the criticisms of target market selection to make possible a systematic investigation of these phenomena.

One implication may be another form of market segmentation, or an additional dimension for identifying subsegments, which takes product category and vulnerability of consumers into consideration. This method may be particularly useful in marketing socially desirable products from which society benefits.

Another implication relates to the micro-macro dilemma. There are times when a society might benefit from greater restriction on the marketing of some products, but individuals may not benefit. For example, greater restrictions on the sale of firearms might solve some social problems on the macro level, but an individual who subsequently has no gun to defend oneself may suffer. Similarly, in the global context, worldwide codes of ethics may affect companies' behavior such that developing countries are not targeted with potentially harmful products. While some societies may benefit from this change, some individual consumers will suffer because fewer choices are available to them. This framework allows an analysis of products which provide benefits but are harmful due to abuse and/or misuse, which might lead to more effective strategies for solving macro problems.

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Figure 2
Types of Market Failures

		TARGET MARKET		
		Sophisticated Consumers	Disadvantaged Consumers (i.e., socioeconomically and/or prone to addiction)	Vulnerable Consumers (i.e., children, elderly, immigrants)
PRODUCT CATEGORIES	Socially Beneficial Products	Merit goods	Merit goods	Merit goods Bounded rationality
	Products Providing Benefits to Target Markets	Externalities	Externalities	Externalities Bounded rationality
	Products Harmful Due to Abuse/Misuse	Demerit goods Internalities	Demerit goods Internalities Bounded rationality	Demerit goods Internalities Bounded rationality
	Inherently Harmful Products	Demerit goods Internalities	Demerit goods Internalities Bounded rationality	Demerit goods Internalities Bounded rationality

**THE MYTH AND REALITY OF THE GLOBAL VILLAGE: AGGREGATING AND
DISAGGREGATING EFFECTS OF COMMUNICATION TECHNOLOGY**

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developing countries, including those in Asia (42 million to 225 million). Between 1975 and 1990, the number of radio receivers also expanded from 1,033 to 1,966 million the world over, and this expansion was again greatest in Asia (144 million to 570 million) and in developing countries, including those in Asia (175 million to 522 million). The number of radio and television receivers increased, without exception, in every continent of the world between 1975 and 1990.

This information suggests that expansion of media availability has occurred globally at least as far as television, radio, and newspapers are concerned. In other words, more and more people the world over are being exposed, for the first time, to these media and to combinations of them. Although UNESCO does not provide comparative data with respect to other media classes (e.g., magazines, direct mail etc.), there is no reason to believe that they are not expanding. In fact, the country-by-country data on periodicals provided by UNESCO indicates the existence of wide variety of periodicals in most countries, including developing ones. This suggests that magazines are a popular medium among the literate the world over. In addition, as Hachten (1993) indicates, satellite technology has enabled billions of Asian viewers to be exposed to uncensored western programming *for the first time*. This suggests that an increasing number of individuals around the world are being exposed to new domestic and international program content via new media.

Consequences of Increasing Types of Media

Evidence that exposure to media alters audience frames (Heeter 1989) suggests that as an increasing number of types of media become available in a social system, audience frames will become more diverse. The effects of exposure to newspapers, television, computer-aided product information networks, virtual reality entertainment or shopping systems, etc. is apt to modify user conceptions of a medium or interconnected combinations of media. Thus, there will be *increased diversity in audience media frames as number of types of media in a social system increase*.

Alternative types of media are apt to provide nonidentical content. For example, radio and magazines differ in visual and verbal content and the types of information they offer. Media also differ in the timing of content they provide. For example, television and newspapers deliver similar news or socio-emotional content with different frequency and at different times. As new types of media become available in a social system, consumers have an expanded array of choices which results in greater variability in their media consumption habits. Differences in media consumption are apt to result in *increased diversity in timing and content as number of types of media in a social system increase*. As noted below, increasing levels of media interactivity are also apt to moderate the relationships between the number of types of available media and the diversity of timing and content.

CHOICES WITHIN MEDIA

Expansion of Media Choice

Choice within each media category has also expanded substantially in recent years. UNESCO data indicates that the number of daily newspapers has risen from 7,780 in 1975 to 9,220 in 1990. This growth has been most substantial in Asia (2,190 to 3,580) and in developing countries, including those in Asia (3,220 to 4,880). Not surprisingly, the total circulation of daily newspapers (as indicated earlier) have displayed a similar pattern during this time period. Thus, the expansion in global newspaper circulation has been closely correlated with expansion in newspaper choice.

Perhaps the greatest expansion in choice has occurred due to technological advancements related to television and radio reception. Existing research (e.g., Collins et. al. 1988; Melody 1990) indicates that new communication technologies, e.g., CATV, direct broadcast satellites, and

"poverty of time". Secondly, fragmentation problems abound in a progressively more diverse and heterogeneous society, as exists within the United States (Brody 1990, p.81) resulting in great difficulty for organizations to identify substantial and appropriate market segments for their products. Thirdly, the emergence of digital (i.e., computer) technology that makes interactive media possible. Interactive media enable audience members to control (at least partially) the information they receive.

Digital technology has enabled consumers to selectively retrieve and be exposed to only the information they want. Most interactive devices are based on a microchip and digital transmission and reception of information. However, their degree of sophistication and extent of interactivity vary. For example, Prodigy, a computer based interactive medium with 1.75 million subscribers (Liebman 1992), is highly interactive in the sense that consumers can request information, view selective advertisements, investigate the prices of select merchandise, and even purchase available products. On the other hand, videotext enables only the selective retrieval of information and thus offers a lower level of interactivity. Other interactive systems include the more familiar bulletin boards, computer conferencing, electronic mail, teleconferencing, interactive cable systems, and more recent innovations, e.g., home shopping and video shopping, "video-on-demand" services, and interactive television (Advertising Age 1993).

Television based interactive systems are becoming increasingly popular and seem to point to the direction in which the future growth of interactivity lies. Apart from existing, and relatively ancient, networks like QVC and the *Home Shopping Network* that require a telephone response from the consumer, many high-tech television based interactive systems that enable instant response by consumers have recently been introduced or are in the pipeline. These, according to Advertising Age (1993), include interactive television systems based on cable (e.g., systems developed by *ACTV Inc.*, *GTE Main Street*, *Quantum*, *VCTV*, and *Your Choice TV*), existing telephone lines (e.g., systems by *IT Network*), FM frequencies simulcast with broadcast TV signals (e.g., the system developed by *Interactive Network*), decoder based systems (e.g., the system developed by *Interactive Systems*), interactive TV based on CD based "interactive multiplayer" (developed by *3DO*), and systems based on radio frequencies reserved by FCC for interactive video digital services (e.g., the system developed by *TV Answer*). The success of interactive home shopping systems has been so remarkable that many organizations and retailers, e.g. Revlon (Sloan 1993), and Macy's plan to start their own home shopping networks. The growth rate of television based interactive systems has far outstripped that of computer based systems (e.g., Prodigy and CompuServe) partly because televisions are already in 98 percent of American homes (Levin 1993) and 60 percent of all American homes subscribe to cable in contrast to a total of only 20-30 million computer owners (Liebman 1992). However, interactive TV based systems appeal largely to women while personal computer based interactive systems cater specifically to men who do not watch much television (Liebman 1992). In the near future, interactive technology will be able to provide the following on demand: movies, entertainment shows, video games, news, sporting events, video phone, teleconferencing, virtual reality shopping, travel services, and financial services (Elmer-Dewitt 1993). Interactive technology, unlike conventional mass media, is almost totally information based. All interactive media are information intensive, unlike broadcast media that are primarily designed to entertain (Brody 1990). Interactive media work on a "many to many" rather than on a "one to many" basis. They are also capable of precise market segmentation, resulting in accurate consumer targeting and little wastage. However, interactive systems are more expensive than conventional communication systems (Zoglin 1993) which may be responsible, in part, for their less-than-predicted rate of adoption. However, some authors (e.g., Rogers 1986) believe that once a certain critical number of adopters is reached (i.e., a threshold level), the adoption pattern for interactive technology will increase rapidly (i.e., "take off").

Ease of adding content is the extent to which users may add content to the system that a mass undifferentiated audience can access.

This feature allows users to become sources of information and is one reason that the distinction between source and receiver may be become blurred with some media (Brody 1990; Heeter 1989). Examples of differences in adding content are evidenced by the limited opportunities in broadcast TV for a viewer's editorial comment versus public access on cable TV versus even greater ease of adding information to computer electronic bulletin boards. This reflects the capacity of interactive media to function as a many-to-many rather a one-to-many channel of communication (Brody 1990).

Interpersonal Communication Potential is the extent to which the media facilitates interpersonal communication between users.

Conventional mass media have been predominantly uni-directional and allowed one or a few individuals to convey messages to large audiences. The potential to exchange specialized messages with particular individual de-massifies media (Rogers 1986). In contrast to conventional TV which does not allow this interaction, different forms of teleconferencing permit phone conversations or even full motion video. This allows users to become sources of information and is an added reason that the distinctions between source and receiver or mass and interpersonal channels of communication become blurred with some media (Heeter 1989). For instance, machine assisted interpersonal interaction is similar to face-to-face interpersonal communication in that allows communication to targeted individuals, interchange of ideas, some nonverbal content. It is similar to mass media in that potential socio-emotional content is low. Yet, it is unique in terms of its ability to permit many-to-many message flows, immediate or delayed feedback, and asynchronicity (see below; Rogers 1986). The privacy issues noted earlier are also associated with the use of media for interpersonal communication (Brody 1990; Rogers 1986).

Asynchronicity is the extent to which messages can be preserved.

In contrast to basic cable TV, interactive cable TV and electronic bulletin boards can offer higher asynchronicity (Rogers 1986). The capacity to receive and send information and responses at times convenient for the user shifts control from media sources to receivers (Brody 1990) and has the potential to transform senders and receivers into participants. This expands user accessibility to content, increases ways to transmit and process information, alters ways of displaying information, and creates more opportunities for informational versus entertainment content is formerly traditional mass media (Heeter 1989; Rogers 1986).

Consequences of Increased Media Interactivity

An understanding of the dimensions of media interactivity is useful for distinguishing between media systems and identifying possibilities for future systems. It also makes it apparent that the effects of interactive media depend on corresponding aspects of user activity, including the patterns and complexity of user choices, levels of user effort, patterns of purposive and nonpurposive feedback, attempts to add information, interpersonal interactive networks, and timing of user media consumption and media interaction behaviors (Brody 1990; Heeter 1989; Rogers 1986). More fully interactive media systems enable but do not guarantee more user activity. Thus, media systems influence the distribution of media information via their impact on user activity.

Whatever their level of interactivity, particular interactive systems may have varying degrees of use or they may fail (Rogers 1986). However, the patterns of user activity should be

media in terms of blurred distinctions between senders and receivers, mass and interpersonal media, and media types (Brody 1990; Heeter 1989; Rogers 1986). These consequences should lead to even more pronounced overlap with more fully interactive media. For example, future systems may allow users to simultaneously access content now delivered separately by radio, print, television, and teleconferencing media, to add to the content, to send it to significant others, and respond to their comments. This could involve socio-emotional material such as music, printed lines of poetry, video footage of landscapes or cityscapes, and dialogue with others with similar cultural interests or technical material about farming practices simultaneously accessed and discussed by a small network of agricultural producers. In such scenarios, the introduction of added media types or choices within media offers the potential for an expanding number of outcomes with respect to timing and content.

Thirdly, it is also necessary to avoid the errors of technological determinism (Golding 1990) and to recognize that the effects of media depend on context (Ferguson 1990; Rogers 1986). For example, Hachten's (1993) examination of the relationship between media communication systems and economic development in Africa versus Asia underscores the moderating impact of traditionalism, market based economics, government regulation and control of media, and pluralism in a society. A consideration of cross cultural and social systems variables increases the possible range of possible outcomes of user response to media system and should increase the diversity of responses to more fully interactive systems.

EFFECTS OF MEDIA ON DIFFERENCES IN FRAMES, TIMING, AND CONTENT

In addition to acknowledging the moderating impact of cultural and societal context, the prior reasoning suggests two general propositions. First, *variability in audience members' media frames is negatively related to overlap in access to alternative types of media*. Thus, audience frames should be most similar when types of media are identical, mixed when types of media are similar (i.e., there is an intermediate amount of overlap in types of media), and most diverse when types of media are different. Secondly, *variability in the timing and content of media information are negatively related to overlap in access to alternative types of media and positively related to amount of choice within media and level of media interactivity*. Thus, timing and content should be most similar when media are identical, there is no (or little) interactivity, and choice is limited, whereas timing and content should be most diverse when media are different, media are fully interactive, and choice within media is wide. Increasing choice and interactivity also creates the possibility for more unique or ego-centric patterns of media consumption. For example, users might differ in how they combine media; how they manipulate, add to, and route content to significant others; their choice of times for exposure and response; and the media they use to receive, transfer, and store content. Other combinations of types of media, interactivity, and choice within media should result in less extreme similarity or diversity. The overall result is that diversity in frames, timing, and content increase as we move from situations represented in the upper left to those represented in lower right of Exhibit 1. The pattern in Exhibit 1 also reflects the expectation that differences in media type have a more disaggregating effect than differences in choice within media.

[EXHIBIT 1 about here]

DIVERSITY AND DIFFUSION

Correspondence between availability of communication media and technology and diversity of information distribution is apt to be a consequence and cause of diffusion patterns. Diversity may arise as a result of patterns of limited adoption and differences in the character and consequences of adoption. One reason is that a high degree of *refraction* (Rogers 1983) should

available to both types of individuals, this creates information overload for the information-poor due to their lower knowledge and skill levels and ability to afford or use retrieval and information handling systems (Rogers 1986).

Consequently, new gaps in information and socioeconomic status open before old gaps close and the overall gap between earlier and later adopters and between audience segments previously high and low in socioeconomic status widens when new technology is adopted. This also creates further diversity in the timing and content of the information they receive. These temporary gaps are less serious when technology is widely and rapidly adopted. However, more lasting gaps are apt to be associated with adoption of cable TV, VCR, home computer in the U.S. than was the case with the original adoption of television (Rogers 1986).

Caution in making international generalizations about gaps due to communication technology is justified, since some of the evidence is from the U.S. and other more developed countries. In addition, it involves new media for which has a higher information to entertainment ratio than the traditional media that is typically present in less developed countries. Still, there is concern that developments in information and communication can exacerbate class divisions (Golding 1990; Melody 1990). Gaps in less developed nations are not inevitable; there are strategies for narrowing them. However, they may not be in the interests of those in power. Moreover, evidence with other types of innovations indicates widening gaps are more pronounced in social systems which are already very unequal, as is true in much of the Third World (Rogers 1983).

More pronounced effects with communication technology may also result from information overload in lower status households with lower information ratios (the proportion of income spent on information related activities). This ratio is higher in the U.S. and industrialized societies than in much of Latin America, Africa, and Asia (Rogers 1986). Two aspects of gap widening effects of communication innovations, unemployment and deskilling (lowering occupational status by replacing human skills with information handling skills), may also have parallels in altered roles and behaviors for traditional consumer purchasing agents and decision makers in households. These role and status altering effects may become more apparent as media are used in new ways for shopping, banking, and searching for information about products and services.

Other Diffusion Implications

The spread of communication technology may also increase diffusion rates of other innovations. The introduction of new media and wider choices within media should increase observability of innovations and media interactivity also has the potential to increase compatibility, observability, and trialability, and reduce complexity.

Since interactive media share characteristics of interpersonal and mass media and also have unique characteristics, their use may alter the relationships between earliness of knowledge about innovations and exposure to interpersonal and mass media channels of communication. Interactivity, particularly its interpersonal communication potential and ease of adding content dimensions, has the potential to modify the meaning of cosmopolite orientations. Furthermore, the combination of interactivity, new media, and wider choice within media may reduce the role of local cosmopolite interpersonal channels in less developed nations. Finally, interactive media may reduce the significance of the distinction between the passiveness of mass media and activeness of interpersonal channels (Rogers 1983) -- at least among those who can access such media.

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EXHIBIT 1

EFFECTS OF MEDIA ON DIFFERENCES IN FRAMES, TIMING, AND CONTENT

	<u>Identical media</u>			<u>Similar media</u>			<u>Different media</u>		
	Limited choice	Moderate choice	Wide choice	Limited choice	Moderate choice	Wide choice	Limited choice	Moderate choice	Wide choice
<u>No interactivity</u>									
Frame	most similar	most similar	most similar	mixed	mixed	mixed	most diverse	most diverse	most diverse
Timing	most similar	more similar	somewhat similar	more similar	somewhat similar	mixed	somewhat similar	mixed	somewhat diverse
Content	most similar	more similar	somewhat similar	more similar	somewhat similar	mixed	somewhat similar	mixed	somewhat diverse
<u>Partial interactivity</u>									
Frame	most similar	most similar	most similar	mixed	mixed	mixed	most diverse	most diverse	most diverse
Timing	more similar	somewhat similar	mixed	somewhat similar	mixed	somewhat diverse	mixed	somewhat diverse	more diverse
Content	more similar	somewhat similar	mixed	somewhat similar	mixed	somewhat diverse	mixed	somewhat diverse	more diverse
<u>Full interactivity</u>									
Frame	most similar	most similar	most similar	mixed	mixed	mixed	most diverse	most diverse	most diverse
Timing	somewhat similar	mixed	somewhat diverse	mixed	somewhat diverse	more diverse	somewhat diverse	more diverse	most diverse
Content	somewhat similar	mixed	somewhat diverse	mixed	somewhat diverse	more diverse	somewhat diverse	more diverse	most diverse

**PROTECTING INTELLECTUAL PROPERTY
IN THE ERA OF ELECTRONIC COMMUNICATIONS**

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traveled in another part of the world, brought a new process or product home. The earliest recorded patents in each locale included the one granted by Venice in 1443 to Antonius Marini, who offered to build four mills for the city of Venice, by France in 1536 to Etienne Turqueti for the production of silk and by England in 1449 to John of Ultynam for the manufacture of colored glass (Meinhardt 1950, p. 43). Elizabeth I (who reigned 1558-1603), in an attempt to encourage English industry to catch up to the Continent, granted many patents to inventors and importers. In the latter part of her reign, facing fiscal problems, she granted what many thought were unnecessary patents which appeared to accomplish little more than higher prices. Opposition against the abuses of "letters patent" led to Parliament's passage of the Statute of Monopolies in 1624 which established patents for the sole purpose of rewarding invention (Klitzke 1964a). However, as one holdover from the days of encouraging the borrowing of foreign technology, England (and, indeed, most countries other than the U.S.) grants a patent to the first person to register, who may or may not be the inventor (Benko 1987).

While the concepts of trade secrets and patents are of ancient lineage, copyrights are the result of the printing press and literacy. This legal precept was developing during the 15th and 16th centuries but required a significant change in the way people saw ideas in relation to their originators. As Howard's (1986) biography of Chaucer describes the fourteenth century:

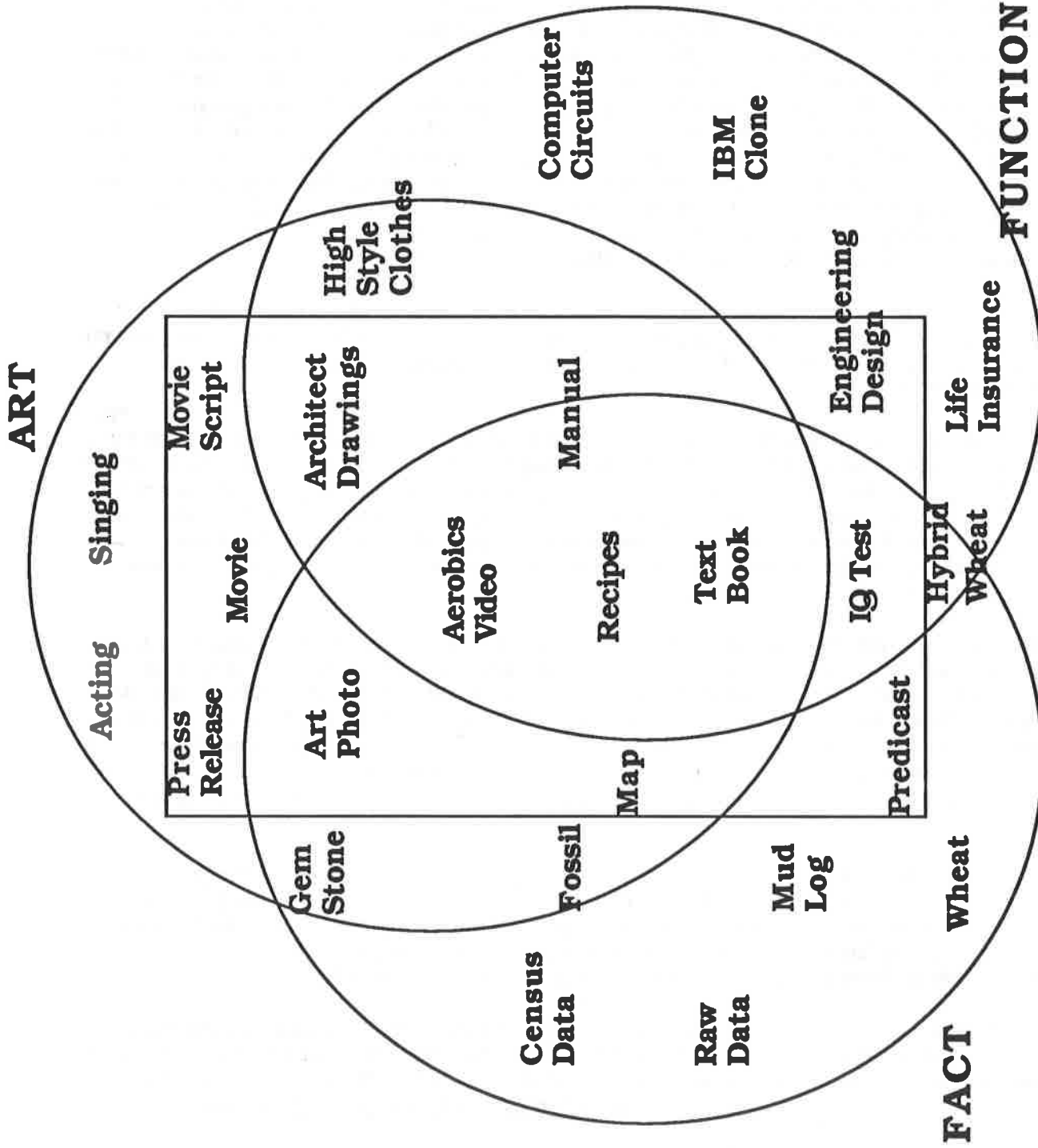
As objects, (books) were worldly goods and worldly vanities, but their use was spiritual; unlike clothes, which symbolized status, or jewels, which had quasi-magical properties, books contained truth. "Truth," it was sometimes said, "by whomever spoken, comes from God." It is on account of this medieval (and Renaissance) notion about the truth in books that "plagiarism" was unknown in the Middle Ages. . . In Chaucer's day an author was a steward of what could be learned or enjoyed (p. 216).

As printing and literacy began to spread in the 15th and 16th centuries in Western Europe, so did the idea of copyrights. Originally employed as a means to achieve censorship, the concept evolved to protect publishers from other copiers. The Statute of Ann, passed by the English Parliament in 1709, is said to be the first modern copyright law. It established fixed lengths to copyrights and stated clearly that the protection of the law should benefit authors (Office of Technology Assessment 1986).

English law, both statutory and common, pervaded the British Colonies with the result that the idea of patents and copyrights were embodied in one part of Section 8 of the U. S. Constitution: "The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." The first U. S. patent and copyright laws were enacted in 1790 and each has been revised several times since (Klitzke 1964b). With the caveat that U. S. trade secret law varies from state to state, it is generally recognized that the protection afforded by trade secret law differs from that of patents and copyrights in the following ways (Glueck and Mittelstaedt 1973):

1. Trade secrets are valid only as long as they are held secret; the monopoly power granted by a patent or copyright is limited to a specific time period.
2. Unlike patents and copyrights, trade secrets cannot be protected against reverse engineering.
3. Trade secrets can cover ideas or knowledge which would not be protected by patent or copyright. Much of this falls within the rubric of "know-how," and includes marketing information.

Figure



Adapted from: Office of Technology Assessment, 1967, p. 67.

Status of Intellectual Property Protection

The degree to which patents, trade secrets, and copyrights are afforded world wide protection differs. Each situation differs.

First, there are no international agreements with respect to trade secrets. Although their legal history is rooted in a particular cultural tradition, most industrialized nations recognize the validity of trade secrets to protect business know-how. However, even within the U. S. there are differences among states as to what is or is not a protectable trade secret. Similar, if not larger, differences exist among countries (Jager 1992).

Generally, copyrights established in any one country are enforceable in other countries. Beginning with the Berne Convention in 1866, a series of international agreements have provided relatively consistent copyrights in the nations which have signed the various agreements (Office of Technology Assessment 1986, pp. 215-220). In spite of these agreements, the protection afforded by a copyright is far from complete. As Benko (1987) concludes, "Laws are national and are enforced accordingly. In some countries laws do not exist, are weak, or are not enforced" (p. 33).

Finally, patent protection is definitely a country by country matter. Although U. S. patents afford protection to U. S. holders against foreign producers who bring infringing products into this country (Thomas 1989), only a few countries recognize the patents of other nations and, generally, protecting a patentable idea in another country requires one to file for a patent in that country. True international patent protection can be achieved only by filing for patents in each country capable of using the technology to produce a competing product.

In addition to the previously described differences due to cultural variations and differing social/economic goals, there are at least three technical aspects of patent laws which bear on the nature of the international protection any one product can achieve. First, there are differences as to the subject matter which can be patented. Although the differences are so great that generalizations are nearly impossible to make, as one example, Mexico does not allow pharmaceuticals to be patented (Benko 1987). Second, compared to U. S. patent law, the laws of most other countries require that a patent be "worked." Thus, to register a U. S. patent in most other countries requires that, to validate the patent, the U. S. holder must import the product into the country or offer licences to native producers (Anonymous 1991). Finally, differences arise from the emphasis countries place on novelty and timing as standards of patent granting. The U. S. grants patents to the "true inventor" (as contrasted to the "first to file") and, if that inventor should disclose the invention before applying for the patent (within one year), the patent may still be granted. However, in most other countries, to prevent the potential abuses arising from the first to file standard, if there has been any disclosure of the invention before the application for the patent (typically in the form of publication), the invention is not patentable (Anonymous 1991).

New technologies have forced new responses which only complicate the picture. Computer software and semiconductor chips are two new technologies that seem to fall somewhere in the grey area between traditional areas of protection. Some countries have chosen to offer them copyright protection, some countries have used patents, and some countries have chosen to adopt new legislation creating a hybrid form of protection. For example, the U. S. created a special category of protection with the Semiconductor Chip Protection Act of 1984 (Blenko 1987). Biotechnology presents at least one different angle. Considerable interest has been focused on the biodiversity of the rain forests and the potential for finding new genetic material which could be of benefit to medicine and agriculture. Locating a previously unknown bit of genetic material would be considered a "discovery" and unpatentable under the laws of most countries. On the other

involved that may be a solvable problem but when the interaction is with a "smart" system, the assignment of origination becomes very unclear. Finally, and of particular importance, is the nature of electronic communication itself. In general, the new media rely on digital, as contrasted to analog, representations of information in transmission and storage. One effect has been that, while the costs of transmitting data have been reduced, the costs of storage have been reduced even more dramatically. Further, information which exists in bits can be assembled and disassembled at will. Thus, the effects of changing communication technology will vary depending on the type of information which forms the basis of the intellectual property at issue.

Works of function:

Typically protected by patents, protection of works of function is most likely to be affected by the potential problems of establishing the originator arising from the use of interactive systems to design or produce the work. Instantaneous communication will enhance the dissemination of the information about the work and, therefore, may have some social benefit by making the "state of the art" more visible for others, wherever located in the Global Village, to build upon it. On the other hand, if this leads to an even greater increase in the rate of technological change, inventors may be tempted to put greater reliance on the protection afforded by trade secret law, as seems to have been the case in some industries over the past decade (Jager 1992; McKeown and Wrenn 1992).

Commercial and Industrial Know-How:

Unless protectable as a patented process, know-how has relied on the protection of trade secrets which do not enjoy the same degree of protection in the world market that is afforded patents and copyrights. Instantaneous communication would seem to enhance the work of industrial intelligence, and expert systems might enhance the potential for reverse engineering. However, the major threats to the leakage of trade secrets remain the former employee and the licensee. Instantaneous communication should enhance the possibilities of monitoring the actions of licensees and the whereabouts of former employees. Further, one of the most effective ways of protecting trade secrets is to parcel them into smaller segments and carefully control the numbers of people who have access to more than one piece of information. Again, the monitoring potential of the new electronic systems would seem to make this more, rather than less, feasible.

Works of Fact:

Works of fact are at the heart of the so-called information industry which mostly compiles and disseminates data about "reality." To the extent such works are intellectual property, at least in this country, it is only their format of presentation and not their content which is afforded the protection of a copyright.

The substantial costs involved in the production and distribution of this form of information arises from its compilation and assembly. When those who collected and collated the information were able to disseminate it in printed form, copyright protection assisted them in recovering their costs by discouraging duplication. Because in the Global Village bits of data are stored digitally, the mode of presentation as they are displayed on (or off) line can be controlled by the recipient of the data, potentially abrogating the copyright of the data provider.

The information industry also includes downstream providers of value-added knowledge. For example, the May/June 1993 issue of *Computerized Investing* (Srutowski 1993) lists 19 commercially available software products that screen stocks and/or other investment vehicles on the basis of technical indicators. These programs use price and volume data which can be downloaded from one of several financial news services. They screen investment opportunities using up to 54 technical indicators; the method of calculating each is well known and available to anyone who

impossible to sort out the contributions of the individual participants. With hypertext, which exists only in an electronic medium, the user becomes a participant in the creation of its output. Assessing these developments Brent (1992) finds them congruent with the ideals of the community of scholars and concludes:

Thus copyright in the sense of securing the rights to a fixed entity is likely doomed. The only sense in which copyright can continue to have meaning in electronic space is the sense of acknowledging an original creator of an idea. . . To acknowledge parentage is not the same as to maintain a claim of ownership. Without the sense of master-and-duplicate that the printing press imposed, there is no intellectual ground for present attempts to toughen copyright laws in order to protect "intellectual property." They are like holding a sieve under a breaking dam.

Implications and Conclusions

The new communications methods of the Global Village are changing the ability to protect intellectual property in traditional ways. As the report of the Office of Technology Assessment puts it:

Just as the technologies of the 18th century shaped the intellectual property system as we know it today, so too are the new information and communication technologies likely to alter significantly how society views intellectual property, the mechanisms employed to protect it, and the value that society places on intellectual properties, both as market goods and as public resources (p. 20).

The analysis presented here suggests that the effects of the emergence of the Global Village on intellectual property rights is likely to be uneven.

Those products traditionally protected by copyright appear to be most affected. Piracy is more possible than ever and nothing in the technology of the Global Village seems likely to change that; short of a world government to control copying and distribution everywhere, it would seem that piracy is, if anything, likely to increase.

As a means of endowing knowledge producers with property rights, copyright is likely to be unsustainable in the Global Village. By giving artists new forms of creativity and scientists new forums for the exchange of ideas, new technologies will break down the barriers created by copyright; the marketplace of ideas will be expanded and lively.

The information industry, as producers and distributors of works of fact, may be affected by the inability to sustain its copyrights in the Global Village. To the extent they can control access to their data bases, players in this industry will be able to retain power and remain unaffected, except that many will be encouraged to integrate into the production of value adding, downstream products.

By contrast, the intellectual property traditionally protected by patent is likely to be affected in a different way. Here secrecy is an alternative, although the legal protection, especially world wide protection, of a trade secret is even less sure than that of a patent. In another sense, maintaining property rights through secrecy is itself extra-legal; if a secret is known, it is known, and only then can the courts act to compensate those from whom the secret was misappropriated. Put differently, if the new technologies pose additional threats to the patents system, the result may be increased reliance on secrecy.

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Marketing in the Environment:

A Biophysical Perspective

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ABSTRACT

Environmental issues have appeared in the marketing literature for some time. In this paper, we investigate how marketing (and business) fits into the environment, instead of how the environment impacts marketing decisions. The environment is not an external variable impacting the production, marketing, and consumption decisions of economic agents; it subsumes these decisions and demands that physical processes adhere to its laws. The importance of matter-energy in the biophysical system and the accompanying first and second laws of thermodynamics are discussed. These concepts are then incorporated into a model of the economy and restrictions these laws place on an economy are discussed. Some of the conclusions are: no product or service is 100% environmentally friendly; the environmental effects of a good must be viewed as part of a system; recycling is not a panacea for the world's environmental problems; technology is also not a panacea; and there are limits to material growth. These results are then applied to the elements in the marketing mix.

recently, nine papers in the Fall 1991 issue of Journal of Public Policy and Marketing dealt with environmental problems and marketing. According to the editor of JPPM, the special issue was intended to "further the discussion regarding what marketing academic researchers can contribute to a better understanding of (1) how consumers react to ecological appeals and products, (2) how marketers can stimulate environmentally sensitive consumption and (3) how public policy makers might insure that society's best long term interests are served" (introduction, JPPM, Fall 1991). These marketing papers have, for the most part, concerned themselves with describing the environmentally sensitive consumer and ecologically-conscious consumption behaviors, with an emphasis on identifying consumer characteristics that predict attitudes and behaviors.

Other research both in marketing and general business has focused on the effect of environmental issues on the long term strategy of the firm. In most cases, the emphasis was again on how firms can respond with new products, practices, and policies to the growing public interest in environmental issues. Buzzelli (1991) outlines a five part environmental strategy that includes a firm commitment by top management, empowerment of employees, and improved communication among all involved parties. In marketing, in particular, Kassarian (1971) analyzed the consumer reaction toward a new product, a gasoline that claimed to reduce automotive emissions, besides examining segments of consumers most likely to try the product. Michman (1985) developed a framework for linking ecology and public policy with marketing planning by advocating the use of situation analysis and environmental scanning that lead to adjustments in the marketing mix.

Certainly the increased sensitivity to environmental issues has been generally viewed positively by those inside and outside of the marketing profession, and the trend toward more research in this area will likely continue. However, to better guide business and, in particular, marketing decision making in this area, we ask the reader to step back for a moment from

biosphere provides the raw materials from which goods are produced while also providing a sink for waste products that can then be assimilated back into the biosphere. The energy that is used for the physical transformations in the system comes from the sun. The biosphere is thus the embodiment of solar energy.

Energy is the key component to the system. The basis of all physical activity is the existence of sources of available energy. The availability of energy is measured by the degree to which the energy is convertible into useful work. Not all energy is convertible and some convertible energy is more convertible than others. Available energy is an absolutely nonsubstitutable input to any physical process, and without it, there would be no ability to perform work (physical transformation in the natural environment.) All systems and structures, including social ones, depend on continuing energy inflows for their maintenance and renewal.

Energy is not a commodity, but rather a concept used to explain changes in the state of matter under certain circumstances. Some energy is flowing, such as that flowing from the sun to earth. Direct inflows from the sun are still the principal energy source for all earthly systems, even with our reliance on fossil fuels for production. Energy can also be stored. It is stored for short periods of time in plants and animals, while being stored for long time periods in such things as oil, coal, and gas deposits. Long term stored energy is often referred to as nonrenewable since these stocks took millions of years to build. Flowing energy and short-term stored energy (that in plants and animals) is often called renewable energy.

The energy and matter flows through the biophysical system are subject to certain physical laws that allow for their tracking as they change from one form to another. These are the laws of thermodynamics, of which for this paper the first and second laws are relevant. These laws basically constitute a set of bookkeeping principles. The laws are not based on complex theory but rather on billions of observations made by individuals everyday. No exception to the laws has ever been observed.

4. Energy cannot be reused. The availability of a given quantity of energy can only be used once.
5. In spontaneous processes, concentrations of anything tend to disperse, structure tends to disappear, and order becomes disorder.

Statement 5 conceptualizes the notion of entropy, a measure of disorder that is also a measure of unavailable energy. According to the second law, all physical processes proceed in such a way that the entropy of the universe increases. Processes are not reversible where an action can be undone such that the original state is restored.

In addition, the second law implies that there are absolute limits to technological development; the efficiency of machines is unlikely to ever exceed half to two-thirds of 100% efficiency. This can allow one to predict, for example, the minimum energy needed for such processes as the "the separation of salt from sea water, metals from their ores, and pollutants from vehicle exhaust" without knowing the types of technological innovations that will develop in the future (Erlich, Erlich, and Holdren, 1980, p.47).

THE LAWS OF THERMODYNAMICS AND THE ECONOMIC PROCESS

In the classic circular flow diagram presented in economics, money flows through the economy as expenditures and income, and consumption is seen as an act that creates income from producers and utility for consumers. In the 1960s, economists began to consider that because this circular flow takes place in a broader physical environment, the activities occurring in the circular income flow are accompanied by a flow of materials and energy.

Figure 1 illustrates the economy as part of the broader ecosystem where the arrows represent energy and material flows into and out of the economic system. The flows into the economic system represent the raw materials and energy used in the production and consumption of goods and services; the flows out represent waste materials and heat that are

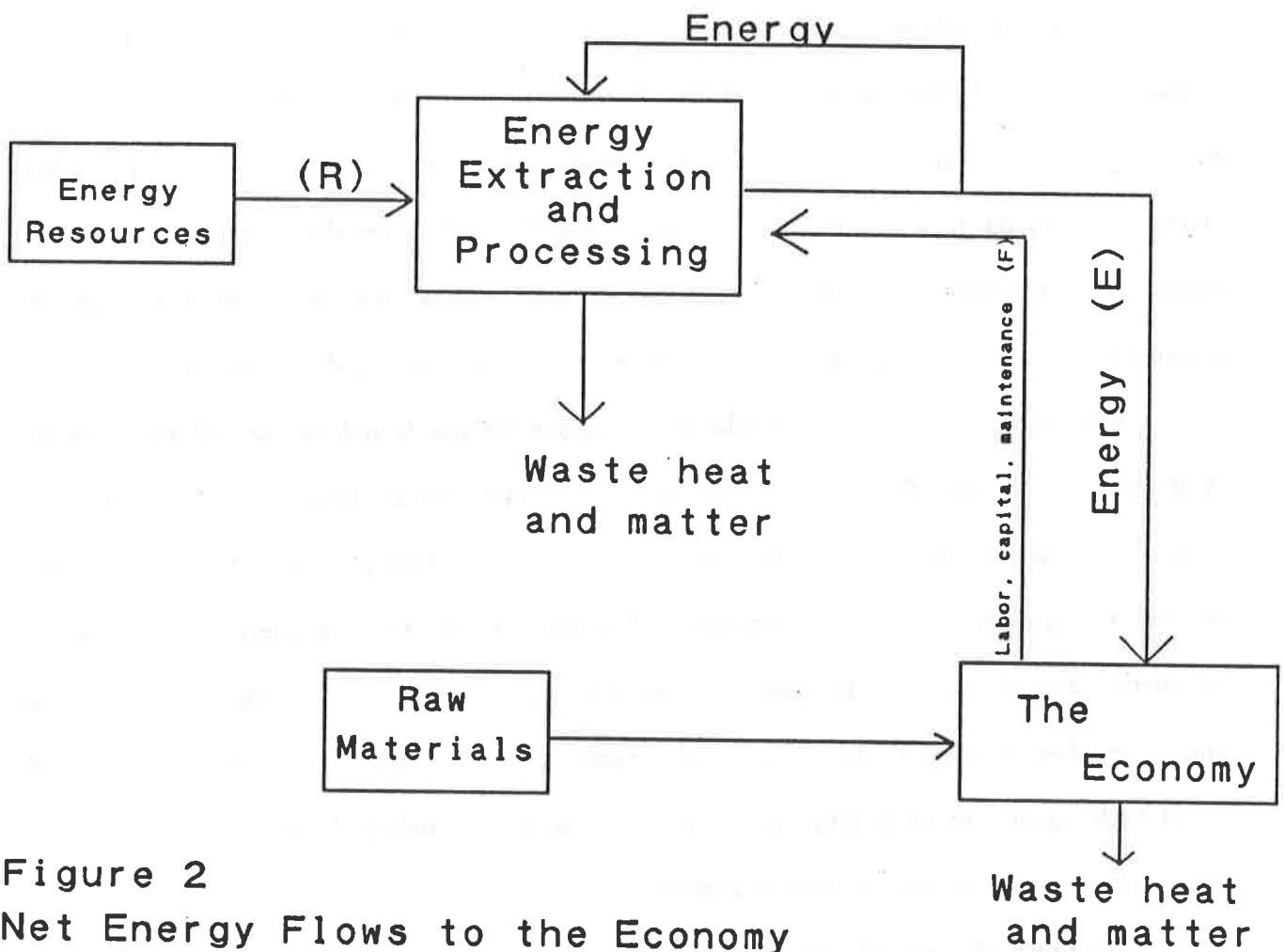


Figure 2
Net Energy Flows to the Economy

traditional economic flow model by introducing the concept of materials balance. Materials balance in its simplest form requires that in an economy with no exports or imports and no net accumulation of stocks of capital, inventories, consumer durables, and the like, the amount of materials discharged into the natural environment must be approximately equal to the weight of ... fuels, food, and raw materials entering the processing and production system, plus oxygen taken from the atmosphere. This materials balance approach yielded the insight that "technological external economies are not freakish anomalies in the process of production and consumption but an inherent and normal part of them" (p. 287).

The law of conservation of matter implies that products cannot actually be "consumed", only their services are consumed. Likewise, using technology to "clean up" one type of waste discharge cannot destroy the discharges but rather only alters their form. Therefore, all materials extracted from the environment for use in economic activity continue to exist in some form. Reducing total discharges into the environment then occurs through reducing materials withdrawal from the environment. Mills and Graves (1986) have broadly identified three ways of accomplishing this reduction in withdrawals. First, withdrawals will be reduced if less output is produced. Second, discharges can be reduced through fewer withdrawals if materials are reused and recycled within the economic system. Finally, increasing the technical efficiency with which materials are used results in fewer discharges, given a constant amount of output.

Also widely recognized is that not only the volume of discharges determines environmental damage but also the type and location of discharges. Many types of discharges can be assimilated naturally by the environment, as long as the volume of discharges does not exceed the assimilative capacity of the environment. Once the assimilative capacity is reached, further discharges result in a decline in environmental quality, i.e. pollution. Sometimes it is possible to improve the environment by changing the form of residuals so that they are

closed and thus stable. This is done by adding a loop back from consumption to production that requires that the materials from the residual diapers be used again in the diaper manufacturing process. However, because of the entropy law of matter and energy, closing the system is impossible. Recycling the materials will require additional energy from outside this system and additional materials to maintain a constant level of diaper production.

2. The environmental effects of a good must be viewed as part of a system. Just as the energy and matter flows of the environment constitute the large, interdependent biophysical system, so do the energy and matter flows for the production, consumption and disposition of a product constitute a system. To fully analyze the environmental effects of a product, the entire system must be studied. This proposal explicitly acknowledges that an action taken in one part of the process may have an impact on some other part of the process or that reducing inflows into one part of the system may do little to change the overall environmental impact of the product. For example, Cairncross (1992) reports that when a British chemical company introduced a line of "environmentally friendly" household cleaning products, the environmental group Friends of the Earth reported to the press that the manufacturer created a significant amount of water pollution besides requiring a large amount of energy.

Another example can illustrate the importance of a complete assessment of the entire production, consumption and disposal system of a product. The plastic industry test marketed a 12 ounce plastic soda container as a replacement to the aluminum can in the 1980s. Their response to protests by the environmental community was that the plastic could be burned in an incinerator and the energy released could be used to generate electricity (quote, Karl Kamena, Dow Chemical, The Disposable 1988). The reply by the plastic industry implied that because incineration would produce energy, the plastic can was at least as environmentally benign as the aluminum can. Both the conservation law and the entropy law are important in analyzing the effects of this action. First, the matter in the plastic container will still exist

However, the act of recycling requires the use of materials to support it. Trucks must be manufactured to collect the recyclable materials, which implies that steel, glass, tires and so forth must be used, which requires iron ore and coal which require more trucks and so on. This clearly illustrates the notion of interdependence in the economic system. Since the production of the intermediate goods and services requires additional inputs of energy and matter as well, materials and energy will be taken from the production of final goods to produce these intermediate goods and services.

This is not to say that more recycling will not produce a reduction in our current use of materials and energy. It does say, however, that recycling also involves costs (ecological costs) that are not trivial, and its use involves tradeoffs. Not all waste materials have the same capacity to be recycled. The higher the entropy of the waste material the more energy and matter it will take to recycle the materials. This energy and matter may exceed that needed to produce the targeted product from raw materials. As more materials are recycled, we will reach diminishing returns as higher entropy materials move into the recycling system. Recycling should occur up to the point where the extra (ecological) cost of recycling just equals the extra (ecological) cost of using raw materials to produce the product. This will give the least (ecological) cost combination of recycling and raw materials use for a given amount of goods to be produced and a fixed technology.

Environmentalists often advocate reduce, reuse and recycle. In light of the physical laws of the biosphere and the decreasing availability of energy, the first two hold more promise to improving our environment and ultimately, in the future, maintaining a sufficient quality of life. Both will lead to greater decreases in the amounts of energy and matter, and they do not necessarily do it at the expense of the quality of life.

4. Technology is also not a panacea.

In many cases, technology is assumed to increase at such a rate that shortages of

division of fuel supplies between households and intermediate sectors were attributed to technical advance and/or fuel prices in the past. Therefore, technology did not necessarily respond as anticipated to increasing scarcity of fuel (and increased fuel prices). Moreover, they note the fallacy that if one company can make a substitution of labor and capital for fuel, the aggregate economy can. If all companies substitute capital and labor for fuel, more fuel is needed elsewhere in the economy to increase capital and labor and the net savings are reduced. For example, in agriculture, the amount of fuel used directly on a cornfield to grow a kilogram of corn fell 14.6% between 1959 and 1970 (Gever et al. 1986, p.103). However, when considering the fuel used elsewhere to build tractors, produce more fertilizers, and so on, the total energy cost increased by 3%. Likewise, direct decreases in fuel use from energy conservation could be substantial, but when one considers the indirect costs of conservation, for example in the capital used to produce insulation and hot water solar preheaters, the decreases in fuel costs are not nearly as dramatic. In addition, this increased use of capital in making the change to energy conservation takes matter.

The point of the discussion in the previous paragraph is that energy and natural resources are more complementary to labor and capital, than substitutable. The laws of the biophysical system ensure this to be the case. Reducing energy and matter use in the economy as a whole is much more difficult than cutting energy and matter use in one sector of the economy.

Turning to technology designed to extract and refine fossil fuels into usable energy, one finds that energy profit ratios (energy output/energy input) of fossil fuels have declined significantly over the past 50 years. The energy profit ratio for domestic oil and gas discoveries in the 1940s was greater than 100 but dropped to 8 in the 1970s (Cleveland et al. 1984). Energy analysts, Hall and Cleveland (1981), found that the energy breakeven point for oil, as much energy is used to conduct exploration, as is found, will be reached between

the statements made by Peterson (1990) in Marketing News:

Some consumers [in Eastern Europe] have become accustomed to an austere lifestyle, marked by the ownership and use of few goods and services. For them, goods such as automobiles, blenders and washing machines that are viewed as necessities in the West are considered unnecessary, wasteful, and symbols of weakness.

Marketers must invest heavily in advertising, promotion, and PR to overturn such entrenched beliefs.

The first and second laws of thermodynamics imply that economic growth cannot continue indefinitely with a fixed human population. Moreover, the population is far from fixed. Over the past fifty years, population has approximately doubled, and it will double again in the next fifty years according to the latest United Nation's projections. In fact, if current rates of growth continue, in about 600 years, a very long run for a business, but a blip in biological time, there will be one person on every square foot of ground. (Coale 1970)

Although the laws of thermodynamics coupled with population projections lead to absurd consequences, they underscore an important implication. We need not debate whether current growth trends will continue indefinitely; clearly they cannot. The important question then becomes, what will be the nature of the transition to lower growth or no growth rates? What will change mean for businesses and consumers operating in an economic system contained within the larger physical and biological systems? Meadows, Meadows and Randers (1992) use a computer model to simulate the effects of various growth rates in population and material consumption, technological advances, increased materials recycling and resource use efficiency on the earth's environment and natural resource base to the year 2100. They find that with remarkable technical progress in pollution control, land preservation, human health, materials recycling and resource use efficiency, in addition to flexible adaptation by the market, we are likely to overshoot the physical limits of the earth if material growth continues at its current rates. Besides dramatic increases in the efficiency with which materials and energy are used and slowing growth rates in population, avoiding a collapse, according to their

also for the amount of order or the information in the product. Consumers typically desire not more mass and energy in products and services but rather more information. The amount of order or information will thus be a function both of the amount and type of labor and capital used in the production, distribution, and consumption of the product, and the matter and energy used in these same processes. Lowering the entropy of a final good or service may mean expending greater amounts of energy initially. However, the extra energy that is used to lower the entropy of this product or service can be more than offset by future decreases in energy and matter that come from a longer life to the product, the extra work that the product performs, or the increased recyclability of the product. Or intelligent labor energy may be substituted for at least some of the fossil fuel energy traditionally used to lower a product's entropy, as in craftsman type products or intricately complex products. These point to specific dimensions of quality that will become paramount to business success, e.g. durability, ease of repair and customer service that will maximize consumer use of the embodied information. In addition, more intelligent and complex second-hand markets and rental markets may emerge.

Paul Hawken (1983) writes that the single most important trend to understanding the chances of success of products and services in the marketplace is the changing ratio between mass and information in goods and services. The dominating force through the industrial age has been a substitution of relatively inexpensive fossil fuels for human labor. As noted above, this brought large increases in productivity of labor in the last century and the mass production of goods along with widespread distribution of those goods. With the opportunity cost of fossil fuels, minerals and other natural resources rising, the mass production and distribution of goods will no longer be as inexpensive. Instead, more intelligence from management, labor, consumers, and governments will go into the economy, and this intelligence will substitute for some of the matter and energy previously embodied in the

not present in the product (Wasik 1992). With increased scarcity of natural resources and constraints on waste generation, firms may find themselves in the unique position of demarketing those attributes that have been heavily promoted in the past and differentiating their products along new dimensions. There are currently consumer groups that are very aware of the environmental impacts of products, and there is a growing awareness among most consumers about the harmful effects of their consumption on their environment. Even so, the green market is only estimated at 22% of all consumers (Roper Organization 1990). Many firms claiming to be environmentally sensitive have either added an environmentally friendly option to their product line to target these segments or have made changes in their established products that will attract green consumers while keeping their current customer base. However, as the purchasing habits of everyone become affected by environmental constraints, targeting consumers based on their environmental attitudes may be of little use since most consumers will be "forced" into green consumption. In addition, with increasing resource/energy prices and a system of fees and marketable permits internalizing environmental externalities, many "green" products will be less expensive than their nongreen counterparts, adding to the obsolescence of current green segmentation strategies.

Distribution is fuel intensive and thus can be drastically affected by increasing fuel prices. A number of steps can be taken to reduce distribution costs. Products with less matter mean less weight and less expense for shipping. Products that can be shipped in bulk for which consumers supply their own packaging will be more attractive. In addition, businesses will have an incentive to locate near recycling plants. More importantly, however, is the possible impact of fossil fuel scarcity on international trade. International trade is increasingly important in our world economy and marketing to the international community is often a determinant of a firm's success. However, the increasing scarcity of fossil fuels suggests that international trade of physical goods where goods are physically shipped great distances may,

energy may lead to long run success of the firm. More broadly, in a world of scarcity and higher natural resource/energy prices, what consumer desires will emerge as most important in maintaining and, if possible, improving quality of life, and how can these desires be satisfied with the minimum energy/matter use? Products and services that are "sustainable", affordable and contribute positively to quality of life will be those in high demand.³ Although sustainability is difficult to apply to individual products, those products that are highly unsustainable will be least likely to prosper in a sustainable economy.

CONCLUSIONS

Overall, examining the economy as part of the biophysical system points to constraints on the economy that we have been able to ignore in the past, but will become paramount in the coming century. These constraints are likely to lead to rising energy and natural resource prices that cause goods and services to become expensive relative to workers' income levels. This will, in turn, lead to drastic changes in marketing strategies that firms will find profitable. This is not, however, a doomsday scenario in which the quality of life must fall. As Meadows, et al. (1992) so aptly point out, there is an important distinction between growth and development. Although there are limits to growth and in some capacities we may have already exceeded these limits, there are no limits to development. Development means qualitative improvements, while growth implies quantitative increases in size. One of the important tasks for marketers in the coming twenty-first century will be to offer alternatives to material growth that increase the quality of life.

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ENDNOTES

1. Government programs are already in place or are coming on line that will force electric utilities to price their product to cover the full social cost of its production. Until now, the large social costs associated with air pollution, including health effects, acid precipitation, materials damage, and so on have gone largely uncovered. The 1990 amendments to the Clean Air Act specifies a number of market approaches to social cost pricing. In one, a sulphur dioxide tradable emissions permit system is established for large electric utilities. The idea is that one permit is needed for each ton of sulphur dioxide, so utilities can emit only as much as their stock of permits allows. The permits can be bought and sold by the utilities. The attractiveness of the system is that a target level of emissions is met (the target being the sum of all government issued permits) at least cost. As the scarcity of natural resources and the degraded environment become more evident, these types of market mechanisms will become more common. For example, the Clinton administration is currently attempting to pass a BTU tax through Congress.
2. Currently many firms engage in environmental auditing of their production processes, and environmental auditing is now a fairly standard offering of large accounting firms. However, most of this auditing is focused on whether the firm is in compliance with environmental laws (Pearce 1992). This type of audit is insufficient for the comprehensive review of the ecological impacts of a product over its life cycle.
3. A term gaining more and more use among environmentalists, development experts, ecological economists and some business people is sustainability. Costanza, Daly and Bartholomew (1991, p.8) define sustainability as "the amount of consumption that can be continued indefinitely without degrading capital stocks--including "natural capital" stocks" where natural capital stocks are the soil and atmospheric structures, plant and animal biomass etc. that use sunlight to produce a flow of natural resources such as cut timber, mined minerals and so on.

WHAT SHALL WE DO? :

An Ecological Macromarketing Framework and the Responsibility of the Intellectual

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ABSTRACT

The past decade has witnessed a spurt in questions as regards the scientific nature and status of marketing, issues in the methods of knowledge generation, the nature and reality concerning "Truth" in knowledge systems, the validity of the researchers' intellectual exercises, and on the general directions of the future course of marketing research. Such debates, while occurring periodically in various mainstream marketing and consumer research conferences and journals, have only recently had their fair share of impact on the question of the nature and validity of the macromarketing enterprise as well. However, in the realm of macromarketing, such philosophy of science questions have had to grapple with fundamental definitional problems on what constitutes macromarketing and tensions as to the goals of macromarketing research. Thus, epistemological encounters have had to deal with the vexing axiology of macromarketing, making the debate both interesting and frustrating at the same time. In this paper, the search for a context and locale for intellectual activity in macromarketing is carried on within a broader ecological framework for macromarketing.

endeavors within macromarketing. Two camps instantly emerged - one claiming a scientific status and value-free inquiry to macromarketing (Hunt 1989; Levin 1991), and the other concerned with the apparent distinction between rationalistic inquiry and social goals (Monieson 1988, 1989; Dholakia 1988). The former may be labelled "defenders of the faith", while the latter appeared to be "heretics" challenging the rationalistic "theology" of the macromarketing enterprise. However, it was a debate that produced neither winners nor losers (if indeed, that is the ends of all debates), and final score appeared to read:

Defenders of the Faith	2
Heretics	2

It is too early to conclude that the debate is now completed or if it has been swept away the rapid currents of intellectual flux within macromarketing. However, the debate did have its effect in questioning the goals of the macromarketing enterprise and demonstrating the epistemological and ontological schisms within macromarketing.

It is not the conscious endeavor of this paper to add fuel to a declining debate; it is, however, an attempt to search for a unified framework that reconciles the seemingly divergent perspectives towards broader issues of ecological import. One only hopes that beneficial results may emerge so that macromarketing researchers could finally turn towards doing macromarketing research.

The paper is presented in three broad sections - the first attempts to summarize the polar arguments of the diatribe within the pages of the Journal of Macromarketing. The second section attempts to draw for macromarketing, an agenda that balances research goals with broader social exigencies. The final section locates the intellectual within macromarketing theorizing, given the argument that the intellectual in today's world cannot remain value-free, even if it were possible for her to be so.

sciences by arguing against *verstehen* on the grounds that the form of understanding that is sought by the hermeneutic tradition cannot be equated to the form of explanation and prediction that could be subsumed under larger theoretical frameworks.

However, one very relevant aspect of this debate was also the one least contested. In his original thesis, Monieson (1988) had asserted that in an era of increasing intellectualization, "in order to be academically respectable macromarketing must be defined as an area of study that is rational, calculable and one that accommodates itself to scientific investigation" (p.6). Hunt (1989) viewed this notion as a challenge to the motivation of marketing researchers by arguing that it is not "academic respectability" but "a search for authentic knowledge" that motivates academic researchers. In his reply to Hunt, Monieson (1989) clarified that his use of the term "academic respectability" did not imply the "ego-needs" of individual researchers; rather, academic respectability was a collective quest and that historically, the division of labor between the university and the professional schools ensured that the "lower-level" professional schools had to accept the positivistic epistemology of practice, which was deeply embedded in the universities, in order to gain academic respectability. The tenets of such an epistemology ensured that the business schools - the disciplines of marketing and macromarketing included - had to master not only the scientific methodology of knowledge generation but also had to demonstrate the successful application of the knowledge so generated (Monieson 1989, p.11-13). It is this aspect of the debate that could have led to fruitful interchange on the axiology of macromarketing and the roles and responsibilities of the macromarketing intellectual; instead the path taken was the oft-travelled one of querying the adequacies of the research method in marketing and macromarketing.

This paper is, thus, a search for a context and locale of intellectual activity in macromarketing. Some of issues undoubtedly will be contentious and in no way does this paper claim to be a definitive treatise on what macromarketers should do; rather, it should be interpreted as one outlook on what the academic researchers in macromarketing could do.

Historically, science has always proceeded within traditions that were largely dictated by the times (Heisenberg 1983). Changing times, thus, implied changes not only in the structures of scientific thinking, but also changes in the agenda or goals of the scientific endeavor (Heisenberg 1983; Kuhn 1970). Macromarketing is no exception and a revised thesis or agenda for macromarketing is needed in present times wherein the global scenario suggests a general concern for the environment, changing patterns in the traditional divisions of labor, an increasingly closer relation between the polity and the economy even in democratic systems, a world rift asunder by regionalism especially with respect to trade, and a general corrosion of reason and ethics in human affairs. This dismal scenario, however, is not unchallenged. In fact, more progressive researchers are already revising their original assumptions about science, technology, development and progress, and there is an increase in democratic struggles for survival and sustenance almost all over the World (Shiva 1989). The age of unlimited growth and limitless consumption now appear to be over and the modernist vision of unbounded progress and development is increasingly losing its appeal. It is in this context of a global struggle for equity and justice, that the macromarketing agenda needs some revision.

One can attempt to formulate such a revised framework for macromarketing in the context of increasing scope of inquiry from the level of the abstract firm (the production function) to organizations and consumers to socio-cultural-political institutions to global Man-Nature relationships as espoused in Figure 1. At the narrowest level is the analysis of quantity relations in what could be aptly called neo-classical marketing. The domain of such analysis is primarily intuition and economics and the focus of inquiry is mainly the predictive behavior of abstract firms, managers, and consumers, all acting under the general assumptions of free competition and utility maximization. What we commonly refer to as marketing, purportedly analyzes exchange between and within organizations and consumers and its domain is a loose amalgamation of theoretical constructs and ideas from varied fields that range in diversity from behavioral psychology to social anthropology. Macromarketing, as is currently practiced, also ranges in the diversity of its inputs with borrowed from macroeconomics, sociology,

"...."I buy it because I need it" is equivalent to the claim that fire burns because of its phlogistic essence this empiricist/teleologist position (the individual taken as an end in itself and his or her conscious representations as the logic of events) is identical to the magical speculation of primitive peoples (and of ethnologists) concerning the notion of mana such an analysis in terms of needs, will never produce anything more than a consumed reflection on consumption" (p.44)

While macromarketing scholars have toyed with the possibility of understanding needs and consumption in macro-systems (Firat and Dholakia 1982), it is distressing to note that these fundamental concepts are not yet fully explicated.

Teleological explanations are rampant in other theoretical structures as well within macromarketing. For example, while it is argued that "the link between marketing and economic development is one of macromarketing's important research domains" (Tamilia 1992), existing theoretical notions of development impute it to be progress along some rational economic and social lines, and all systemic forces that do not obey this rational schema are viewed as "obstacles to development" that need to be transcended (Castoriadis 1984/85). This vision of development also emanates from a Modernist schema of unlimited growth and progress wherein the limits to development are none except those that are self-imposed, often unconsciously, by humans themselves. The problem, it is implicitly agreed upon, is not one of theory but lies in arousing the potential of the people who are subjects of the theory! Thus, one witnesses "Rostow-ians" designing appropriate intervention strategies and the "Freire-ians" building up a critical *consciencacao*, both vain in their assumption that Nature is a never-ending source of resources that when properly harnessed, will fulfill all human needs. On the specific issues of rationality and development, Castoriadis (1984/85) argues that after the 14th century, Western thought was obsessed with the idea that "unlimited growth of production and of the productive forces" was the "central objective of human existence". This idea coupled with the unlimited powers and possibilities of Reason gave birth to the modern world and to modern science (Castoriadis 1984/85). The "rational" application of such thought and science leads to the following notions summed up more cogently by Castoriadis (1984/85) himself:

ecology movements are making visible the hitherto invisible costs of introducing the wrong science and technology and are searching for alternatives more suited to the Asian context. Such a reevaluation is creating epistemological and technological shifts, enriching the creative options for a sustainable and just development (p. 78-79).

Reductionist science, as Shiva (1987) argues, "fails to lead to a perception of reality (truth) in the case of living organisms such as nature (including man) in which the whole is not merely the sum of its parts, if only because its parts are so cohesively interrelated that isolating any part distorts the perception of the whole" (p. 246). Nature appears in the theory and applications of the scientists and technologists merely as an ahistorical, given entity that does not change - and even if it does - these are mere externalities, something exterior to that which is logically mandated and can always be removed by devising suitable institutional mechanisms. Macromarketing can devote itself to the study of such externalities of marketing science, enhancing "positive externalities" evident as "standard of living", "quality of life" and so on, while at the same time devising suitable institutional responses and public policy measures to remove the "negative externalities". Or, it can adopt an ecological worldview that recognizes that Nature cannot be isolated from human or from technical systems and that any reductionist perspective in the study of interrelations would provide only a distorted picture of reality. The issue is often raised in methodological discussions as one of relevance; however, from a methodological perspective, the question of relevance arises merely as a post-facto generalizability consideration that needs to be preconceived. What is required is a worldview that holds that all units of reality are internally related to others, and a knowledge that is ecologically related to all knowledge and hence is appropriate to such reality (Cobb 1988).

Such an ecological worldview providing the structure and drive to macromarketing is represented schematically as Figure 2. While the two-dimensional representation does not accurately map all the inter-relations for reasons of clarity, each macro-system depicted in the figure is related to all the others and to Nature. In the various macro-

makes them innocent, it gives them a natural and external justification, it gives them a clarity which is not that of an explanation but that of a statement of fact..". However, theory and myth perform the same purpose - "to accept a myth as true is to believe that there is a correspondence between human meaning and a presumed universal order" (Levy 1987; p.15), whereas to accept a theory as true is to believe in a correspondence between the unobservable constructs and a real world. And if one subscribes to the notion of duality between the theory and reality, similar to that between a psyche and cosmos in archaic ontology (Elaide 1961), one can attempt to exchange them frequently; however, if reality itself is a theoretical construction - a lebenswelt, so to speak - then theory emerges, as Baudrillard (1986) notes in another context, merely as "a challenge to the real.. a challenge to the world to exist". Neither perspective is uniquely right or wrong, especially when one considers the temporal location of reality within a process of historical change. Levy (1987) drawing upon the works of Voegelin (1974) asserts:

"The truth of even the most generally valid ontology is implicated with the temporal contingency of its object; and since everything knowable is contingent, at least in the sense that it comes into existence in time, even the best-considered depiction of the structure of the real is, strictly speaking, true not of reality per se but of a state of actuality - an enduring moment in time - that may include, through historical knowledge, the once existent actuality of a state of affairs that no longer holds" (p. 115-6.)

History, however, is not that which is past, but also that which is in the process of being made or even that which is yet to be made; history is the domain in which human beings create their ontological reality (Castoriadis 1988). History emerges as the realm in which human possibilities are located and in a relative state of unchanging history of nature, human history unfolds and takes its temporal identity. Thus, it was possible in an era characterized by Modernity and a human nature conceived as rationality, to believe in the constancy of Nature and to expand the human possibilities through technology. Somewhere along the process, the history of Nature has taken a different course, that is, to say, the very ontological basis of Modernity has shifted, thereby rendering Modernity itself a process within history. Newer conceptions are therefore needed. As Castoriadis (1988) claims:

natural order. While a search for alternative conceptualization is well beyond the purview of this paper, suffice it here to say that in this context, the *reality* for macromarketing is something that is yet to be born!

Reflections on Values and the Intellectual in Macromarketing

The preceding sections have attempted to formulate a revised framework for macromarketing, one that fully comprehends the limitations of nature as well as the finite possibilities of both theory as well as reality. In this section, the broad dimensions of the responsibilities of the intellectual are outlined especially with respect to critique and values, a matter on which there is as yet mere speculation in macromarketing. The attempt herein succeeds in identifying what could only be one set of responsibilities for the macromarketing intellectual.

First of all, the term intellectual needs to be further defined. To many it represents the vision of grey-haired, bespectacled gentleman, who having arrived at a certain level of understanding of the world around him, chooses to ignore it in pursuit of what may be called certain lofty goals that are beyond the purview and vision, or even for that matter, understanding by lay men. This vision or stereotype, if you will, has been the chief progenitor, if not the only one, of the view that intellectuals must maintain a critical distance from the matter that they reflect upon and that their commitment to their profession obtains the highest place among all things cherished and valuable. This vision of the intellectual along with the celebrated (some might say, lamented) notion of a Cartesian duality between the subject and the object, is what makes possible the belief in a certain degree of value-freedom - the separation of the means of science and technology from the ends of goals and values to which science and technology are dedicated. Thus prevails the notion of a science unconnected with its application and the notion of an intellectual unconnected with the politics and ideology of goal formulation. The only commitment of the intellectual in this conceptualization, is the pursuit of cognitive ends - the discovery of Truth - embellished and embalmed in

paradox - one, the intellectual may subscribe to the dominant values of society, and to the prevailing rationality, as well as other socially enforced values or two, s/he may attempt to engage willfully in the social activities of goal and value formations, in which case, s/he attempts to arrive at a nexus between intellectual and politics (Baran 1988; Benda 1955). Thus, the intellectual emerges not only as a specialist in his/her chosen vocation of scientific endeavor but also as a political figure, one that calls for, as Szacki (1990; p. 232) asserts, "active participation, or even leadership, in some *supra-professional* community". It is this latter role of the intellectual, in his/her capacity of a specialist-cum-politician, that is of concern to us. Even in marketing and macromarketing, one sees a tension between those who laud the intellectual as a person dedicated to none but the values of his/her tradition, and those who call upon the intellectual to be mindful and even active participant in the formation of societal goals. This dichotomy is nothing new; in fact, Horkheimer's (1935) differentiation between "traditional" and "critical" theorizing assumes such active participation of the theorist in the creation of a "praxis". And its criticism is also not new; one recalls Julian Benda's outcry against fellow intellectuals in France who, by taking sides with political forces and adhering to the beliefs of the common masses, had "betrayed" their profession (Benda 1955). The question, however, that we seek to resolve is, essentially: Can the intellectual in today's world remain value-free and politically neutral? And if s/he cannot, what is it that separates an intellectual from all others?

The question of value-freedom can be approached in two ways: one, the notion of "objectivity" inherent in the Cartesian duality between mind and matter could be challenged, as recent postmodernists among others, have done; two, the notion of a "distance" implicit in the intellectual's stance towards his/her vocation and scientific subject and the politics of the society around him/her could be questioned. These, however, are not mutually exclusive; in fact, the latter does flow from the former.

The separation of the subject and the object had two evident corollaries - a

social movement in which we live today is an object of an essentially political affirmation or repudiation" (p. 53).

Jameson also realizes that the political positions affirmed as aesthetic debates were in reality moralizing ones wherein ideological judgments were pronounced by recourse to an apparent global morality (Jameson 1984).

Thus, it seems that value-freedom is oblivious to culture and society and thus fails to understand the social structure of its own episteme as well as its consequences upon society; value-embeddedness shifts the locale of the intellectual's theorizing into a political-cultural-moral quagmire - a position decidedly reminiscent of Benda's *La Trahison de Clercs*. However, as Gellner (1990) argues, if purity of principle and the seeking of an universal truth are to remain the intellectual's sole vocation, then by refusing to accept logic and evidence contrary to one's own beliefs and presumptions is in itself a treason. Thus, "...we end up with the paradox that he who preaches against the treason of the clerics also commits it in his very sermon; whereas he who preaches that same treason may do so out of an unflinching loyalty to the very values he is criticizing" (Gellner 1990; p. 21).

So in the end, defending a tradition from within as well attacking it from without are both fraught with a political/moral dilemma in terms of the responsibility of the intellectual. It is, hence, possible for both "parties" to project their own endeavor as laudatory albeit through different means - one, by an interpretive, restitutive praxis, and the other by an innocent, reformative technology. The Aristotelian dichotomy between *praxis* and *techne* is revisited; however, this time, in the light of imperative, or even "inexorable" social goals, both appear as alluring intellectual alternatives!

And what about the social goals themselves? Are they not the products of a current history as well as the consequences of an (any) intellectual tradition? What is implied herein is that social goals can be separated from the means adopted to achieve it

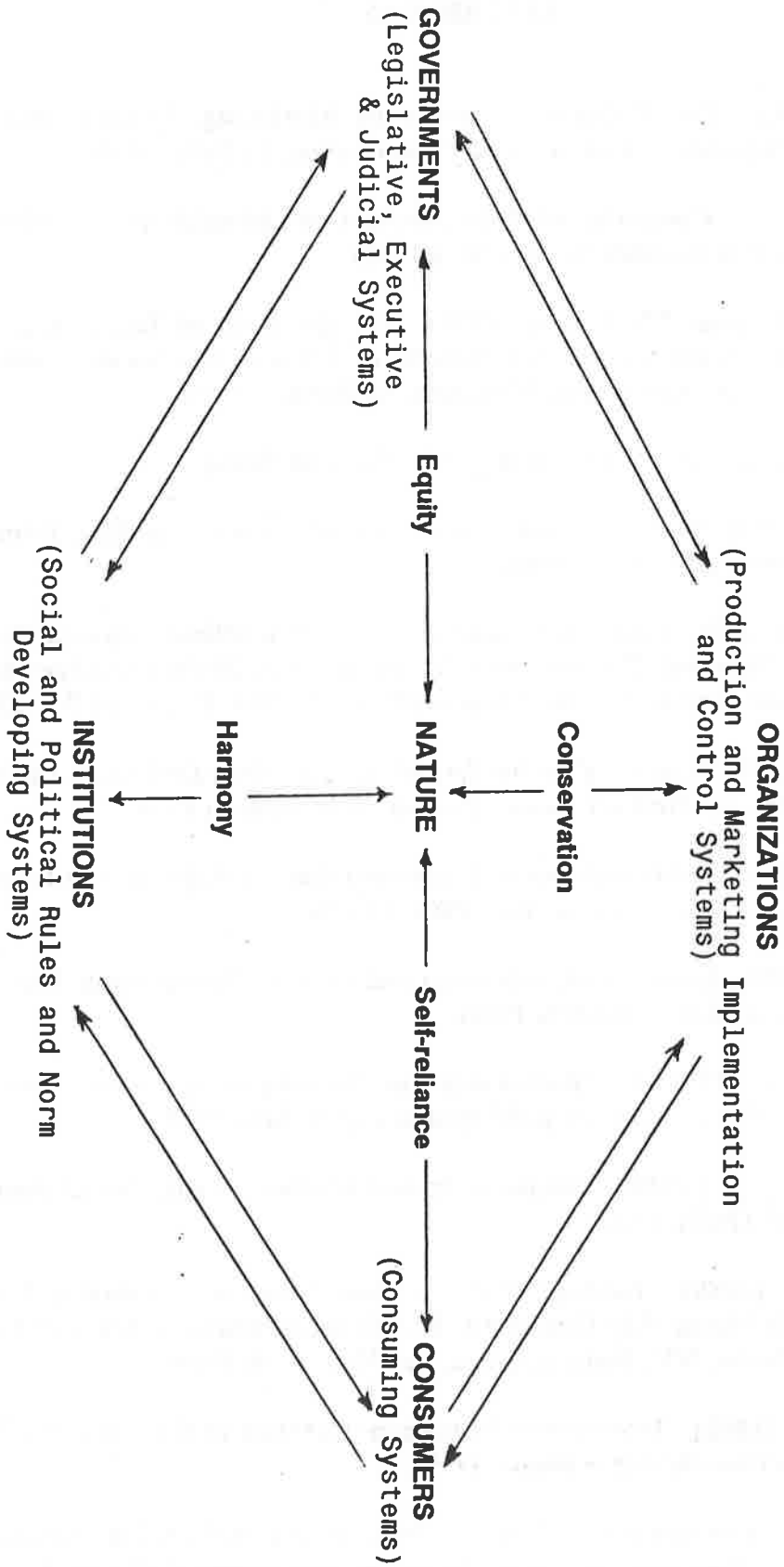
For the intellectual, a responsibility for truth, rooted in the "human capacity for rational reflection" is also a "political virtue" in so much as the responsibility for respect for truth is embodied in the intellectual community (Montefiore 1990). Baran (1988) affirms: "The desire to tell the truth is ... one condition for being an intellectual. The other is courage, readiness to carry on rational inquiry to wherever it may lead ..." (p. 61).

That we live in a morally, politically and cognitively complex world is of no surprise. But the presence of an ecological base and the political nature of the intellectual responsibility is something that cannot be taken for granted (Levy 1990). For "nature has become what institutions always were - a reality objectively necessary to human survival but whose own future endurance is now manifestly dependent upon human ingenuity, cultivation and care" (Levy 1990; p. 125).

As a final note, it should be mentioned that this paper is guided by a conception, which may by now be evident, that the Modernist/technocratic agenda by itself is doomed to failure in the quest for human betterment; however, the intellectual quest for truth is one that cannot be abdicated on the pretext of "multiple realities" or "interpretive truths". Nothing can be more sacred in academic enterprise than truth. For that is the truth. But that should not dampen the quest for truth. For that would be profane. The issues that confront macromarketing today are not so much one of a suitable episteme but that of a clear elucidation of its own goals and responsibilities. This is a fundamental issue and any lethargy in this direction could imply culpability.....

FIGURE 2

A BROADENED FRAMEWORK OF MACROMARKETING INTER-RELATIONS



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ECOLOGICAL KNOWLEDGE AND ATTITUDES
IN THE SCHOOL OF BUSINESS AND THEIR IMPLICATIONS

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Abstract. Two-hundred sixty-six undergraduate students and 175 faculty were administered the environmental attitude and knowledge scale developed by Maloney et al. (1975). Business administration students and faculty score lower, revealing less environmental knowledge and orientation, than do non-business administration students and faculty. The results are discussed as well as the implications for marketing education.

The research summarized here was conducted in two stages. The first stage was provoked by the chance reading of Kleiner's "What Does It Mean to Be Green?" (1991) and Synodinos's "Environmental Attitudes and Knowledge: A Comparison of Marketing and Business Students with Other Groups" (1990). The second stage was provoked by the results of the first stage and the reading of several articles calling for the environmentalization of business education.

Kleiner, after arguing for the importance of environmental issues in business today, commented, "a company today does not expect to be considered 'environmentalist' unless it is moving not only beyond the law but ahead of its industry and many of its consumers." Synodinos (1990) compared the environmental knowledge and attitudes of business administration students with those of environmental psychology students and with a sample of college students from the early 1970s and a non-college sample also from the early 1970s. He found business students scored lower than did environmental psychology students and lower than college students from the 1970s. The business student scores were most like the non-college group from the 1970s. He concluded, citing

Synodinos's findings were based on convenience samples. The data from his business classes were most likely collected in 1988 or 1989 while the data from his environmental psychology class were collected five or six years earlier. His study warranted, therefore, replication.

The second stage of the present research was provoked by the results of the first, which largely confirmed Synodinos's results, coupled with the increasingly evident call for the environmentalization of business school education (Ahna, Bancroft, and Freeman, 1992; AACSB, 1992; Post, 1990). A critical question seemed to emerge: if business students are less environmentally oriented than their non-business colleagues, what about the faculty being charged with environmentalizing the curriculum? How do they compare to non-business faculty?

Methodology

The Questionnaire

Maloney and Ward (1973) developed an 130-item questionnaire that measures ecological attitudes and knowledge. Maloney et al. (1975) shortened this questionnaire and created the revised Ecological Attitudes and Knowledge Scale. It was used, with minor modifications, by Synodinos. The scale has 45 items, divided into four subscales: Verbal Commitment (VC), and Actual Commitment (AC), Affect (AFF), and Knowledge (KN). Each of the attitudes scales consists of ten true-false items. Half of the items in these three subscales are worded in a positive manner and half in a negative manner.. Items from these three subscales are inter-mixed throughout the questionnaire. The Knowledge

congressman). Cronbach alphas for the present administration of the questionnaire are presented in Table 1.

	KNOWLEDGE	AFFECT	VERBAL COMMITMENT	ACTUAL COMMITMENT
UNDERGRADUATE	0.37	0.73	0.72	0.74
FACULTY	0.51	0.79	0.62	0.75

TABLE 1: Cronbach's Alphas for present administration of the Environmental Attitude and Knowledge Scale

The Samples

The university at which the present study was conducted has not taken special steps to incorporate environmental topics into its curricula. In this regard it is like most other universities across the United States (Ahna, Bancroft, and Freeman 1992; Brough 1992; Orr 1992).

The Undergraduate Sample. A systematic random sample was drawn during the Spring of 1991 using the student directory as the sampling frame. Selected individuals were contacted by telephone and an appointment made to meet on campus at a time convenient to the respondent to administer the questionnaire. If for whatever reason the questionnaire could not be administered to the individual selected from the student directory, the name immediately above the selected name in the directory was contacted. If the questionnaire could not be administered to this individual, the name immediately below the originally selected name was contacted. This over/under procedure was followed until contact, agreement to participate, and questionnaire administra-

following September (this questionnaire is not included in the data).

	UNIVERSITY	SAMPLE
Undergraduates	5646	266
Mean Age (Std Dev)	N/A	20.7 (1.8)
Arts and Sciences	69%	53%
Business	22%	40%
Education	5%	4%
Nursing	4%	3%
Females	60%	56%
Males	40%	44%
Freshmen	21%	15%
Sophomores	21%	17%
Juniors	25%	33%
Seniors	33%	35%

TABLE 2: Demographic Characteristics of the Undergraduate Population and of the Undergraduate Sample.

One-hundred seventy-five questionnaires (31.4%) were returned. Each department in the university is represented in the sample except the Department of Physical Education (see Table 3).

	UNIVERSITY	SAMPLE
Total Faculty	557	175
Sciences	17%	17%
Social Sciences	24%	22%
Liberal Arts	38%	34%
Business (incl. Economics)	15%	19%
Education	6%	6%
Respondents indicating they were from College of Arts and Sciences but not indicating departmental affiliation.		3%

TABLE 3: Proportional Makeup of the Faculty and the Faculty Sample

or senior). In each case, however, the effect of being a business administration student is the same among males as among females, the same among those living on campus as among those commuting, and the same among freshmen as among sophomores, juniors, and seniors: business majors are less environmentally knowledgeable and less environmentally concerned and oriented.

Comparison with Hawaiian data. Synodinos drew two samples: one from a junior level and one a senior level marketing class at the University of Hawaii. The upper division business students in the present sample were compared with the Hawaiian data (see Table 5). No significant difference exists between the Hawaiian students and the present sample on the Knowledge scale, the Affect scale, or on the Verbal Commitment scale. The differences on the Actual Commitment scale are significant, however, with the mean score for the present sample higher than the mean score for Hawaiian students. This difference may be due to different living conditions in Hawaii. It may also represent an increase over the past two or three years in opportunities for environmentally oriented behavior (increases in recycling opportunities, for example).

The lack of difference between the Knowledge, Affect, and Verbal Commitment subscales indicates, however, that the results of the present study may have wide application.

University Faculty

The pattern in the undergraduate data is repeated in the faculty data: business faculty score lower on all four subscales than non-business faculty (see Table 6). Unlike the undergradu-

Discussion

Interpretation

The above is largely descriptive. No explanation for the nature of the results was offered nor hypothesized (the same holds true for Synodinos's study). It is fair to ask why business students and business faculty score lower on all four subscales in the Environmental Attitude and Knowledge Scale.

Is it possible that the results were obtained because certain disciplines (the arts and the sciences) give more lip service to "political correctness" than other disciplines (business). There is no way to tell from the data as collected. Future studies might add scales such as the Crowne-Marlowe Social Desirability Scale to see if the disciplines' differences can be explained by differences in social desirability.²

It could be also that the results simply represent a set of significant findings drawn from a larger set of insignificant findings. Comparison with Synodinos's data suggests otherwise, however. In addition, Milbrath (1984), in a double wave study of samples in England, Germany, and the United States, found business leaders to be alone in preferring economic growth over environmental protection. The public, labor leaders, elected government officials, appointed government officials, media gate keepers, and environmentalists all expressed an overall preference for environmental protection over economic growth. Milbrath (1993) remarked, "students are drawn to studies that emphasize

² The Crowne-Marlowe Social Desirability Scale measures social desirability in terms of the need of subjects to respond in culturally sanctioned ways (see Crowne and Marlowe, 1960).

West suggests an Effect Size of 75% justifies action (West 1990: 3). Much depends on the situation. The situation facing business is this:

- the public considers environmental issues important;
- the public blames business for the perceived proliferation of environmental problems (Roper, 1990);
- business increasingly recognizes the importance of environmental considerations in managerial decisions and the need for business leaders who can address environmental and natural resource issues competitively and constructively (Kirkpatrick 1990, Price 1990, Kleiner 1991, Post 1990);
- The American Assembly of Collegiate Schools of Business now stipulates that both undergraduate and MBA programs in business must provide an understanding of environmental issues as one of the "perspectives that form the context for business" (AACSB 1992, p. 19);
- business schools are considered by some the inculcators of tomorrow's business leaders, and
- business schools are already under the gun for failing to adequately educate business students.

Facing a situation like this, it would seem prudent to consider the result that are statistically significant practically significant as well--worth doing something about.

What Is To Be Done

Environmental protection is arguably the most critical issue facing us today. The environmental challenges we face are wide

³ A recent survey of professional people in Chicago conducted by the Loyola University Center for Ethics (1992) asked respondents to indicate the most important problems they face in their professional life. Business respondents (n=101), members of the Commercial Club of Chicago and other business leaders, primarily chief executive officers, ranked the environment as one of the three most pressing problems they face in their professional careers. For an expression of the recognized importance of environmental issues in business also see AACSB (1992).

environmental issues and help students begin to appreciate the cumulative environmental impact of even small actions.

Traditionally, our preferred method of understanding problems has been to artificially segment them into manageable categories.

Hence we have marketing, management, accounting, finance, and so on. In like manner, environmental problems have typically been organized along the lines of environmental media: air pollution and water pollution, environmental pollutants, such as radiation and noise, and so on (Chiras 1993). The assumption is that problems can be rendered more manageable by breaking them into component parts. There are problems with the reductive approach to knowledge: we lose track of the whole, focusing on symptoms rather than root-level causes common to a multitude of environmental problems. Such an orientation, the holistic orientation, is not foreign to marketers--especially macromarketers. The reductive approach is, however, so deeply ingrained in our culture (Lodge 1980) that we must continuously and consciously strive to overcome its pernicious effects.

Marketing educators can also help students develop an appreciation of the need for, and skills in, prioritizing issues on the basis of environmental impact more than on the basis of public relations. This means marketing educators must do more than follow the guidelines offered to marketers by Buchholz et al. in their Environmental Management: A Casebook (1992: 164-165) . Those guidelines were two:

- Try to cast products in an environmentally friendly light, and
- avoid being attacked by environmentalists for unsubstantiated or inappropriate claims.

There is little incentive to develop products and processes if, the moment one breaks the news in advertising, one is sued by 50 attorneys general. Absent a coast-to-coast infrastructure, mentioning recyclability is legally suicidal.

From an environmental standpoint, what is environmentally friendly in one bioregion is different from what is environmentally friendly in another. What constitutes an environmentally correct diaper in New England may be different from what constitutes an environmentally correct diaper in the Southwest or in the Northwest. Environmental problems are an open invitation and perfect opportunity--one marketers will resist--to practice market segmentation based on ecological principles.⁶

Stabilizing the Vital Signs. Providing factual environmental information to students is important. Students must be not only knowledgeable but action oriented. Stabilizing vital signs will necessarily occur within the context of the existing business school gestalt, or paradigm. To marketers that will mean, most of all, to recognize that there is a green market out there that should, for environmental reasons as well as traditional marketing reasons, be catered to. The way to do this is to recognize that numerous studies have indicated consumers are willing to pay a premium for environmentally friendly products. That means the environment becomes upscale, worth worrying about in traditional marketing terms. Along that same line, environmental considerations, rather than being pitted against price and quality become an aspect of total quality.

⁶ First, a foundation in the biology of regions, or an ecology of place, is necessary.

A final consideration is whether to develop packages that are environmentally responsible marketers must carefully balance society's desires to preserve the environment against consumers' desires for convenience. (p. 315)

In the context of discussing physical distribution they mention the concern about the CFC content of some polystyrene peanuts (p. 463).

In the context of discussing uncontrollable marketing environments McCarthy and Perreault (1990) list the EPA as an important federal regulatory agency. A subsection "What Is Socially Responsible Packaging?" (pp. 243-244) fails somehow to consider environmentally responsible packaging as a candidate. They acknowledge that "marketing relies heavily on materialistic values" but shy away from discussing what that means. They highlight Wal-Mart in a box, along with Tender Care's campaign to "change the world one diaper at a time," Mobil's Hefty trash bag,

emission devices or whether our gasoline is lead-free. As citizens, we might. As consumers, we like the convenience of aluminum beer cans. As citizens, we search for solutions to the growing crisis of solid waste disposal." Their implication is that we are somehow schizophrenic.

In that context, consider Mark Sagoff's comments (1983: 223-224): ". . . not all of us think of ourselves simply as consumers. Many of us regard ourselves as citizens as well. We act as consumers to get what we want for ourselves. We act as citizens to achieve what we think is right or best for the community. The question arises, then whether what we want for ourselves individually as consumers is consistent with the goals we would set for ourselves collectively as citizens. Would I vote for the sort of things I shop for? Are my preferences as a consumer consistent with my judgements as a citizen?

"They are not. I am schizophrenic. Last year, I fixed a couple of tickets and was happy to do so since I saved fifty dollars. Yet, at election time, I helped to vote the corrupt judge out of office. . . . I buy only disposable [bottles] . . . , but, to soothe my conscience, I urge my state senator to outlaw one-way containers. I love my car; I hate the bus. Yet I vote for candidates who promise to tax gasoline to pay for public transportation. . . . I support almost any political cause that I think will defeat my consumer interests. This is because I have contempt for--although I act upon--those interests."

three, they are still not a central organizing principle but add ins, discussion bites conveniently placed in boxes.⁸

Assael reports that the corporate recognition of the importance of the environment is reflected in company actions by listing Wal-Mart's environmental policy, Procter & Gamble and Lever Brothers' actions in the area of packaging, Monsanto's task force of scientists and engineers who analyze the effects of new materials and chemicals on the environment and on users before they are introduced to the market, and McDonalds. Assael uses box inserts to highlight corporate responsibility to environmental issues, as in DuPont's incorporating environmental issues into its strategic plans. In the chapter on "Marketing Opportunity in a Dynamic Environment" Assael includes a discussion of "Ecological trends in marketing" where he addresses pollution and recycling. He mentions the Clean Air Act (p. 129) immediately after stating, "Businesses must have a responsibility to protect the environment. Yet society can not rely on the good will of corporations to fulfill these responsibilities." In the chapter dealing with international marketing he includes an "Environmental Issues" section focusing on Western Europe and Germany. In the retailing chapter he devotes two very short paragraphs to "Ecological Issues" and a Box highlighting the Canadian supermarket chain Loblaw Co. The "Strategic Marketing Planning" chapter has a box highlighting ethical and environmental issues, again for companies expanding into Europe.

⁸ Assael's textbook is the most extensive of the four at which I looked. There may well be a text that offers a more extensive treatment of environmental issues and marketing. If not, there is Coddington's Environmental Marketing (1993).

should be customer oriented. Generally speaking that is taken to mean the marketer should give consumers what they want.

Environmentally speaking that means that if consumers want (and are willing to pay for) a cleaner environment than marketers are obliged to help them attain it. But it also means that if consumers prefer to trash the planet then marketers are obliged to help them do it. Whatever else it is, the marketing concept has been a philosophy for the avoidance of personal responsibility by providing an all too convenient place to hide (Anderson 1986; Benton 1987).

Business environmentalism that is no more than a reaction to green consumerism is faced with many problems. First, consumer perceptions can be very limited and fleeting, especially if they are as ill-informed as some suspect, as many are (Cairncross: 201). Unknowledgeable people are a menace to companies, too, "since they may believe every environmental guru who has a particular axe to grind" (Cairncross: 211).

Shoppers need to be well-informed about environmental cause and effect in order to be effectively green. Consumers get their information from a wide variety of sources and advertising is an important medium of consumer education in America and increasingly in the world. Marketers have a responsibility--to be at least as well informed as their customers on environmental issues and to avoid blunders such as that committed by Procter & Gamble and Wal-Mart. Together they earned a bit of derision for putting "a green label on a brand of paper towels made from chlorine-bleached unrecycled paper packaged in plastic, simply

only eat differently, they must often eat less. To the ardent environmentalist, the green consumer is an oxymoron. Green consuming is still consuming and as Cairncross acknowledges, "Few products actually benefit the environment" (203). "Beyond a doubt," she also acknowledged, "the truly environmental should consume less, not [just] differently" (191).

The Necessity for Lifestyle Changes. As we know from any number of attitude studies there is generally a low correlation between knowledge and behavior. The higher correlations tend to be between concern and behavior. The research reported on above is no exception (see Table 8). Consequently, providing factual information, even in the guise of successful examples from industry, may have relatively little discernible impact on a student's future action orientation. Knowledge alone is not enough; concern is a prerequisite.

	KNOWLEDGE		AFFECT		VERBAL COMMITMENT		ACTUAL COMMITMENT	
	STUDENTS	FACULTY	STUDENTS	FACULTY	STUDENTS	FACULTY	STUDENTS	FACULTY
KNOWLEDGE	1.000	1.000						
AFFECT	0.123	0.082	1.000	1.000				
VERBAL COMMITMENT	0.142	0.065	0.609	0.459	1.000	1.000		
ACTUAL COMMITMENT	0.179	0.332	0.465	0.392	0.540	0.399	1.000	1.000

TABLE 8: Matrix of Pearson Correlation Coefficients for Undergraduate Students and for Faculty for the four subscales in the Environmental Knowledge and Attitude Scale.

What underlies environmental concern? It could be personality factors, but relatively few studies have examined the

perspective, environmental ethics is also "a radical critique of modern lifestyles" (1990: 245).

What can the marketing educator do in this area? My suggestion is that we fully explore side comments in our own marketing literature, comments such as McCarthy and Perreault's "marketing relies heavily on materialistic values." Here Alan Durning's How Much is Enough? is an accessible treatment. Durning's thesis: "Unless we see that more is not always better, our efforts to forestall ecological decline [through attempts to stabilize the vital environmental signs] will be overwhelmed by our appetites" (1992: 24). His book is intended to help us see more clearly that more is not always better. Given the macro nature of Durning's treatment, this book will fit nicely into a macromarketers orientation.

We can also pick up with side comments like that of Richard S. Tedlow in his New and Improved (1990). In the first chapter, "The All-Consuming Century," Tedlow writes:

There is nothing "natural" about mass consumption. It is a cultural and social construction. One of the keystones of the edifice is the marketing function in the modern, large American corporation. (p. 4)

To explore fully the meaning and implications of this comment, which Tedlow does not do, would be a major contribution to the education of future marketing managers. To do so invariably invites study of the literature critical of modern economic ideology (something I have long argued is necessary if education is to be something other than social conditioning (Benton 1985a, 1985b)).

It may be asking a great deal of management educators to become proponents of a new environmental paradigm. But the development of a strong environmental ethic may in fact be what is vitally needed.

Is there an alternative? I don't think so. Aldo Leopold put it most forcefully, and in terms business students and faculty alike can understand. In his essay, "The Land Ethic" (1949), Leopold criticized the then dominant conservation movement in America. He wrote:

There is a clear tendency in American conservation to relegate to government all necessary jobs that private landowners fail to perform. Government ownership, operation, subsidy, or regulation is now widely prevalent in forestry, range management, soil and watershed management, park and wilderness conservation, fisheries management, and migratory bird management, with more to come. . . . [T]he question arises: What is the ultimate magnitude of the enterprise? Will the tax base carry its eventual ramifications? At what point will governmental conservation, like the mastodon, become handicapped by its own dimensions? The answer, if there is any, seems to be in a land ethic, or some other force which assigns more obligation to the private landowner.

Industrial landowners and users, especially lumbermen and stockmen, are inclined to wail long and loudly about the extension of government ownership and regulation to land, but (with notable exceptions they show little disposition to develop the only visible alternative: the voluntary practice of conservation on their own lands. (p. 213)

Leopold can be appropriately paraphrased: There is a clear tendency in American business to relegate to government all necessary jobs that business fails to perform on its own. Government ownership, operation, subsidy or regulation is now widely prevalent in all industries. What is the ultimate

¹¹ Leopold used the word *land* in an all encompassing notion: "The land ethic simply enlarges the boundaries of the community to include soils, waters, plants, and animals, or collectively: the land" (1949: 204, emphasis added).

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Innovation Beyond Change

- A Macromarketing Perspective

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Abstract

Throughout the history of marketing, the concept of “the new” has played a significant role. This, of course, has been most evident in the field of marketing *practice* where consultants and managers at all levels have been eager to demonstrate and live up to the “call for” innovation. Also within *theory* construction a primary emphasis has been on problems of handling change. The preoccupation with change and innovation is rightly regarded as something inherent to marketing.

From a macromarketing perspective, it is evident that the way marketing handles the issue of change has made innovation a central principle of organizing that strongly affects the social environment. Interestingly, though, it can also be argued that the urge for firms to innovate and the specific ways the issue of innovation is handled has produced a macro level situation where innovation seems to negate certain principles of change.

This holds true for notions such as progress, development and innovation widely used as organizing principles in modern society. The myth, as Laplantine has argued, is inseparable from all human endeavour (Laplantine, 1974). Along with other social agents, the marketing manager is also susceptible to mythologies of change. Marketing oriented firms are constantly engaged in attempts to actively explain and manage, if not master, the change processes in their relevant environments.

A myth can be defined as the symbolic form through which the sacred expresses itself to man (Askegaard, 1987). By reference to a "deeper" meaning, the mythical form mobilizes an induced logic behind the social organization in order to solve contrasts and ambiguity at a symbolic level (Christensen, 1989). Through rituals, the myths confirm the most valued significations of a community. The myth creates images of reality with a moral guiding or "explanatory" content (Jacob, 1981). This way, the myth is able to integrate the complexities of social life and inscribe the community in time and space (Morin, 1973).

By naturalizing any sociality and repressing the references to culture, the myth organizes a world without depth and complexity, an evident world without contradictions between "image" and its supposed "object" (Barthes, 1969; Cassirer, 1953). This process of naturalization is reflected in the Greek concept of mythos, referring to a discourse that cannot be questioned within its own universe. (Logos, by contrast, presupposes a discourse based on an elaborated code of argumentation and self-questioning.) Hence the logic of myth: being subjected to its logic implies a blindness to its own mythical character, i.e. its social origin.

Myth and discourse are inseparable. Durand regards myths, which he also calls "the true word", as the discourse on the true existence of something (Durand, 1980; also Cassirer, 1953). Accordingly, Foucault views discourses as historically specific sets of thought, talk and practices which define and structure "landscapes" of "problems" and ways of socially relating to and dealing with these problems (Knights and Morgan, 1991). By formulating prescriptions and establishing certain distinctions, a discourse forms a world out of the non-discursive and provides a "subtle and covert prior structuring" (Cooper and Burrell, 1988, p. 102) of the "problems" that the discourse itself sets out to handle. Discourse and its implied mythology simultaneously create a system for asking relevant questions and posing important problems to which the discourse also provides the self-evident answer. A discourse is thus more than a "way of seeing" things; it shapes the world in which one can possibly live and this world-shaping is embedded in institutionalized knowledge and incorporated in practices (Knights and Morgan, 1991, p. 253).

We would like to argue that marketing has become an influential carrier of the discourse of innovation. It is the purpose of the rest of this paper to explain, in more

(1973, p.10). While such a perspective is definitely relevant, it tends to ignore the fact that the innovation perceived by "the adopting unit" is dependent on the meaning of "newness" in the larger cultural context. In other words, this definition stops short of the possibility of viewing innovation as an autonomous social and historical process. In such a process, as we shall see, the specific idea, practice or artifact becomes less important than the perspective of innovation itself.

In the following, we would like to extend the potential of the "innovation as perceived novelty" perspective. Realizing that innovations need to be regarded as such in order to change peoples' lives, this perspective prepares for a more socially mediated view of the innovative process. Instead of seeing innovation in strictly functional terms, and thereby excluding its imaginary dimension, this view relativizes the concept of innovation by inscribing it in a general perspective of social meaning. This approach naturally implies a connection of innovation with principles of social organization such as myth and discourse.

Conceptualizing innovation as "perceived newness" does not imply a constructivist notion of meaning such as it is often encountered within the Anglo-Saxon research tradition. The perspective suggested here refers to a social-historical notion of meaning. While certainly dependent on symbolic representations at the individual level, the meaning of "innovations" and the perception of "newness" extend far beyond these - in their discursive manifestations as well as in their consequences. This complex character of any meaning construction (systemic as well as individual) is inherent in Castoriadis' notion of culture as a "magma of social imaginary significations". That is, the signification of "innovation" on the level of the individual is inscribed in, and must necessarily be understood in relation to, what has been called a social "web of meanings" (Geertz 1973, Castoriadis, 1984; 1987). Like the concept of discourse, this web to a very large extent provides a framework for perceiving newness as such.

Defining innovation within a framework of perception and meaning does not preclude functional and tangible inventions and improvements, as the Federal Trade Commission prefers to view innovativeness within business management (Zaltman et al. 1973). On the contrary, creativity and invention have always been central to economic activities. However, the specific importance attached to the marketing functions of modern business organizations have gradually redefined the role of innovation and moved its focus from what Hirschman calls "the creative subsystem" and "the managerial subsystem" to "the communicational subsystem" (Hirschman 1986). Recognizing the analytical value of Hirschman's distinctions does not, however, imply that we subscribe to her implicit assumption that the former subsystems only produce tangibilities while the latter adds the intangible product attributes. This rather conventional perspective tends to forget that the so-called "functionality" of tangible

environments in ways that support the realization its own preferred strategy. This strategy, of course, is presumed to be formulated in accordance with the needs and wants of the market, as prescribed by the discourse.

Since prescriptive marketing theory gained foothold in the late fifties, the notion of managing the market/firm relation has become increasingly important within the field. The framework of strategic planning that evolved in the 1960s and 1970s, of course, contributed strongly to this tendency. However, the inherent contradiction in the prescriptions of the marketing discourse - market sensitivity coupled with strategy - has gradually become more evident (e.g. Webster 1988). Still, this contradiction, which will be discussed in more detail below, has not prevented proactivity from being one of the most important, albeit problematic, management principles within the field.

Facing an increased turbulence and, consequently, a reduction of predictability in the market, the marketing organization, probably, needs to be more consciously engaged in the management of external forces. At least, it seems as if traditional principles of organizing have become outdated in today's highly intensified business environment. Proactive strategies are most evident when firms try to counter future "demands" for, say, green products, improved quality, service and delivery. Being proactive, that is, being at the "forefront" of development within these, and other, fields now seems a necessary precondition for being innovative. But what, more precisely, does this imply for the firm in question?

First of all, we again stress the fact that the business environment facing contemporary organizations is not an obvious and pregiven reality that univocally prescribes a number of management practices derived from the consultant's latest repertoire. Business environments are social and imaginary constructions composed, in large part, of acts and expectations initiated and shared by relevant participants. In contrast to so-called "constructivist" perspectives pervading much organizational theorizing these years, this perspective, however, does not deny the "objective" existence of the social world and its ability to impose itself on organizational actors. This ability, of course, rests on the participation, if not acceptance, of the individuals and organizations involved.

Acts of individuality and creativity, interestingly, often construct larger realities than they intend. This perspective is inherent in Weick's theory of organizing. According to Weick, organizations do, in large part, enact the environments that impose on them (Weick, 1977, 1979). Rather than adapting passively to external forces, organizations act towards perceived or expected changes and thereby create or simulate the realities that later impinge on the them. Such outreaching, or centrifugal, activities are not confined to conscious attempts by organizations to manage their environments directly. Enactment, thus, is a broader concept than proactivity. Passive, unsystematic,

intrusiveness. Whereas the latter dimension includes a rather simple distinction between modes of action, reactive versus proactive, the former refers to the more complex ontological problem mentioned above - the nature the "external" world. Seeing this "external" world as having its own independent logic gives rise to other principles of organizing than the ones implied by a conception of the world as a reality shaped by corporations. While these perspectives are not necessarily mutually exclusive - the business environment is often seen as an autonomous system, subject to a certain influence from corporations - they still represent two important, and sometimes antagonistic, aspects of what we have called the discourse of marketing management.

Within traditional marketing theory, the reactive mode of intrusion is most often described as a premarketing phenomenon attributable to lack of knowledge, or even organizational ignorance, of the wants and needs of the market. In turbulent environments, it is argued, only proactive, consumer-oriented organizations relying on long-term strategic planning will survive. While this certainly may be the case, it is highly contestable whether the proactive approach in fact reflects patterns of market behavior. An elaboration of this line of thought and its relation to the problem of innovation requires a closer look at the model above.

In order to "serve the needs of the market" and keep abreast of upcoming trends, most marketing-oriented firms are engaged in regular market scanning activities, including simple information gathering as well as more elaborate marketing research. Through active data collection, the marketing oriented firm hopes to discover and respond to latent needs and trends before such changes manifest themselves as overt market demands. Proactivity, it is assumed, serves to reduce the internal effects of external turbulence.

An important difference in emphasis, however, should be noted. Where the market, in line with marketing discourse, is regarded as the primary locus of changes and demands, the firms involved will act as if the market has its own independent dynamics, as if ideas and innovations are initiated externally and as if such new tendencies have to be uncovered through objective analysis. This strategic perspective corresponds to the lower right quadrant of the model. In contrast, the strategic perspective in the upper right quadrant indicates a tendency to autonomize the enactment of innovation from the logic of the market itself. As we shall argue, both perspectives run into a contradiction by persistingly claiming their close relation to the other.

As observed by Lahlou, the argument for innovativeness provided by companies most often refer to "consumer demand" (Lahlou 1990). However, the knowledge of this demand will more often than not be indirect since in-depth prospective marketing research is very expensive. Normally, only the "chosen few" will have direct access to the data about the direction of social change. Therefore, companies will look to certain

consequence of competitive forces as suggested by economists, but as processes of enactments which institute meaning systems that engenders definitions of sameness and difference on the macro-level.

The argument here is that the role of the marketing-oriented firm in this process needs to be reconsidered. While not always clearly stated in the prevalent marketing literature, there have since long been, more or less explicit, arguments within the field for leaving the traditional market-based innovation strategies. In order to serve the upcoming needs of the market, the marketer has to activate a creativity that extends far beyond what can normally be deduced from marketing research (Kaldor 1971).

The Ideology of Innovation

In fact, we do experience a tendency within the field to move towards more intentionally creative perspectives on the firm-market relation. While still claiming to be 'consumer oriented', the latest ethos within marketing management seems to be less focused on mere adaptation, and more focused on conscious construction of new products or product attributes. Tom Peters' latest "manifest" for proactive management *Thriving on Chaos. Handbook for a Management Revolution* (1987) provides an excellent example of this "philosophy".

Peters' general idea is that proactivity is, firstly, essential to any modern organization and, secondly, that this calls for a level of flexibility not previously seen in management thinking. His "revolutionary" imperatives for proactive management include slogans like "leadership that loves change", "constant innovation in all areas of the firm", "practice purposeful impatience", and "an obsession with responsiveness". His conviction that change is not only a condition but a "must-do" leads him to such statements as "if you are not refiguring your organization to become a fast-changing, high-value-adding creator of niche markets, you are simply out of step" (Peters, 1987, p. 53).

In order to implement such imperatives of change, the marketer must "emphasize intangibles" to the extent that the product itself becomes almost superfluous (Peters, 1987, p. 117). Luckily, we are told that "little things mean a lot", which obviously makes it easier for the poor marketing manager to live up to the demands. Adding "at least ten value-increasing 'differentiators' to each product or service every 90 days" (Peters, 1987, p. 50) - a low estimate according to Peters himself - necessarily intensifies the role of marketing communications along with the intensification of the innovation process. This is so, not only because few production processes are flexible to

As has been argued, the search for new differentiation possibilities, new niches, new positions leads to a “hypercommodification”, i.e. “the spread of the commodity form into all spheres of life, negating the distinction between commodified and non-commodified regions” (Crook et.al., 1992, p. 61). The social condition characterized by hyperreality, fragmentation, and juxtaposition of opposites, on the one hand, provides a strong impetus for this “urge for the new”. Simultaneously, postmodernity itself represents one of its most significant consequences.

Towards the end of the 20th century, the conditions of postmodernity clearly affect individuals and organizations and the way they pursue and represent their “personalities”. Thus, we experience a growing tendency to regard identity not as a stable construction, but as a result of a series of choices and as a variable depending on situations and circumstances. The consequence is a “fragmented self”; a conglomerate of life styles or rhetorical practices that can be adopted according to situations and roles (Askegaard 1993; Christensen & Cheney, forthcoming). Moreover, due to the cultural turbulence, preexisting role definitions become more and more difficult to locate.

Firat and Venkatesh refer to Jameson when they point out that the construction of a multiple and everchanging self gives birth to a paradox: “In postmodern culture, where the theme is irreverence, non-conformity, non-commitment, detachment, difference, and fragmentation, images sought to be represented will be different for different people. [...] The paradox seems to be that what appears to be difference at the level of symbolic culture stems from an underlying uniformity” (Firat & Venkatesh, 1993). In short, people and, we could add, organizations are all very much alike in the way they go around and try to be different from each other.

Interestingly, consumers and firms are happily playing together in this quest for the most exciting new differentiations prescribed by consultants like Tom Peters. And the more they engage in this play, the more positive their image of being innovative seems to become. Hence, as Boorstin pointed out already 30 years ago, we are facing a situation where the seducer is becoming more seductive as his seduction techniques are revealed (Boorstin, 1962, p. 220)

The fact that marketing today is an important source of information about role behavior to a large extent leaves the initiative of role definition in the hands of marketing managers. Due to the proactive innovation and differentiation system and the absence of a grand narrative as a guideline for choice, this will tend to reinforce the fragmentation and flux in types of consumer- and organizational behavior.

The relationship between the process of proactive innovation and postmodernity is clearly indicated by Firat and Venkatesh when they state that “marketing is the major practice in society that consciously resignifies words, terms, and (brand) names” (Firat & Venkatesh, 1993). Hyperreality, in this context, refers to a situation in which such

different styles and forms in terms of communication and signification without altering the product considerably, or without creating what Castoriadis terms “radical otherness” (Castoriadis, 1987; Firat & Venkatesh, 1993). In other words, these processes of innovation do not necessarily imply change. As Nisbet and Perrin have pointed out, change and process are not synonymous. Whereas the latter refers to the adjustments any system performs in order to remain persistent - Bateson (1972) called this “changes in order not to change”, the former involves what Nisbet and Perrin call a “succession of differences” which can only be understood as change when related to some sort of *stable background* or *persistent identity* (Nisbet and Perrin, 1977, pp.266ff). The market situation or “marketing culture” (Christensen, 1991) that we are facing today can hardly be described as such.

Under the impact of prevalent marketing discourse, the relation stability/change has become recast in completely different terms. Proactive forms of management aimed at controlling the process of change have on the one hand “disarmed” process by redefining it as innovation. On the other hand, different cycles of “change”, initiated and stimulated by the very same compulsive drive, are now experienced as as a growing external turbulence.

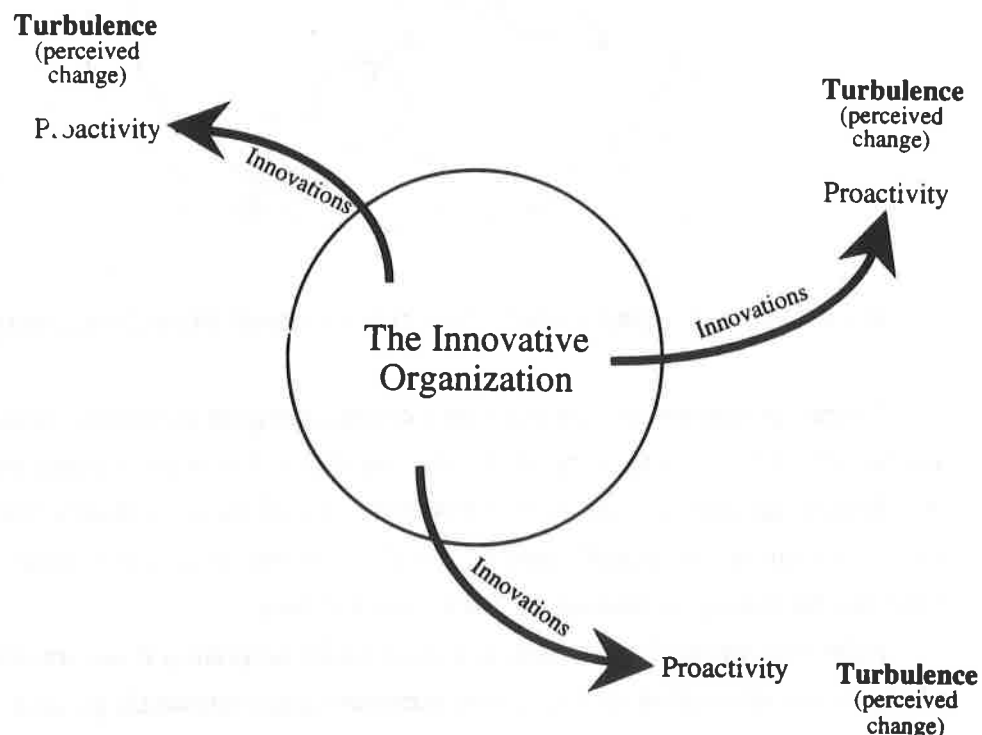


FIG.2. INNOVATION AND THE CREATION OF TURBULENCE

underlying logic of our search for differentiation and uniqueness, 5) an institutionalized, that is, predictable or planned, creativity, which is called for by the ideology of proactivity, 6) a standardized differentiation through endless product line extensions, stemming from the fact that this is the most convenient way (if not, practically seen, the only way) to live up to the requirements of the ideology of innovation.

To these tendencies we could add, that if change can only be evaluated on the basis of some kind of stable identity, today we are experiencing innovation without change.

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Macromarketing -- Back to the Future

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ORIGINS OF MARKETING

Views about the origins of marketing are shaped by the relative strength of marketing institutions and practices in comparison to their social contexts. When marketing is a peripheral or emergent institution of a society, it is viewed and described by social commentators in marginal terms. During the nineteenth century in America and Europe, and even in many parts of the contemporary developing world of today, marketing was (or is) a marginal activity. The term "marketing" was or is associated with a buyer going to the market to buy something. In contemporary India or Nigeria, for example, it is still sometimes possible to hear a householder inquiring of her neighbor: "Have you finished your marketing today?". The reference here obviously is to the shopping activity necessary to acquire daily necessities.

As marketing institutions and practices became powerful and economically central during the first half of the twentieth century in Europe and in America, particularly in the latter, people's views about the social place of "marketing" changed. Functionalist and institutionalist views of marketing emerged to reflect the growing power and centrality of marketing functions and institutions in economy and society. Marketing in the advanced economies of the world is no longer a casual activity of the householder trying to acquire the daily necessities of life in the neighborhood bazaar. Marketing is now a centrally and carefully managed symbolic process that enables sellers of goods and services to differentiate

Needs, wants, specialization, exchange, value, choice: the notion of marketing is crafted out of simple, primal, natural, and beautiful terms. It only takes enlightened social formations --modernity -- to realize that marketing is the orderly way to satisfy human needs and then we can all get down to business. Not only is this storyline fallacious in historical terms, it has become an impediment to understanding marketing in terms of macro-level processes and systems. Marketing has definite historic origins and only a dimly understood future. Treating marketing as a timeless phenomenon or as a highly-ordered evolution obscures our attempts to study its past and its possible future (Fullerton 1988, Hollander 1986).

Having raised the issue of ideology and speech, it is obligatory for me to clarify the ideology informing my speech. I view marketing as a product of mid-capitalism that was shaped primarily by the American commercial ethos of the nineteenth and twentieth centuries. In spite of Europe's lead in industrial development up to the nineteenth century, the formalization of marketing as a discipline occurred in the United States (rather than in Europe) in the beginning of the twentieth century and it was American influence that spread marketing concepts and ideas to Europe, Asia, and other parts of the world. The rise of America and of "Marketing" went hand in hand in the first half of the twentieth century. The flowering and dominance of American marketing continued throughout the twentieth century, even as the American economy was beset with competitive and fiscal difficulties in the last quarter of this century. Future historians may not dub the twentieth century "the American century" but they are likely to characterize it as the century of American Marketing.

This approach characterizes landmark macro level studies of early marketing such as those of Barger (1955), Cox, Goodman, and Fichandler (1965), Stewart (1939), Vail, Grether, and Cox (1952) and permeates the systems thinking found in later macromarketing works such as those of Fisk (1967) and Layton (1985).

In a sense, the early approaches to marketing had to be macro in orientation so as to conceptualize marketing as a field of study distinct from *selling* and *advertising*. These two practical and micro functions were precursors to the emergence of marketing as a discipline. The only way to distinguish marketing as a discipline that was conceptually larger and methodologically more precise than popular early treatments of micro level functions such as advertising and selling was to study marketing as an important and growing institutional component as well as a social process within the economy (Vail, Grether, and Cox 1952).

Although the macro ways of understanding and analyzing were common, and even dominant, during the first half of the twentieth century, the micro orientation had made its presence felt from the very beginnings of marketing as an academic discipline and it continued to gain strength throughout the twentieth century (Grether 1988). Reviewing the history of marketing from its inception as an academic discipline, Grether (1988, p.v) noted that...

...there was a gradual and persistent increase in the stress on management, not only in marketing but in educational institutions and areas of business administration, commerce and trade. Consequently, the micro stress increasingly replaced the macro as the dominant one.

THE ASCENDANCY OF THE MICRO TRADITIONS

In the second half of the twentieth century, the managerial

economists, commerce professors and other social scientists who pondered leisurely about the flows of goods, the performance and efficiency of transactional institutions, and the mysterious and fickle ways consumers. Marketing was the "A-bomb" of competitive wars and professional cadres were needed: researchers to study it, teachers and trainers to disseminate it, manager to practice it.

Knowledge about marketing had to be generated and codified in ways that would be relevant and useful to business enterprises willing to invest substantial sums of money in product differentiation, brand identity, brand promotion, advertising, targeted sales effort, and competitive positioning and pricing. Of necessity such knowledge was of a micro nature focusing on a firm, its rivals, and its consumers. Thus, the logic of oligopolistic competition forced the concepts of marketing to become micro-level and practice-oriented, with brand creation, sustenance, and promotion a major goal of many of the micromarketing studies (see, for example, Aaker 1991).

Macro-oriented studies of marketing became a luxury that no one could afford. If someone was skilled in researching or practicing marketing, his or her services were quickly acquired at premium prices by organizations practicing marketing or business schools teaching or conceptually exploring marketing. There was a close nexus between micromarketing research and practice: good micromarketing research found relevant and validating practical applications and flourishing micromarketing practices provided fertile grounds for research explorations focusing on brand choice behaviors and competitive dynamics of oligopolistic rivalries. This trend continues strongly, to the extent that the term "micromarketing" is acquiring an even narrower connotation than

Dholakia and Levy 1987, Firat 1990, 1991 and 1992a, Firat and Dholakia 1982, Uusitalo 1982, Venkatesh 1991 and 1992). Distributive processes had to be studied from a macro perspective to understand the relationships between economic efficiency and effective ways of meeting society's needs (Nason and White 1981, Slater 1977). The economic notions of "externality" and moral notions of "responsibility" were applied to marketing to examine the societal and ecological costs of marketing actions (Andreasen 1982, Klein 1987). Public policies towards marketing had to be re-assessed to ensure that marketing institutions met not just consumer needs but also societal and ecological needs (Venkatesh and Burger 1984). To understand managerial behaviors that could potentially lead to excesses, the ethical foundations of marketing had to be examined (Hunt and Vitell 1986, Laczniak 1983, Williams and Murphy 1990). To address the glaring disparity between advanced and developing nations, and the growing regional disparities within advanced nations, the role of marketing as a development agent and as a barrier to development came under examination (Dholakia and Sherry 1987, Joy and Ross 1988, Layton 1985, Nason, Dholakia, and McLeavey 1987). The nature of the world-system that gave birth to and sustained these disparities became a subject of some macromarketing studies (Dholakia and Dholakia 1982).

As the macro aspects and impacts of marketing came under scrutiny, it became clear that the theoretical base of marketing also had to be re-assessed to describe, explain, and interpret the macro processes and phenomena. The institutionalism of early macromarketing was revived and reinterpreted with theoretical rigor by Arndt (1981) and the institutional approach continues to be a powerful means of analyzing marketing systems from a macro perspective (Pandya and Dholakia 1992)

powerful and encompassing technology of creating and imprinting images that rule an ever-expanding sphere of human consciousness (Firat 1992b, Firat 1993, Firat and Venkatesh 1994).

SUGGESTIONS FOR THE FUTURE

Whether they recognize it or not, marketing scholars and researchers no longer have an exclusive hold on marketing knowledge. This is true for micro as well as macro types of marketing knowledge. Marketing has become so pervasive that it is becoming a part of the fabric of popular culture. And like all popular culture, knowledge about marketing today is transmitted in a multitude of casual ways, particularly through the popular media. It would not be difficult, for example, for an 8-year old elementary-school student in the United States to produce a rudimentary script for a television commercial -- something that may have required months of college-level training in the 1950s (and still does in most other parts of the world). As knowledge of marketing institutions and processes seeps into popular consciousness, a new form of scholarship about marketing is emerging. This is scholarship *about marketing* by people trained in disciplines other than marketing. Scholars in anthropology, communications, cultural studies, history, literature, and sociology have done remarkable in-depth studies of marketing and consumption systems, institutions, symbols, and processes in the 1980s and 1990s (see Campbell 1991 for a review). Marketing is the object rather than the subject of these studies. These studies, often critical in their approach, are distinct from the earlier "outsider critics" of marketing such as Packard (1957) in that the newer studies are grounded in strong social science conceptualizations and the authors demonstrate a sophisticated understanding of marketing

ongoing transition to a postindustrial society. But there is enough activity remaining to keep the marketing high priests in business for many years to come. Micromarketing research is essentially drifting in the direction dictated by the "high priest" response.

The challenges for scholars interested in macromarketing research are more difficult, but the responses from macromarketing researchers will have a very significant impact on the nature of marketing as an academic discipline and as a social process. One possible response is to let scholars *outside* marketing study and explore marketing as a social process, and let marketing scholars concentrate on the regulation and effects of marketing processes. This is what I term the "residual" response. Under this model, macromarketing scholarship does not engage in the critical task of studying marketing as the primary symbolic and social process of contemporary society. Rather it focuses on the residual topics remaining after or besides micromarketing activities: the ecological impact, the legal framework, the distribution efficiencies, ethical issues, developmental impacts, and so on. These topics are not "residual" in terms of their importance as research topics. They are residual in the sense that they do not address the central issues of examining marketing as a social process in a macro framework.

From a macro perspective, the central research issue of contemporary marketing is to understand marketing as an *evolving* social process. The early macromarketing scholars understood marketing as an economic process that facilitated the distribution of the products of an advancing and productive capitalism to vast national and eventually global markets (see Fisk 1986 for retrospective reviews). The focus of inquiry was on the facilitating institutions and functions of marketing. This aspect

appropriate response to the challenges of a "marketizing" society and the evolving postmodern consumer culture is to re-engage in the study of marketing as a social process. This "re-engagement" response will place macromarketing research much more centrally in marketing research and even social science research than the present "residual" response.

I use the term re-engage in both a chronological and a conceptual sense. In a chronological sense, there is need to return to a study of marketing processes from a societal perspective, in a manner similar to the macromarketing scholarship of the first half of the twentieth century. This re-engagement, however, has to occur on conceptually different terms than was the case in the early macromarketing phase. Marketing is no longer exclusively an economic process; in fact, it is no longer primarily an economic process. It is a symbolic process which affects, and increasingly directs, economy and society. By re-engaging in the study of marketing as a core symbolic process of the core of the world system, and by exploring the ripples of this process in the peripheries of the world system, macromarketing scholarship can begin to illuminate the multiple facets of the evolving consumer culture and provide an understanding of the forces shaping this culture.

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MARKETING, LEGITIMACY AND SOCIETY

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When considering marketing as a social process one is first confronted to an *historical phenomenon* : the long sequence of conflicts which have accompanied its development from its beginning within business firms at the end of the XIX Th. century to its ubiquitous status in modern society.

At the end of last century, text-books tell us that marketing developed within the enterprise as the result of a fight against the production managers. The fight, and the victory, was then limited to the sphere of consumer goods. More recently marketing has invaded the world of industrial goods, in spite of the resistance opposed to it by engineers, it has invaded the world of finance although bankers and brokers considered its technique unsuited to the respectability of agents who were endowed the sacred mission of dealing with money. Marketing is now invading public agencies in spite of the fact that its methods coming from the private sector have often been considered as contrary to the very principles of the public sector. But this is not the limit : we should speak also about political marketing, about the role of marketing in the realm of art and culture and even about the role of marketing in the management of religious institutions.

When one considers the nature of the objections addressed to marketing all along ITS history one can distinguish two major types of questions : epistemological and ethical. For instance, from the *epistemological* point of view production managers, finance managers even within business firms tend to oppose the form of reasoning of marketing and marketers as it is often based on intuitive, qualitative, reasoning which any manager with some training in science tend to resent as unsound, unfounded and even potentially dangerous for the future of the organizations concerned. Similarly from the *ethical* point of view, marketing is often looked at with mixed feelings as is illustrated by the consumer movement marketing is often considered as a technique of manipulation which comes into contradiction with the principle of the respect of individual free will, that principle being probably the most central in the ideology of western countries.

The development of marketing as one of the major dimension of the workings of modern society appears thus as a kind of enigma : how come that a technique which has been so much criticized either from the point of view of efficiency or from the point of view of ethics has come to impose itself in all spheres of social life including those most concerned with the quality of knowledge (the world of science or academia) and those most concerned with ethical standards of conducts (such as juridical institutions and churches).

This comes even more as a surprise when one considers the case of France : the cartesianism of its culture is so much in opposition to the pragmatism of management and marketing that these fields of knowledge could not develop as such in universities before the years 1960-1970. As a matter of fact professors of marketing in the early 70's had to cope with a widespread negative feeling among students, feeling which expressed itself in objections relative to the epistemological and the ethical soundness of marketing techniques.

I - THEORETICAL DEFINITION OF MARKETING

We shall first try to demonstrate the following proposition : *Marketing is the bureaucratic form of sophism*. The sophists were a group of greek rhetoricians who sold their services to the citizens who needed to win a case either in front of a court or in front of the Agora, the market-place of Athens.

A first indication of the connection between marketing and sophism may be found in the fact that they both contain the same negative connotations. The same reproaches are addressed to both :

- 1 - Both take a stand in favor of opinion and question the very notion of truth.
- 2 - Both are considered as mercenaries who sell their services to whoever is ready to pay for them, the wealth of sophists, as that of marketers, is often regarded as an index of lack of morality.
- 3 - They do not pay due respect to cultural traditions as they are ready to subvert them when it serves their purpose.
- 4 - They pretend they can solve any problem with their one and only technique, rhetorics, i.e. they deny the role of the specialist.
- 5 - They are foreigners. Sophists came from Ionie or Syracuse. Marketing is a notion that comes from the United States. To those who would be troubled by the example of the United States where marketing was born, let us recall that it was not invented there by natives but by foreigners who came sailing from beyond the oceans.

To this negative definition it is possible to add a positive one : marketing and sophism are two techniques of action. To define a technique of action one needs three elements : a method of knowledge, means of action, a goal.

The method of knowledge in both cases is subjective empiricism, that is, opinion. Protagoras wrote that "man is the measure of all things", marketers say : "let's do a market study".

Its means of action are those of rhetoric. To the rhetoric of the sophists corresponds, in marketing the notion that everything is communication : the product "talks", the price "talks", the package "talks", etc...

As for the goal in both cases it is nothing else but success. Radical pragmatism characterises both the sophist and the marketer.

This definition may raise at least three questions :

- In what sense is this definition theoretical ?

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One could wonder if this list is complete, that is, if it is a pragmatic list open to rearrangement and completion¹, or if it is a theory, in which case there would not be any other kind of legitimage power than those described by these three terms.

One argument for the completeness of the list is that no one since Max Weber tried to complete this list. However, although seventy years is a long time, this cannot be any more than a pragmatic (empirical) argument.

It is possible to go a little bit further by stating that a *well-formed system of legitimate power* requires a cosmology in which the world is divided in two spaces : the locus of the origin of legitimate power and the locus of application of legitimate power.

Charismatic power results from a cosmology in which the world is divided in two parts : the sacred and the profane, the profane being submitted to the sacred.

Traditional power results from a cosmology in which the world is divided in two parts : culture and nature, nature being submitted to culture and its traditions.

Legal-rational power results from a cosmology in which the world is divided in two parts : nature and culture, culture being submitted to nature and its laws.

This way, we realize that with two cosmologies (sacred/profane, nature/culture), we can produce only three forms of legitimate power as the sacred cannot be legitimately submitted to the profane.

Remains the problem of knowing if no other cosmology exists or could be produced. We must once more fall back on a pragmatic argument : for more than 2000 years no one seems to have discovered another one. In others words, to produce a new system of legitimacy (according to our definition) one would have to produce a new cosmology in which the world would be divided in two parts.

But such a description is not complete. To be able to see the dichotomy between the sacred and the profane, tradition and nature, nature and culture, one needs to have special spectacles. The name of the spectacles which allow to see the difference between the sacred and the profane is *faith*. The name of the spectacles which allow to see the difference between tradition and nature is *respect*. The name of the spectacles which allow to see the difference between nature and culture is *science*.

(see figure 1)

The French Revolution marked the shift of legitimate power to the legal-rational system. That is to say that our system of legitimacy is based on a cosmology in which the world is divided into two parts : nature on the one side and culture on the other side. That is to say also that the question of science (i.e : epistemology) lies at the heart of the legitimacy system of free market societies.

¹ As for instance lists of needs which are numerous even if A. Maslow produced one which remains famous.
A. Maslow: **Motivation an Personality** : Harper and Row - New-York - 1954
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III - CRISIS OF LEGITIMACY OF FREE-MARKET DEMOCRACIES AND THE EMERGENCE OF MARKETING

We should start by considering the basic principles of the *system of legitimacy of the classical form of free-market democracies*. In it, the reign of reason is established through the submission of all to the law. By law, society is divided in two sectors : the *public sector* and the *private sector*. The private sector is directly submitted to the laws of nature through the processes of market-mecanisms described by political-economy.

The public sector contains all elements required to establish the laws of political economy as laws of society. We shall now turn to the history of the legitimacy of free market-democracies.

THE PRIVATE SECTOR

In the private sector, the legitimacy of social action is based on the theory of the market : that is on political-economy in as much as it can be considered as a science of nature. It is because it is the *invisible hand* that regulates the market that the actions of entrepreneurs are legitimate : their "cultural" action is submitted to the laws of nature through the mediation of market mecanism.

In its pure form, the free-market system assumes four principles :

- *Pure and perfect competition*. Business enterprises are very small. Having not the power to influence price and quantity on the market they are entitled to exert whatever power they have freely.
- *Maximization of profit*. People look for more "utility", entrepreneurs look for maximization of profit. Thanks to market laws this leads to a "social optimum" (according to Pareto's definition).
- *Risk of the entrepreneurs*. As the entrepreneur risks losses he is entitled to keep the profits, when there are some.
- *Property rights* guarantee both the correspondance between risks, losses and profits and the principle under which authority can be exerced within the firm. (the atomistic firm).

At this stage there can be neither management nor marketing as the firm is too small for any organisational process to occur within it. The crisis of legitimacy of the private enterprise can be described as having occured in two stages.

From the point of view of the history of marketing, we may note that this stage corresponds to the generalization of marketing in every branch of business.

THE PUBLIC SECTOR

Is the public sector better off in terms of its legitimacy? It would seem that, resulting from constitutional law and from formal elections, it is in a much better situation than private organizations. The submission to constitutional law guarantees that *reason* expresses itself through the votes and the deliberations of an assembly of representatives in such a way as to allow the discovery of the natural laws that the state should edict as laws of society.

However, we would like to propose the hypothesis that this is not the case. Public organizations also are undergoing a crisis of legitimacy. We shall give as an example the case of France where this is particularly easy to demonstrate due to the specificities of its legal system.

- In the classical form of the free-market system, the legitimacy of public action is warranted under very specific restrictions.
- It should not intervene in social or economical matters. These problems being delegated to the "invisible hand" of the market.
- Its legitimacy is linked to its submission to constitutional law and, in France, to the Administrative legal system dominated by the State Council. To warrant the separation of powers a special body of judges is in charge of the control of the public sector. Consequently Courts have to decide what falls under either system of legal norms (the private and the public). They do it according to the "Criterion of administrative law".

It is thus possible to identify the history of this criterion with the history of the legitimacy of the public sector. According to all text-books on the topic this history develops through three stages.

- The first one (from 1800 to 1880/1900), corresponds to the *Public Power Criterion* is Public whatever is done by a public agent. In the *garrison state* legitimacy lies in the *origin of power*.
- The second one from (1800/1900 to 1945/1960) corresponds to the *Public Service Criterion*; is public whatever is done to accomplish some public service. In the *welfare state*, legitimacy, lies in the *finality of power*.
- The third one (since 1945/1960) corresponds to the *Crisis of the criterion of administrative law* criterion, that is to the crisis of legitimacy of the public sector. In the *omni-present and (omni-absent) State*, legitimacy is in crisis as well as the limits between the public sector and the private sector. From now on the public sector's *legitimacy* will lie on the *methods of power*.

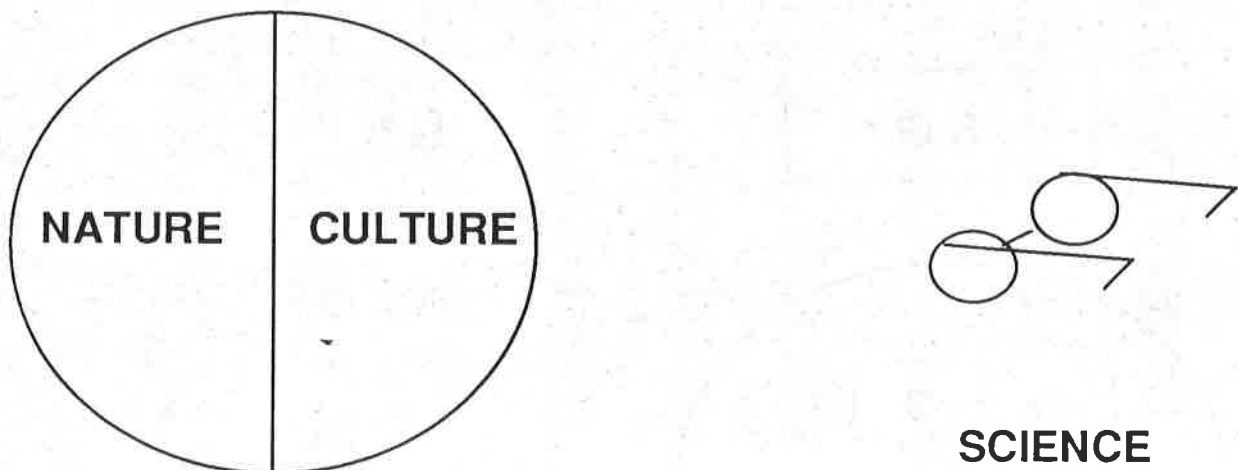


Figure 2

Newtonian physics, classical micro-economics are the sciences which correspond to this structure.

In terms of epistemology, as well as in terms of ethics, this corresponds to the *kantian* conception of the world. In this epistemology, we find neither complexity nor artifacts: simple laws are reached directly and the mathematical structures which enable to express them quantitatively are nothing but the direct expression of nature itself. We may note that the system of legitimacy is *not* pragmatic in the sense that the legitimacy of a given action does not depend on the actual result of the action. For instance, in the free-market enterprise, the respect of the right of property is what counts and not the success of the firm (at least in terms of legitimacy) as bankruptcy is painful but not shameful or illegal.

If we are not sure anymore that it is possible to separate nature from culture (this being a sign of the existence of a crisis of legitimacy) it becomes necessary to evaluate the legitimacy of an action through an evaluation of the *change in appearances* that results from the action, i.e.: the system becomes pragmatic. However, two cases can still be distinguished according to whether there is a consensus on the measurement of that change or not.

Second logical approach: *There is a consensus on the measurement of the change in appearances.* This corresponds to the positivistic, *Comtean*, approach.¹ It can be represented as follows:

¹ In the Anglo-Saxon tradition John Stuart Mill may be taken as the equivalent of Auguste Comte with whom he discussed at length.

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From the point of view of technology we may note that as complexity (confusion between nature and culture) enters the picture of the world artefact start to play a role. For Auguste Comte mathematics are not so much valuable as a science than as a tool, an artefact which can be used by all sciences to measure natural phenomenon.

Third logical approach : if there is no more consensus on the unit of measurement (this may happen if the belief in continuous progress breaks down), we enter a state where the legitimizing procedure is in crisis.

One way of solving the problem consists in considering the measurement process itself as an action and in stating that is a legitimate measurement any measurement which is considered as being legitimate by the persons to whom it is addressed. This is nothing else but a sophistic reasoning.

We may note also that the complete confusion between the natural and the cultural has a name : it is the artificial. What becomes then of the "spectacles" (of science) ? They become the "science of the artificial" that is (according to Herbert Simon) nothing else but the science of systems¹. This can be represented as follows :



Figure 4

But, we know that the science of system is not a science but an art (a technique) : the art of simulation.

Before turning to our concluding remarks, let us make two comments about the history of science :

1. Looking back at the three approaches to the legitimation of an action we may see that they correspond respectively to a legitimation through the *origin of power*, a legitimation through the *finality of power*, and finally, a legitimation through the *methods of power*. Such a succession is similar to that we have witnessed in the history of the public sector.

¹ Herbert Simon : **La Science des Systèmes** - Paris, Epi, 1974

SATURDAY AUGUST 14, 1993

Working Papers Session (8:00 - 9:30 AM)

Sudhir Kale, "The Use of Temperament in Macrosegmentation"

Jack M. Cadeaux, "Economic Agency, Information Intensity, and the Transformation of Marketing Structures"

Competitive Session (10:00 AM - 12:00 NOON)

Jonathan E. Schroeder, "Visualizing Gender: Interpreting Nonverbal Sex Difference in Advertising"

Lea Katsanis, "The Phenomenon of Political Correctness: An Analysis of Ideology, Culture, and Marketing Institutions"

Terrence H. Witkowski, "Technological Innovation in the Marketing Environment: Cultural Influences, Barriers, Facilitators, and Consequences"

Clifford J. Shultz II, "Is There a Marketing Solution to the Commons Dilemma?"

Explorations (2:00 - 3:30 PM)

Janeen Arnold Costa, "Using the Culture Concept: A Comparison of Marketing and Anthropology"

Competitive Session (7:30 - 9:30 PM)

Lalita A. Manarai, Dana-Nicoleta Lascu and Ajay K. Manrai, "Effects of Marketization on Romanian Consumers' Perceptions of Quality of Life"

Kathleen Brewer Doran, "Adult Socialization in Consumer Choice: Strategies for Dealing with Change in a Consumer Society"

Michael R. Mullen and George R. Milne, "A Time Lagged Model of the Effects of International Trade on Economic Growth and Meeting Basic Human Needs"

Arthur Sybrandy and Ronald Tuninga, "Structural Path Analysis and Trade-Flow Tables"

The Use of Temperament in Macrosegmentation

Sudhir H. Kale*

ABSTRACT

The Myers-Briggs Type Indicator (MBTI) is the most widely used personality test in the world. Yet, marketers have thus far not harnessed the predictive ability of this test to solve marketing problems. This paper focuses on how temperament, as derived from the MBTI, could be used for macrosegmentation. Other applications of temperament theory to marketing-related issues have also been suggested.

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(particularly based on the MBTI) has created some controversy and macromarketers are particularly adept at dealing with controversial issues. Third, the theory of temperament has its roots both in the mythological ethos of the Greeks and in the psychomystical work of Carl Jung (1923), probably the greatest macropsychologist of all times. Fourth, and probably the most important reason, for macromarketers to embrace this concept is the fact that unlike VALS or LOV which seem to apply only to individual countries, the theory of temperament is universally applicable.

This article has three main objectives: (1) to briefly explain the Myers-Briggs Type Indicator (MBTI) and its relationship to the temperament theory; (2) to provide a concise sketch of the four temperaments proposed by Keirsey and Bates (1978); and (3) to discuss the marketing implications of temperament theory.

PERSONALITY AND TEMPERAMENT

The science of psychology in the earlier part of the twentieth century was pervaded with the notion that people are fundamentally alike. This belief may have been derived from the growth of democracy in the Western world, and was perpetuated by such intellectual heavyweights as Freud, Adler, Sullivan, and Fromm.

In the 1920s, Carl Jung disagreed with the belief of homogeneity. Instead, he proposed that even though people may have the same multitude of instincts (archetypes), they are also different in fundamental ways. These differences originate from people's varying degree of preferences for the various instincts, and these preferential differences make it possible for people

FIGURE 1

Thumbnail Sketch of Sixteen Personality Profiles

		Sensing Types (S)		Intuitive Types (N)	
		Thinking (T)	Feeling (F)	Feeling (F)	Thinking (T)
INTROVERTED TYPES (I)	ISTJ Hard working, focused on facts, details, and results. Like structure, order, and privacy in work setting. Like tangible products and concrete accomplishments.	ISFJ Quiet, friendly, responsible, and conscientious. Prefer organizations offering security and work-settings that are clearly structured with practical service-oriented outcomes.	INFJ Prefer quiet and organized work setting that allows time and space for reflection. Succeed by perseverance. Respected for their firm principles.	INTJ Decisive and intellectual, focused on designing future strategies and visions. Skeptical, critical, independent, determined, and often stubborn.	
	ISTP Prefer project-oriented work-settings. Active, independent problem-solvers, unconstrained by rules. Usually interested in impersonal principles, the how and why of things.	ISFP Sensitive, modest, kind, and loyal. Shun disagreements. Often relaxed about getting things done. Place a high value on aesthetic needs.	INFP Care about learning, ideas, language, and independent projects. Hate competition and bureaucracy. Tend to undertake too much, then somehow get it done.	INTP Independent thinkers focused on solving complex problems. Quiet, reserved and impersonal. Little liking for parties or small talk.	
EXTROVERTED TYPES (E)	ESTP Lively results-oriented people who use first-hand experience to solve problems. Enjoy technical problems for which they can use their powers of observation.	ESFP Lively, action-oriented, and harmonious. Like sports and making things. Find remembering facts easier than mastering theories.	ENFP Imaginative people focused on human possibilities. Crave novelty, variety, challenge, and freedom from tight supervision. Idea-oriented and creative.	ENTP Enjoy working in environments that favor change, are flexible, reward risk, and focus on competency. Resourceful in solving challenging problems but may neglect routine assignments.	
	ESTJ Task-oriented, structured, organized and hard-working. Prefer stability, predictability and efficiency. Not interested in subjects they see no use for.	ESFJ Warm-hearted, talkative, popular, conscientious, born cooperators. Tend to operate on actual facts and realities, like things to be organized.	ENFJ Sociable, popular, sensitive to praise and criticism. Like people-oriented, supportive, and organized work environment. Enjoy leading and facilitating teams.	ENTJ Results-oriented, tough-minded, and independent. Demand efficiency from both the systems and people with whom they work. Often fiercely competitive.	

Key: I=Introversion, E=Extroversion, S=Sensing, N=Intuition, T=Thinking, F=Feeling, J=Judgment, P=Perception

Source: Kale and Barnes (1992)

The concept of temperament was first proposed by Hippocrates about 2,500 years ago, and later modified by Adickes, Kretschmer, Spranger, and Adler. Keirsey and Bates (1978) collapsed the sixteen possible MBTI types into four temperaments and also developed a clone test called the Keirsey Temperament Sorter with which to measure one's temperament. Temperament denotes, "a moderation or unification of otherwise disparate forces, a tempering or concession of opposing influences, an overall coloration or tuning, kind of thematization of the whole, a uniformity of the diverse" (Keirsey and Bates 1984, p.27). The four temperaments discussed by the authors are named after four Greek gods, Dionysus, Epimetheus, Prometheus, and Apollo, all of whom Zeus commissioned to make man more like the gods. According to Greek mythology, Apollo was commissioned to give man a sense of spirit, Dionysus to teach man joy, Prometheus to give man science, and Epimetheus to convey a sense of duty. The four temperaments are: the Dionysian temperament (SP), the Epimethean temperament (SJ), the Promethean temperament (NT), and the Apollonian temperament (NF). In parentheses are the two letters from the MBTI terminology that define each temperament. We will use the two letters from MBTI terminology to briefly describe each temperament.

The SP (Dionysian) Temperament

The SP temperament encompasses four MBTI types: ISTP, ESTP, ISFP, and ESFP. Focus of the SP temperament is joy. SPs prefer a life of freedom and devoid of responsibility. Keirsey and

Bates (1984, p.31) observe, "At bottom, the Dionysian SP must be
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care for others, especially the young, the old, and those in positions of authority.

The NT (Promethean) Temperament

INTP, ENTP, INTJ, and ENTJ collectively make up the NT temperament. NTs are fascinated by mastery over nature. They strive for competence and value intelligence, which according to Keirsey and Bates (1984), means doing things well under varying circumstances. Of all the four temperaments, NTs tend to be most self-critical and analytical.

NTs are very precise communicators, and place little reliance on non-verbal qualifiers. They crave perfection in their logic and in their knowledge of the world around them. According to Keirsey and Bates (1984), "NTs usually enjoy developing models, exploring ideas, and building systems ... NTs tend to focus on the future, regarding the past as something dead and gone. What matters most is what might be and what might happen next." NTs have a compulsive desire to master whatever domain they stake out as their area of competency.

The NF (Apollonian) Temperament

The NFs are always driven by their quest for authenticity. The intuitive-feeling types are made up of four MBTI types: INFJ, ENFJ, INFP, and ENFP. The endless search for one's authentic self often causes NFs to feel guilty, believing that their real self is somehow less than what it ought to be. They value integrity and are put off by facades, masks, pretenses and shams. They are forever questioning the meaning of life, their unique role in the cosmic drama, and the ways in which they can be self-actualized.

Let us first consider the likely impact of temperament in product choices. A product to the consumer is a bundle of utilities. Sheth (1976) discusses the various classes of utility inherent in a product-offering. Functional utility is concerned with a product's performance, i.e., the value of a product as is solely determined by the functions it is designed to perform. Social-organizational utility results from the identification of a product with a selective set of demographic, socioeconomic, or organizational types, producing social imagery. Emotional utility arises out of a product or its use being associated with emotions or feelings such as respect, anger, love, and fear. Epistemic utility has its roots in people's desire for novelty, curiosity, and the exploration of new product offerings. Security utility deals with the reduction of perceived risk associated with the purchase and consumption of products (cf. Kale and Barnes 1992; McIntyre and Kale 1987; Sheth 1976).

A product will typically contain a vector of each of these utilities, and consumers will try to enhance the total perceived utility in their purchases. The relative importance that buyers will place on the various utilities will, at least partially, be impacted by their temperament.

Qualities inherent in the SP temperament are freedom, independence, spontaneity, and a compelling desire to have fun. SPs seek action to gratify their immediate needs and impulses, not as investment for longer term needs. SPs will therefore value products that offer them novelty and immediate gratification. Their never-ending quest for adventure and hedonism will make

tendency toward impulse buying.

- P2: Epistemic utility will be of greatest salience to SPs and of least salience to SJs.
- P3: SJs will value security utility the most whereas SPs will value it the least.
- P4: SJs will value social-organizational utility more than any other temperament.
- P5: Emotional utility will be of highest significance to NFs and of lowest significance to NTs.
- P6: Due to their logical orientation, NTs will value functional utility the most.

The same logic that applies to product utility holds for designing promotional appeals targeted at each of the four temperaments. SPs will respond to appeals revolving around being different ("The few, the proud, the marines!"). Also, any direct appeal to their sense of passion, adventure and risk-taking should yield fruitful results ("Live life with a passion!"). Since SPs believe in actions as opposed to deliberation, they will respond most favorably to Nike's tag line, "Just do it!"

Where the SPs will respond to anything that invokes their impulsive streak, appeals to one's sense of tradition, stability, and belonging will strike a favorable chord with the SJs. The Quaker Oats commercial, "It's the proper thing to do!" was probably designed by an SJ for SJs. Promotional messages designed around the content of duty, obligation, belonging, and heritage should prove particularly appealing to SJs.

NTs will prefer appeals worded in a precise manner with little redundancy. Of all the four types, NTs like puns and word games the most. Recalling a sneakers commercial again, "The physics behind the physiques!" will gel well with NTs. Play on

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Another particularly intriguing approach to transnational segmentation would be to first segment countries of the world using cultural dimensions such as those proposed by Hall (1959), Hofstede (1980), and Inkeles and Levinson (1969). This will yield a manageable number of country clusters. Each cluster can then be further segmented using the dimensions of temperament thus yielding homogeneous segments that may transcend national boundaries. Such macro-micro approach to segmentation will preserve consumer orientation and still limit the total number of marketing mixes offered by a multinational firm. This approach provides a novel means of resolving the adaptation/standardization dilemma in international marketing.

DISCUSSION

This is the first attempt to incorporate temperament into marketing literature, and the author is aware of being "out on a limb." However, the inherent appeal of literature on temperament makes it ideal for resolving marketing issues, both macro and micro. The propositions suggested herein should not be accepted at face value. It is necessary to first empirically test the proposed relationships between temperament and buyer behavior. This cannot be done on a "shoe-string budget" (sorry, couldn't resist), but the likely rewards by way of insights could make this a worthwhile undertaking.

The theme of the conference being "New Visions in a Time of Transition," this paper does in fact offer something radically new to researchers in marketing. While earlier approaches to global marketing problems discussed in macromarketing seminars principally followed a culture-driven orientation (cf. Kale and

their modal positions on the indicators of temperament. This should prove to be an exciting stream of research for macromarketers interested in comparative marketing.

As suggested at the beginning of this article, temperament should be viewed as merely a starting point with which to view consumer segments and consumer behavior. It would be imperative to uncover how temperament interacts with other factors such as lifestyle, demographics, and lifecycle in determining consumer preferences.

Temperament issues should also be considered in normative research concerning quality of life, a favorite topic of macromarketers. Before transferring marketing programs, strategies, and ideologies from one country to another, it may be worthwhile to consider whether the two countries are similar in their population distribution along the dimension of temperament. For instance, while recycling programs may appeal to societies with a large proportion of NFs in the population (e.g., Scandinavian countries), they may hold little appeal in societies made up largely of SPs. Even the promotional programs used in social marketing for purposes such as adult literacy, anti-smoking, birth-control, and breast-feeding campaigns can be varied to appeal to the modal temperament of each recipient group.

CONCLUSION

The concept of temperament offers a new and exciting means with which to view the marketplace. In the "Call for Papers" for the 1993 Macromarketing Conference, the organizers wrote, "... macromarketing can assume its role as the platform where new ~~visions and directions are debated, worked out, and crystallized~~ ^{visions and directions are debated, worked out, and crystallized}

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**Economic Agency, Information Intensity, and the
Transformation of Market Structures**

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ABSTRACT

A basic concern in macromarketing is that unforeseen changes in market structures can lead to unforeseen social changes. This paper will assume that change in market structures (change in the product by customer by use matrix) will invariably lead to changes in social structures and role behavior among consumers. Following this assumption, this paper turns to an examination of how strategic marketing actions should be best characterized as efforts to transform market structures. In this regard, this paper critiques the prognostication that information exchange will become singularly and exogenously important to strategic marketing (Glazer 1991). Instead, this paper proposes that an entrepreneurial paradigm for marketing strategy (Savitt 1987, Dickson 1992) is best able to explain the evolution of market structures. In this paradigm information exchange (and information intensity) becomes merely an endogenous and relatively easy to manage adjunct to the process of transformation rather than a pervasive and revolutionary actor.

structures and (quantitative) increases in the information intensity of firms and their marketing activities. Here, following Glazer (1991), "information intensity" refers both to the relative importance of information assets to a firm and to the relative contribution of information exchange to value added in a marketing channel. Exhibit 1 depicts the basic structure of these claims and outlines the working definitions of the concepts.

Economic Agency in Marketing

Marketing thought has traditionally characterized competitors and their marketing conduct in an entrepreneurial manner (Alderson 1957, 1965; Reekie and Savitt 1982; Dickson 1992). This traditional perspective sometimes contrasts with the neoclassical views of industrial organization which see competition as a social welfare enhancing state that results from rather than determines market structure (Scherer 1980). In the words of O'Driscoll (1986, p. 154), the entrepreneurial tradition, in effect, "characterizes competition as a process in time rather than a timeless state of affairs. The process consists in economic agents discovering the very data (e.g., costs) that are assumed given to them in the theory of perfect competition." This paper hopes to contrast an entrepreneurial view of marketing strategy with with one in which the future of marketing becomes increasingly preoccupied with the trade and management of information.

Economic Agency, Product Conduct and Marketing Resources

Marketers, as economic agents, offer specific sets of products and services over finite time periods. The classic concept of the "product" life cycle is an unsatisfactory attempt to capture this phenomenon. Unfortunately, even in its most recent incarnations, the "product" life cycle is in fact a sales (customer information) cycle rather than a chronology of the product actions of a firm.

Arguably, the new ecological concept of the product life cycle (for example, Lambkin and Day 1989) treats customers as resources; as, in effect, the "food" of competitors. A chosen characterization of marketing resources (as customers or as products) says much about the characterization of marketing strategy (as information management or as entrepreneurial agency). This section presents the argument that products rather than customers function better as marketing resources, especially given an entrepreneurial model of marketing strategy.

The traditional concept of the product life cycle is deterministic yet ambiguous in its determinism (Wasson 1978, Rink and Swan 1979, Lambkin and Day 1989). The product life cycle concept is being gradually replaced by a more adaptive concept of product market evolution borrowed from organizational ecology (Hannan and Freeman 1977, Lambkin and Day 1989, Achrol 1991). However, even in its ecological form, the concept still retains a customer and sales output orientation rather than a product or input orientation. For

change nowadays falls under the rubric of technological change and turbulence.

Technology, Turbulence, and Marketing Resources

Technological change is creating a renewed concern about environmental turbulence among theorists of marketing strategy. Part of the increased technological turbulence is due to the organization of global production and marketing

The cycle of technological innovation/obsolescence is shorter and faster, fueled by the pace of growth in knowledge and its proliferation. The impact of technological change is intensified in global environments that are densely interconnected and interdependent. (Achrol 1991, p. 81)

Such thinking avoids distinguishing between information and knowledge and thus does not distinguish between information management (organizing for the efficient "digestion" of customers and information about them) and entrepreneurial marketing (the creative introduction and matching of offerings). To once again speak metaphorically, if knowledge can be the fuel of product development and change, can customers still be the food of competitors? The answer again depends on what constitutes a marketing resource. That is, knowledge may well be the fuel of technological turbulence and, hence, product development and change, but, as resources for competitors and channel members, products are arguably more "nourishing" than customers. For marketers, the preferences and purchases of customers are better

This paper would like to propose the latter alternative, that economic agency creates information intensity:

Proposition One: The greater the rate of product introduction and deletion (product life cycle shortness) in an industry, the greater the information intensity among firms in an industry (not vice versa). The question of causality is the question. This proposition rejects Glazer's (1991) "Proposition One" which states that the greater the information intensity for a firm, the shorter the life cycles of its products. Arguably, information intensity simply calls for information management (ranging from data base management to milking a mailing list to implementing a flexible manufacturing system). Even the much lauded flexible manufacturing systems "FMSs" (Glazer 1991, Achrol 1991) once implemented are best characterized as market information management systems and not as entrepreneurial marketing actions (new product offerings). The management of diversity is not the same as the creation of change.

Nowadays, it seems that, in spite of (or because of?) advances in information technology, it is the information environment that catches our attention:

Turbulence can be defined in terms of more events per unit of time--which naturally leads to destabilization and unpredictability--and is a direct consequence of

customer wants (Reekie and Savitt 1982). In such niches, unlike those of Lambkin and Day (1989) or Achrol (1991), the resource environment of products is as much if not more of a limiting factor as is the information environment of customers.

Dickson (1992), under the rubric of "competitive rationality," elaborates on these views: Dickson points out that "Sellers' offerings are always changing in nature and quantity, some faster than others" (1992, p.70). Not only can rates of change in products vary between industries, they can vary among competitors within industries. Dickson suggests that such changing supply creates changing demand

The premise of changing heterogeneity in supply leads to the proposition of changing heterogeneity in demand because different buyers respond in different ways and at different rates to a change in the supply of a product or service. Such heterogeneity in the response of buyers changes the nature of market segments and their attractiveness (1992, p. 70)

Information about changing market segments is increasingly manageable by competitors, in spite of the resulting information intensity.

Even innovative product changes can be imitated and, as Dickson (1992) points out, serve to depress the returns to the innovative agent. But, in a footnote, Dickson indicates that it may be the more subtle product changes that create

new arrays of substitutive and complementary products and services. Thus, Glazer (1991) proposes that

The greater the information intensity of a firm, the more the traditional product-market boundaries shift such that the firm increasingly faces new sources of competition from firms in historically noncompetitive industries, particularly if those firms are also information intensive. (p. 8)

According to Glazer (1991), the adaptive response to this scenario is the "information industry," an industry where value added and presumably competitive success is marked more by the "quality" of the information a firm exchanges than by the quality of the firm's products. Such an industry evolves from a process of adaptation and not strategic choice or economic agency.

A Case Illustration: The Cellular Phone Industry

The cellular phone industry illustrates how economic agency manifested in entrepreneurial marketing both transforms market structures and contributes to growth in information intensity. This industry evolved by identifying gaps between an existing supply array in mobile telecommunications consisting mostly of CB radios and mobile phones and unmet demand for network access and increased privacy (Lipasti and Kaila 1989). However, the economic agents responsible for change were not firms whose primary focus was in the telecommunications industry:

Unsurprisingly, cellphones have been stuck with their image as a rich man's toy: why should companies with billions invested in wire-networks struggle to promote a technology that could mature only by taking callers away from the traditional telephone? It is as if the biggest stage coach companies had been allowed to get control of the earliest steam trains. Customers are offered extra services that amount to a useful extra, but at a slower rate than might be expected. Many consumers are confused and the potential of the technology is still heavily disguised. (The Economist 1991)

First, the economic agents responsible for introducing cellular technology have the potential to transform market structures in the telecommunications industry. By threatening important oligopolistic or even monopolistic industries with a much more competitively structured alternative industry, they threaten much and thus have the potential to not only disrupt market structures but, in doing so, create significant social consequences. Second, by creating a significantly more complex or information intensive environment for all participants in the marketing system, they not only further disrupt market structures (in telecommunications) but they also change social structures by transforming the use systems of consumers while, at the same time, confusing those they wish to serve.

"kaleidoscopes" spinning, revealing new potential niches for the entrepreneurial firm and, at the same time, disrupting those of competitors, dealers and, perhaps, even customers.

From this entrepreneurial perspective, as summarized in Exhibit 1, increasing levels of disruptive activity among economic agents not only serve to increasingly transform market structures, but in the side effect stated earlier as Proposition One, they serve to increase levels of information intensity for all participants. Although they are different economic outcomes, both novel market structures and information intensive marketing systems can foreseeably contribute to social change.

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**Visualizing Gender:
Interpreting Nonverbal Sex Differences in Advertising**

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An interpretive method of analyzing gender cues in advertisements is described, drawing from nonverbal behavior research, consumer behavior, and art criticism. Utilizing and expanding upon frame analysis techniques, a selection of ads from contemporary fashion magazines and catalogs was assembled to illustrate particular themes suggested by research on the representation of gender in advertising. Evidence is presented that images of women, in particular, are deteriorating, reflecting cultural strife between the sexes. Implications of continued sexual stereotyping are addressed. The conventions and traditions of the art world offer unique contributions to the study of visual communication; incorporation of this approach is encouraged.

of product implications (e.g. Pollay 1986). In an important effort to document implications of glamorized images in television ads, Richins demonstrated specific links between ideal physical portrayal in media and dissatisfaction with the self (1991). However, the overall effects of media representation on gender identity, self esteem, and sexual relations are not well understood. Recent work has advanced feminist thought to deconstruct and understand ads (Stern 1993), address research ideology (Hirschman 1993), and investigate how pornography has encroached into advertising imagery (Stern 1991), offering researchers tools grounded in an established humanities discipline. Pornographic themes seem to be a common device to promote everything from jeans to motorcycles, raising the ire of cultural critics.

Two recent popular books, *The Beauty Myth*, by Naomi Wolf, and *Backlash*, by Susan Faludi, stake a claim that advertising, as a vehicle of the beauty industry, reflects a backlash against gains made by women in the past thirty years. These authors argue that images of women are being manipulated by those who feel threatened by the increasing power of women. Faludi asserts that this is an 'undeclared' conspiracy aimed at setting the women's movement back, whereas Wolf contends that the beauty industries - cosmetics, health care, fashion, etc. - are consciously attempting to control and manipulate the way women feel about themselves, thereby creating demand for beauty products. These writers' contention is not that mysterious 'subliminal' forces lurk in advertisements, unconsciously compelling consumers onward (cf. Key 1973; Rogers and Smith 1993), but that male dominated industries such as advertising, cosmetics, and medicine are struggling with the shifting role of women, and often react by channeling women into sexual stereotypes - reflecting fear of change. It is important to distinguish between a symbol derived from myth, art history, or culture, and claims about subliminal influences. Symbols stand for something, and usually have specific references. For example, a bed or bedroom can be a symbol of sexual activity. To uncover connections between media portrayal of the sexes, cultural stereotypes and the visual tradition, one can turn to art history, an underutilized resource for marketing scholars (Schroeder, 1992).

sexual overtones), and away from the locus of individuality, the face (Henley 1977). Examples include the notorious Obsession by Calvin Klein ad, showing a woman's torso, nipple erect.

A second objectification method portrays the woman as a sexual object. A distinction will be made between sexuality in general, and sexual objectification, - existence for the pleasure of men. Wolf distinguishes between pornography, in which women are portrayed as sexual objects; and beauty sadomasochism - violent imagery - in which a woman learns that "her private submission to control is what makes her desirable." (Wolf, 1991, p. 133). The depiction of violence directed at females has a long history in art, in which male fear of female aggression results in sadistic impulses toward women (Lucie-Smith 1991). A series of hosiery and clothing ads provide excellent examples of this phenomenon. References from art history provide a historical background to place the voyeuristic appeal of imagery (Berger 1972; Lucie-Smith 1991). Secondly, power differences between the sexes, constantly referred to in advertisements will be addressed. Close attention to nonverbal cues, often overlooked in content analysis, allows for a deep appreciation for the subtle, but basic distinctions between male and female signals. A useful comparison is presented between two models in a Victoria's Secret catalog; a contrast of a male model and a female model - even in similar poses, the male clearly is a more powerful figure. Compositional elements are also used to reinforce male autonomy. For example, women are often seen being physically supported by men, in a more prone position than men, and lower in the picture.

Third, perhaps the most alarming contention in 'The Beauty Myth' and 'Backlash' revolves around violence toward women as an accepted advertising tool. This awareness has filtered into consumer research (e.g. Stern 1991), and poses serious questions about marketing ethics and responsibility. Increasingly, examples of fashion models adopting "from violent pornography the furious pouting glare of the violated woman" (Wolf, 1991, p. 136) abound in the mainstream press. A campaign from Kikit clothing consists of a man physically threatening and restraining a bruised model in an attempt to sell men's clothing. Furthermore, it is not surprising that, in 1992, 'the year of the woman,' the fashion house receiving the most attention is the Italian designer

research was Goffman's insight that advertisements that pictured men and women in interaction offer gender displays that educate the viewer about conventional modes of gender interaction and sex roles. Despite the advances of the women's movement, most ads still showed traditional roles for men and women. Advertisements showed less stereotypical depictions in the pages of Ms. magazine, possibly the result of an explicit management philosophy regarding sexual equality. The writers conclude by informing practitioners to "be aware of both the subtle visual cues...that depict relationships between men and women [which] may perpetuate male and female stereotypes" (Klassen et al 1993, p 38). (An interesting research question remains: do readers of the three magazines have differing views of what is traditional and/or appropriate?)

More attention is being paid to women's portrayal and gender issues in the popular press and mass media (e.g. Kaye 1993). Sexual stereotyping has dominated previous research in this area. In a critique of past studies Artz and Venkatesh conclude "the problem is that content-analyses are limited to frequency counts of role portrayals that yield rather superficial and somewhat self evident inferences" (1991, p 619). A large proportion of sex or gender in advertising suffers from a preoccupation with women (perhaps symbolic of the women = sex paradigm in our society). Gender research can move forward by adopting alternative frameworks, such as those from the humanities (Artz and Venkatesh 1991). This paper uses a visual approach by drawing on work in nonverbal communication and art history in an attempt to achieve a rich interpretive understanding of some current trends in gender in advertising.

adopt an aggressive stance, similar to a man's, however, this is tempered by signals of glamour and submission. This ambivalence is reflected in art as well, where the male fear of aggression is mitigated through controlling and often sadistic impulses toward the women pictured (Lucie-Smith 1991). An alternative route to blunting female power is to eliminate her role possibilities, through infantilization, aggression, and photographic techniques such as cropping and close focus.

Umiker-Sebeok found that single young adult females are displayed in advertisements as dolls, mannikins or store displays, serving only to sell the product. She has no social, intellectual, or business role per se, only that of a body. "She is her own advertisement, and what she is selling...is herself" (Umiker-Sebeok 1981, p 229). Furthermore, female models touch their bodies more than male models, reinforcing the stereotype of woman as the center of pleasure, and calling attention to the body itself. Many advertisements show 'play' or 'mock' assaults, demonstrating the male's power and potential aggression (Goffman 1976).

Attempting to evaluate gender differences in nonverbal behavior, Judith Hall reviewed the multitude of research findings showing that a variety of nonverbal skills and behaviors differ significantly between the sexes. For example, females smile more than males, have more expressive faces, were accorded less physical space, and touched more than males (Hall 1987). Females engage in 'gaze aversion' more than men, a submissive behavior. Hall critiques the oppression hypothesis, i.e. that gender differences reflect the unequal status of the sexes, citing other explanations such as personality traits, physical differences, and anxiety. She suggests that researchers focus on, among other issues, the question of implication; what are the consequences of nonverbal behavior? Social psychological research helps shed light on this issue.

Sexual stereotypes are not static, abstract concepts. Notions about the appropriateness of certain behaviors and appearances shape inference through their effects on thought and action. A series of experimental studies demonstrated the interpersonal nature of sex role stereotypes by showing how they are confirmed through behavior. Perceivers' beliefs about the sex of others subtly shaped the behaviors that they elicited, thus subjects believed to be male chose behaviors that were masculine in nature (Skrypnek and Snyder 1982), and exhibited traditional behavior in

draws upon the traditions of art to create compelling visual messages, art criticism may elucidate meaning in the 'lower' forms of visual communication (e.g. Varnedoe and Gopnik 1990).

Making Sense of Visual Communication

In the 1920s, the advertising business discovered art, more precisely advertisers discovered the significance of aesthetics and how to harness the human desire for expression.

Leiss, Kline and Jhally 1990, p 81

Viewers make sense of visual phenomena in a number of ways. Important among these are four processes that tie subject matter to symbolic meaning: 1) resemblance, 2) cause and effect, 3) convention, and 4) signification (Asa Berger, 1989). Advertising *resembles* art through its use of artistic conventions of the nude and gender roles. More fundamentally, advertising photographs resemble reality by utilizing recognizable subjects, situations, and people. Cause and effect, or logic, underlies basic inferential processes, such as gold implying wealth. In advertisements, nonverbal cues are employed to connote sexual availability and sexual pleasure. Objects that have symbolic values achieve meaning through convention. Thus, a reclining nude resonates sexuality and voyeurism partially because of the nudes place in the history of art. Another advertising convention, placement of the female subject in a bedroom or chamber, underscores her sexual function. Signification is the process by which one thing signals another, such as a smile signifying pleasure, or closed eyelids implying sexual ecstasy (after Asa Berger 1989). Goffman's approach to visual representations of gender emphasizes these fundamental visual paths to meaning in 'Gender Advertisements,' (1976).

References to Goffman's work often overlook his discussion of photographic advertising techniques. Of the many variables he dissects, four - frame, pose, model, and purpose - are most

thereof is critical in communicating status, mood, and thought. Thus, in evaluating advertisements, the eye ought to be a primary focus of concern. However, much of the research in gender and advertising has employed content analytic techniques, which often obscure the importance of the eyes. A recent overview of research in this area 'Analyzing Visual Data' concludes: "...the ordinary sense made of appearance is an issue content analysis cannot address, because it fragments naturally occurring meanings, subsuming them under the analyst's categories" (Ball and Smith 1992, p 31).

Content analyses of gender, sex, and sex roles in advertising is an important, but limited approach to the problem (see Artz and Venkatesh 1991). One goal of content analysis is to provide an objective or systematic procedure to code and/or evaluate documentary data. By design, separate researchers utilizing the same content categories should arrive at the identical results working with a given data set. The framework minimizes particular investigator's personal biases or preconceptions. However, when investigating symbolically and anthropologically charged documents, content analysis limits and diminishes the researcher's possibilities (Leiss et al. 1990). For describing complex, sexually infused representations, symbols and signs offer a more parsimonious method than discrete content analysis (e.g. Mick 1986; Stern 1993). Instead of measuring separate elements, consumer researchers should try to achieve a wider appreciation of visual communication by linking it to culture and society (Ball and Smith 1992).

Gender and Sexual Relations in Art

Today the attitudes and values which informed that [art] tradition are expressed through more widely diffused media - advertising, journalism, television. But the essential way of seeing women, the essential use to which their images are put, has not changed.

John Berger 'Ways of Seeing' p 63-64

As in art, advertising focuses on the female nude to arouse the voyeur's interest. The viewer cannot help but become a voyeur. When we look at images with sexual content our satisfaction comes from seeing, not doing. We gain visual gratification, not sexual pleasure. Our reinforcement is symbolic, not physical. In this way sexually oriented advertising provides merely a shadow of a true sexual relationship.

In painting, the female nude appears in a variety of guises: metaphor, myth, prostitute, slave, girlfriend, figure. In advertising, these motifs are developed and refined for commercial effect. Thus, the nude appears in ads for lingerie, hosiery, perfume, clothing, etc. The reclining nude is one of the most common forms of erotic art. A typical example is Ingres "Odalisque with a Slave," in which a nude with an anonymous face, appears possessed in body and spirit by her master (Lucie-Smith 1991). Reclining nudes are utilized to sell many products, such as beds, couches, lingerie, and alcohol.

Another theme in erotic art, prominent in the nineteenth century, is the captured woman, used for the pleasure of her captors. Her servitude is sometimes explicitly portrayed, through bondage, but more often through cues such as nakedness, a downward glance of the eye, or mythological references (Lucie-Smith 1991). Body hair is mostly absent from the female nude, underscoring her youth, lack of sexual maturity, passion, and therefore power. Occupation became a signifier of women's servile roles in art through the use of prostitutes by the major artists of the modern period, roughly around the turn of the twentieth century.

Brothels and prostitutes constitute another realm that painting incorporated as appropriate subject matter. Degas, Toulouse-Latrec, and Picasso painted scenes of prostitution in some of their most well known works. Usually, the woman do not have any identity other than that of a prostitute, by definition existing to facilitate male pleasure. By its depiction in rarified masterpieces of art, the role of prostitute gains acceptance and indeed, glamour. Picasso's 'Demoiselles d'Avignon,' perhaps the most famous work of the twentieth century may have revolutionized visual expression, but its subject, French prostitutes, reinforced the role of women as vehicles for male pleasure. In the tradition of the nude, a woman's presence defines what can and cannot be

Palmer pitching adorns the lower left corner. He is standing on both feet, looking at the camera, seems relaxed and happy. Thus, his pose communicates readiness and control. As in the male nudes in art, his genitalia is covered, thus protected. His identity is communicated through his character - not through his body.

By contrast, women's underwear is often advertised clinging to unrecognizable bodies. In a Calvin Klein ad, only the pelvis is shown, completely eliminating the model's identity. The underwear fills the frame, with only a portion of the hips and legs visible. The viewer only knows that she is thin, has good skin, and looks good in Calvin Klein underwear. This pose has three effects. First, it focuses attention on the sexual region of the model, underscoring the social role. By close cropping, it is difficult to see anything else about the woman. Second, it precludes any references about the model's intelligence, character, or mood. The head and face are key cues to identity (cf. Henley 1977). Throughout the history of art, men's heads stand for their supposed superior intelligence and character. In modern advertising, face-ism is taken to its extreme, through elimination of female heads altogether. Finally, the woman has been symbolically chopped up, alluding to male power to control through aggression. She is exposed, reclining, and serves only to advertise the product and her sexuality.

In figure one, Goffman's categories are listed with current examples. The head cant, in which the head is lowered or tilted, implies submission, both to others in the frame and the viewer. In contemporary ads, this submission is expanded by cropping the head out of the frame, canting the entire body through composition, and flagrant displays of submission. In Calvin Klein's Obsession ad, for example, only a torso of a female is shown, angled through the frame in body cant. Donna Karan Hosiery also eliminates the head by focusing on the legs of its model. An ad for Adam's Boots is a graphic ritual of subordination, depicting a woman on her knees, licking the ground. Similar in content to paintings captured women (Lucie-Smith 1991), this series of ads is a stunning display of female humiliation. Goffman was content to discuss beds and floors as places in social interaction where anyone lying will be lower, physically and symbolically than everyone else (Goffman 1976, p 41). In the Adam's Boots advertisements, subordination is much more

In another version of the Kikit advertisement, the female model pouts at the camera, with makeup resembling black eyes and bloody lips. A bra strap is exposed, implying a struggle. Her pose is protective, her eyes half-covered by her lids. She seems to have a hurt look on her face, reasonable if the image is interpreted as the final in the series.

Figure four compares and contrasts side by side poses of two Victoria's Secret catalog photographs, offering a 'Cheltenham Cotton Robe' for women and a 'Heraldic Print Satin Robe' for men, each \$69.00. Even when advertising the same, somewhat sexually charged products, men and women are distinctly depicted. At a glance, the pictures seem very similar, only on closer inspection do the powerful nonverbal cues become apparent. Combining categories from Goffman, nonverbal research, and art criticism, an overarching framework for the analysis of compositional elements emerges. The male, although he advertises almost the identical product is pictured in a very different manner than the female. For example, he wears pajamas, she does not. She is reclining, the hallmark pose of nudes, he is sitting, resembling more of a leader's portrait. He is relaxed, balanced, ready to move, and looking at the viewer. She is tense, leaning back, defenseless. The overall messages are distinctly sex role typed - his: 'I am in control,' hers: 'I am available.' Yes, Victoria's Secret sells articles for men, but its' portrayal of gender subtly reinforces sexual stereotypes.

Does it matter? Aren't these sexual stereotypes so culturally entrenched that the media can only reflect them, not change them? Is it realistic to expect otherwise? Answers to these questions ought to be a goal of marketing scholarship. Discourse in the mainstream press about sex roles and the 'backlash' of society provides a clue as to the timeliness of pursuing this line of inquiry. Recently introduced interpretive and postmodern paradigms offer researchers flexible tools to uncover the role to the mass media in shaping and maintaining attitudes about gender and other socially important topics.

is so few of them. Even pornography is choreographed interaction designed for the maximum pleasure of men. An interesting step toward equality is found in the pages of Playboy magazine, no less, which contain less traditional advertising roles (Klassen et al. 1993). (Having a female publisher may help, but the effect is undoubtedly overwhelmed by the content of the magazine).

Those who create advertisements must be encouraged to portray females in a more positive light, as well as men in less confining, stereotypically provider roles. Censorship is unnecessary, but consumer boycotts, incorporation of more women in positions of power (both within and without the ad industry), and public discussion, such as that provided by Faludi and Wolf are all steps in a positive direction.

This introduction should serve to illustrate the possibilities of focusing attention on the social construction of gender through advertising. Visual theory has yet to realize its promise for understanding marketing phenomena. When combined with other humanities based approaches, art criticism offers a sharp instrument to analyze cultural implications of consumer behavior. In the realm of sex role depictions, the traditions of art history provides a perspective unavailable through experimental research. At a time when the present United States administration seems to be making a determined effort to appoint qualified women, and a feminist point of view is gaining ground in marketing research, it is sobering to step back and look at the ubiquitous visual communication that shapes our experience.

Those individuals who, in some almost magic way (which they may not completely understand themselves) have the ability to harness the power of the image must take responsibility for what they do. To the extent that seeing is believing, we must make sure that the images we create do not generate beliefs that are individually or socially destructive.

Arthur Asa Berger 'Seeing is Believing' p 4

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LIST OF ILLUSTRATIONS

Calvin Klein: Obsession
Chanel Clothing
Calvin Klein Underwear for Men
Donna Karan Hosiery
Iceberg Clothing
Donna Karan Clothing
Jockey Men's Underwear
Calvin Klein Underwear
Calvin Klein Jeans
Ingres *Odalisque with a Slave*, 1842
Mossino Men's Clothing
Request Jeans
Paco Rabanne Cologne
Adam's Boots
Details Magazine Cover - December 1992, Cindy Crawford
Christian Dior Clothing
Victoria's Secret: Female Robe
Victoria's Secret: Male Robe
Vanity Fair Cover: August 1992, Demi Moore
Allen Jones, *Girl Table*, 1965
Kikit Clothing
Gianni Versace, Leather Clothing
Spy Magazine Cover: February 1993, Hillary Clinton as Dominatrix

FIGURE 2



FIGURE 4

Nonverbal comparison of male and female model in Victoria's Secret Advertisements

	Female Model	Male Model
Product being advertised	Cheltenham Cotton Robe (\$69.00)	Heraldic Satin Robe (\$69.00)
Other clothing worn	None visible	Shirt, pants, shoes
Basic physical characteristics	Attractive, young, white female	Attractive, white male
Pose	Reclining on couch tense	Sitting on chair relaxed
Angle of view	Looking down	Looking straight on
Artistic references	The reclining nude	Portraits of leaders
Facial expression	Blank	Slight smile
Head	Upright, hair tousled	Upright, hair neat
Eyes	Looking away from camera	Looking directly at camera
Gaze	Licensed withdrawal	Intent, alert
Legs	Up on couch, bent, partially exposed touching each other	One foot on floor, crossed, covered
Hands	Self touching	One grasping, other resting
Overall body position	Relaxed, defenseless	Ready to move, balanced
Implicit message	I am available	I am in control

(Categories from Goffman 1976 and Lucie-Smith 1991)

**THE PHENOMENON OF POLITICAL CORRECTNESS:
AN ANALYSIS OF IDEOLOGY, CULTURE, AND MARKETING INSTITUTIONS**

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INTRODUCTION

The behavior of marketing institutions, whether they be advertisers, manufacturers or retailers, is always affected by general societal trends. These trends may include shifts in values, cultural trends, or ideological trends.

One of the most recent, interesting and somewhat controversial ideological trends in America has been that of "political correctness", or PC. This ideological position has begun to affect the way marketers respond to their markets, from product choices to advertising messages.

The purpose of this discussion is to show the specific ways in which PC has affected the approach of marketers to their marketplace.

A review of the contemporary literature in culture and ideology will be presented from both the sociological and marketing perspectives. A model of ideology and marketing institutional behavior will be presented and applied to the specific case of political correctness. Various examples of politically correct marketing behavior will be provided to demonstrate the working of the model. Some recommendations will be made for how marketers can proactively deal with the phenomenon of political correctness. Finally, implications for this research and areas of future research will be presented.

IDEOLOGY, CULTURE AND MARKETING

In order to appreciate the role of ideology in

Macromarketing Proceedings 1993 use page number to the right for citing
marketing, it will be necessary to provide a brief discussion

behavior literature which seeks to specify the cultural, or symbolic meaning of products (Belk, 1982; Wallenberg, 1987; McCracken, 1986, among others). The study of culture and symbolic meaning is significant and important to marketers. The importance of culture to the study of marketing is underscored by Tharp and Scott (1990) as follows: "The market system is enmeshed in the web of artifactual meanings in a culture; it is affected by culture and culture is affected by marketing activities. The market system . . . becomes a cultural institution, that creates norms just as surely as schools, churches, and the government."

Ideology and Culture: A Synthesized View

Contemporary researchers of both ideology and culture see the two concepts as interrelated (Geertz, 1973; Thompson, 1990). Both researchers view definitions which separate culture and ideology as incomplete. For Geertz (1973), ideology is a response not just to social and psychological strain, but cultural strain as well. It is the loss of cultural orientation that most directly gives rise to ideological activity. When sociopsychological strain meets the absence of cultural resources, which are needed for an understanding of the strain, the stage is set for the rise of a systematic ideology.

Thompson (1990) has adapted and expanded this synthesized view. The analysis of ideology is concerned with the "ways in which symbolic forms intersect with the relations of power . . . the ways in which meaning serves to

and Scott, 1990) must be revised to include ideology. Figure 1 shows the revised diagram, in which ideology enters the dialectic and becomes part of the system. Symbolic forms, cultural meaning are not only affected by culture, but by ideology as well. According to Tharp and Scott (1990), "the meaning of a product will be an amalgam of the perception and use intended by the marketing institution and the preexisting expectations of the culture." These preexisting expectations are also affected by ideology, because cultures outside the mainstream of the larger culture will have their interpretation both of how the culture defines them and how they define themselves. They may attempt to influence the interpretation and meaning of symbolic forms through ideological activity directed at marketers. Additionally, they may seek to influence marketing institutions because of the lack of availability of their own cultural orientation. They may wish to reacculturate the larger culture in society.

THE IDEOLOGY OF POLITICAL CORRECTNESS

The term political correctness, or PC, is not a new one. It originated in the early part of the 20th century, when it was employed by Marxists to enforce conformity to preferred ideological positions. Literature and historical events were classified as correct or incorrect, depending on the point of view expressed. The term was used again during the 1940's, during discussions between socialists and communists in the U. S., until these debates were squelched by the McCarthyism of the 1950's (Kohl, 1991).

Political correctness was revived in the 1980's, when it came to be used by spokespersons on various issues which included, but are not limited to: race, feminism, homosexuality, environmentalism and pacifism (D'Souza, 1991). This revival occurred on university campuses throughout the United States. The 1980's definition contains two key elements: one concerns the suppression of free speech and violation of First Amendment rights as a result of university imposed speech, or language codes. The other element of the definition is the inclusion of multicultural studies as part of the university curriculum, to the exclusion of Western cultural studies. The book, Illiberal Education, (D'Souza, 1991), provides an in-depth, though somewhat biased, discussion of political correctness on campus, replete with examples of reverse discrimination, inappropriate use of language codes which seek to outlaw hate behavior, and unprofessional behavior on the part of university professors with "radical" personal agendas. The concern expressed about political correctness is not with the "censorship codes", but what is called "a political and social atmosphere in which politically incorrect opinions are discouraged, villified, and ostracized". The inclusion of works outside the Western tradition is supported; what is unacceptable is that Western values are seen as oppressive by politically correct individuals.

The political correctness debate can be divided into two camps: the Correct (or Left), and the Incorrect (or Right).

Table 1. Phrases Which Define the PC Polemic

Politically Correct

Ideological Consciousness-
Raising

Societal Diversity

Negotiating and Institu-
tionalizing a New
Social Contract

Promoting Inclusion

Need to Balance Free
Speech versus
Other Desirata

Politically Incorrect

Radical Academic Activists

PC Moral Majority

Politicization of the
University

Censorship

First Amendment Violation

Thought Police

the worthiness of their positions); dissimulation (they utilize euphemisms to redescribe what they view as pejorative descriptions in a positive way); and unification (several groups use well-known symbols to express their unity).

For purposes of this analysis, political correctness will be defined as follows: An ideology which prescribes specific viewpoints on issues such as race, gender, sexual affinity, and the environment as espoused by groups who represent the interests concerning these issues.

THE EFFECT OF POLITICAL CORRECTNESS ON MARKETING INSTITUTIONS

Thus far, a framework has been presented in which ideology and culture are linked together, and related to marketing institutions. It will now be shown that marketing institutions are both mediums of ideology and influencers of ideology, and specifically, politically correct/incorrect ideology, in the following ways:

1) Marketing institutions selectively reproduce cultural forms; they decide what products and messages are most likely to appeal to their markets and deliver accordingly.

2) Marketing institutions selectively extract and extend everyday forms of culture: products, advertising messages, and retail environments are constructed based on an assimilated societal view of culture, and then fed back to their markets. 3) Marketing institutions selectively decide which information will be provided about products

This discussion will not center on the dynamics of the relationships between special interest groups, marketing institutions and the government. This topic has received excellent attention in the Hutt, Mokwa and Shapiro (1986) discussion of the "parallel political marketplace". Rather, it will focus on the ideologies of political correctness and how they influence the behavior of marketing institutions. Two types of marketing behavior will be described: ideologically exogenous, or reactive behavior; and ideologically endogenous, or proactive behavior.

Ideologically Exogenous Behavior and Political Correctness

There are three elements to the model of ideologically exogenous, or reactive behavior: politically correct ideologies; the marketing institution; and the reacculturation of symbolic forms. Politically correct ideologies are those which favor progressive action concerning race, gender, the environment, or sexual affinity. Marketing institutions typically include manufacturers, advertisers, and retailers, but can include others as well. Reacculturation of symbolic forms can be any shift in meaning for a product's status: product deletion, product addition, change in product design, change in product placement. This reacculturation can also include any shift in product image, such as a change in the product's message. This shift in symbolic form, or product meaning, if favorable ideologically to the PC group, can enhance the group's power. Figure 2 outlines how these elements are related to one another.

The various groups which represent specific ideologies seek to influence the behavior of the marketing institution in different ways, such as demonstrations, boycotts, media publicity, or lobbying. They choose marketing institutions as targets because they recognize the effect these institutions have on attitudes and cultural values. They hope that by influencing the marketers, their ideology will be disseminated and they will gain relatively more power than they have. Inevitably, what these groups wish to accomplish is reacculturation, or a change in the meaning of symbolic forms, which, in this case, are messages or products.

Ideologically Exogenous Behavior and Gender, Race and the Environment

Certain products and advertising messages appear to be strong targets for politically correct activists, particularly cigarettes, fur coats, athletic shoes and beer. The examples below demonstrate how marketers engage in reactive behavior when confronted with groups who represent politically correct ideologies.

One interesting example of reactive behavior concerned the launch of a new cigarette by RJ Reynolds called "Dakota". This brand was specifically targeted to women that the company described as "virile females". Allegedly, these women watch soap operas, attend tractor pulls, and frequent shopping malls for recreation. They are not fussy about their health, already smoke, hold entry level jobs, and say that their men are their priority (Trueheart, 1991).

also spotlights women engaging in occupations such as rodeo riding.

Marketing researchers (Bristor and Fischer, 1993; Hirschman, 1993) have examined the issue of gender bias in marketing. They argue that marketers have a distinctly androcentric bias, which includes white, middle class, male professionals; and, that this bias is assumed in all aspects of marketing.

As with gender, racial issues spark highly charged reactions from politically correct groups. One notable incident of politically incorrect behavior was exhibited by the Heilman Brewery, about their PowerMaster brand of malt liquor. This product contained 30% more alcohol than similar brands. The target market chosen was "young and poor black and Hispanic males" (Farhi, 1991). Black activist groups and the Surgeon General accused the company of capitalizing on an already disadvantaged group that suffers from high levels of alcoholism. The Beer Institute claimed that the criticism was unfair and "patronizing to our black and Hispanic customers". The brand was subsequently removed from the market based on its brand name and intended audience.

Athletic shoes have generated controversy in the black community. Some members see the companies who market these shoes as effective business people, and others view their marketing activity as exploitative of black youth.

Manufacturers of athletic shoes such as Nike and Reebok feature successful black athletes, including Michael Jordan,

their choice of blacks as a target segment for cigarettes, a product which causes cancer and heart disease.

When it comes to environmental politically correct groups, none have been more successful than the animal rights groups such as PETA. It is unusual that a product other than cigarettes or alcohol has been singled out so severely. The size of the fur market has declined by approximately 40%, and prices of fur coats have plummeted by more than 50% due to decreased demand and frequent sales. A recent incident was reported by the network television media involving PETA and a New York fashion show. PETA booked runway time under a bogus name, and several members marched down the runway wearing only aprons reading "I'd rather be nude than wear fur". They had poured animal blood on the aprons and carried pieces of fur matted with blood. At this point, their efforts are no longer directed at marketers, but at the consumer, via attacks on women who wear coats in major U. S. cities.

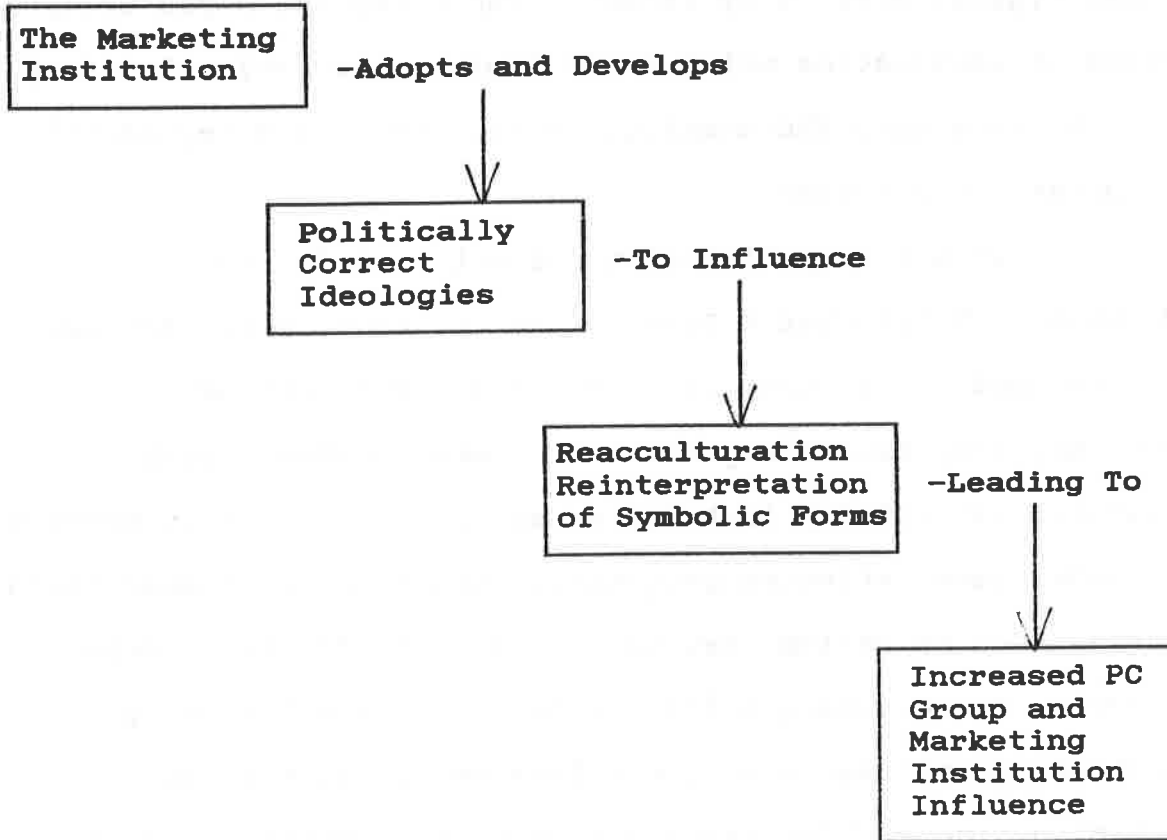
Fur manufacturers have not stopped producing fur coats. But, they advertise less and the image of their product has become forever tarnished. Other clothing manufacturers, however, have taken advantage of this market opportunity by offering "faux furs" made out of synthetic fibers. This behavior can be classified as reactive.

Other responses to political correctness have occurred in the packaging of laundry detergents, disposable diapers and fast food. Environmental activists have pressured firms to provide package refills, landfill considerations, and

Table 2. Examples of Potential Reacculturation of Symbolic Forms: Ideologically Exogenous Behavior

Product	Intended Marketer Image	Reacculturation of Symbolic Form
Fur Coats	Luxury	Cruelty to Animals; Vanity
Athletic Shoes	Status	Reinforcer of Racial Stereotypes
Cigarettes	Pleasure; Relaxation	Death; Illness
Beer	Male Bonding; Entertainment	Sexism

Figure 3. Ideologically Endogenous Behavior and Political Correctness



worldwide. Several magazines in the U.S. and Great Britain felt the ads, despite their intentions, were too controversial (baby ad and clerics), and refused to run them (Economist, 1992).

Most recently, one of the company's owners, Senator Luciano Benetton, posed nude for an ad with the following caption: "I want my clothes back", in a plea for used clothing to be donated to the International Red Cross and other charitable organizations.

Ideologically endogenous activity is not explainable only in that these companies adopted environmentally friendly positions because they were commercially expedient, or to capitalize on a specific market segment. Many firms can and do use environmental messages; but they may not be credible because of the firm's previous reputation. The politically correct firm views itself as a "merchant of values" (Miller, 1991). Some examples of recaculturation desired by these proactive firms appear in Table 3.

POLITICAL CORRECTNESS: A PROACTIVE ROLE FOR MARKETERS?

Marketing institutions must be aware of their critical role as influencers and mediums of ideology, in particular, the ideology of political correctness or incorrectness. They must, as Hirschman (1993) states, remove their "ideological blinders", and see that their messages and behavior have effects on society at large.

One way that marketing institutions can behave proactively is to acknowledge that they make specific

assumptions about not just gender differences, but racial and cultural differences as well. Once this behavior has been acknowledged, then, changes can be made to marketing programs and marketing communications with consumers to reflect a broader worldview of individuals. While stereotyping is declining (Hirschman, 1993), this paper has provided evidence that both racial and sexual stereotyping still exists by major marketing companies. Marketers must be sensitive to these issues, and incorporate them into their public communication whenever possible.

Marketing institutions must also be aware that their communications are received by many individuals not in their specific target markets. There is an inherent ideology in all messages transmitted, and this must be taken into account. The ideologically endogenous marketing firm has shown that profit and progressivity can be joined in a winning partnership. A marketing firm can be sensitive to many groups in society, not just its target market, and still provide returns to shareholders.

Finally, marketing institutions must understand that their role in society is not limited to the production of products and services, but one in which their actions have both political and social consequences.

RESEARCH IMPLICATIONS AND AREAS FOR FUTURE RESEARCH

Tharp and Scott (1990) have implied that the marketplace has the potential to become an important source of expressing and learning cultural values. Additionally, it has the

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**TECHNOLOGICAL INNOVATION IN THE MARKETING ENVIRONMENT:
CULTURAL INFLUENCES, BARRIERS, FACILITATORS,
AND CONSEQUENCES**

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ABSTRACT

Technology is widely acknowledged to be a key variable in marketing's macroenvironment. However, new technologies are neither developed nor adopted in a vacuum -- they interact with other macro variables, especially culture. This paper investigates these processes by examining how cultural variables influence, and are influenced by, technological innovation.

(TLC). Originally introduced as a micro concept (Ford and Ryan 1977, 1981), the TLC has been applied at a product class or industry level of analysis by Ansoff (1984) and Kotler (1991) who argue that technologies, like products, pass through a series of stages (growth, maturity, obsolescence). During their life cycles, which can be depicted by an S-shaped curve, technologies give birth to a succession of product forms, each with its own product life cycle. New innovations on more basic technologies (Robertson 1967) can alter the shape of the TLC and reinvigorate mature products. Sony's Walkman did not incorporate a particularly new or sophisticated technology, but it became the most popular magnetic tape machine in history (Nayak and Ketteringham 1986). At any given time the pace of technological change varies from one industry to another. Figure 1 illustrates "stable,"

Insert Figure 1 about here

"fertile," and "turbulent" technological fields. Ansoff (1984) contends that product life-cycles are longer in stable technologies (woodworking) than in more fertile ones (plastics) where there is greater innovation and product proliferation.

The TLC shares some of the same appeal, namely its simplicity and compelling visual depiction, and some of the same conceptual difficulties, such as how to predict its stages or determine relevant time units, inherent in the product life cycle concept (Rink and Swan 1979; Wind 1982). In addition, by equating its vertical dimension with product sales, the TLC defines away the

Political decisions also determine how technology affects product development. Edison's incandescent light bulb required a large scale electrical system that could not have been built without a system for capital formation and the blessing of Tammany Hall politicians (Kiernan 1985). In the 1950s, when Los Angeles abandoned its extensive red car lines for freeways, automobiles and their attendant technologies, such as drive-through food and services, benefited tremendously. After the Federal Communications Commission selected NBC's color television system in 1951, CBS's widely acclaimed rival method could never be commercialized (Barnouw 1975). The FCC's choice of a High Definition Television (HDTV) standard in 1993 will have a similar impact (Kupfer 1991).

The remainder of this paper focuses on the cultural environment of technological innovation. Culture has been selected for analysis because it is arguably the most general and influential of all the variables in marketing's macroenvironment. The paper begins by examining technology and culture as interlocking constructs. It then investigates cultural influences on the creation of new technologies, cultural barriers to and facilitators of consumer acceptance of innovation, and some reverse effects of technology on culture. Although this paper is far from a definitive statement, by delineating these reciprocating processes, we shall have a better understanding of technology in the macroenvironment and how it interacts with another macro-level variable.

cepts are separated for two reasons. First, new technologies arise and evolve prior to their commercialization, if any, and usually survive long after the innovation has been replaced by a better one. Nutrasweet, for example, was under continual development by G.D. Searle for fifteen years before its market introduction and subsequent explosive growth in the 1980s. Second, a given invention can be actualized in a variety of ways. Despite utilizing a more or less common core technology, different countries have established radio and television systems that are financed differently and contain very diverse programming content (Williams 1974). As McGaw (1982) so aptly states: "people choose technologies and decide how to use them" (p. 804).

Culture and technology are intimately related. Technology can be seen as 1) another ideational dimension of culture, such as esthetics or religious beliefs, and 2) something tangible produced by a culture. Strictly speaking, technological devices are not in themselves included in the concept of culture. What is cultural is the knowledge to make and use them as well as their symbolic meaning (Pytlik, Lauda, and Johnson 1978).

Some technological ideas, deeply embedded within a culture, also define a culture and differentiate it from other cultures. The Japanese stress on perfectionism has encouraged their corporations to make constant incremental improvements on product and process technologies. The Germans and Japanese apparently have a gift for creating exceptionally well-organized management systems, while Americans and Italians seem to prefer more individ-

could afford (Rhoads 1977). Magazine articles from the 1930s showed collectors how to rebuild their valuable antique furniture to accommodate radios and phonograph turntables. Today, some furniture companies sell line-by-line copies of early American or Georgian English cabinets that have interiors adapted specifically for use as entertainment centers meant to house the latest consumer electronics. Because so many different styles co-exist in modern societies, stylistic analysis may be a more appropriate methodology for historical rather than contemporary research.

CULTURAL INFLUENCES ON TECHNOLOGICAL INVENTION

This section identifies three different sources of technological invention: consumer driven, breakthrough, and foreign. Consumer or demand driven inventions depend greatly on their cultural environment. Breakthrough inventions, new ideas that arise apart from demand, are to some degree independent from their indigenous culture, but do seem to flourish in societies that idealize creativity, innovation, and individualism. Foreign inventions represent the penetration and diffusion of one culture's know-how into another culture. Figure 2 illustrates these distinctions.

Insert Figure 2 about here

Consumer Driven Invention

Technologies exist partly because they satisfy consumer needs which, according to Ansoff (1984) and Kotler (1991), are

saccharine and aspartame. Still, modern cultures are neither monolithic nor stagnant. New devices to cajole physical exertion at health clubs are accompanied by new labor-saving timers and remote controls for the home. Moreover, slimness and muscle tone have not always been, and may not always be, as highly esteemed in American society as they are at present.

The existence of demand does not imply that an appropriate technology will always be found. Some needs, such as a cure for AIDS or for certain types of cancer, are simply beyond the scope of existing or foreseeable science. Other needs might have relatively low priority among society's real decision-makers who have the power to attract or shift resources to match their own agenda (Williams 1974). This is especially true during times of war when scientists and engineers are pulled from their chosen research to participate in creating new military technologies such as radar or the atom bomb.

Breakthrough Invention

The initial creation of significant technological advances frequently occurs without stimulus from the market and, indeed, seems to transcend the culture in which it originates. In their analysis of a dozen commercial breakthroughs, Nayak and Ketteringham (1986) found no instance of the market demanding the technological breakthrough before the inventor first envisioned it. As an example, Thomas Edison synchronized motion pictures with sound in 1911, but Vitagraph, the company that owned the rights to this technology, chose not to exercise its franchise. The

or services, and words, sounds or visual images (Andreasen and Witkowski 1990). From the point of view of the receiving culture, new foreign technologies have the potential to initiate cultural change. This process is greatly evident today in the formerly communist countries of central and eastern Europe which are being deluged with visiting experts from the West, but are also sending their own managers abroad for executive education. Imported communication equipment, such as cellular telephones and FAX machines, contain advanced product technologies, while joint ventures with multinational corporations bring in new process and management technologies. Satellite television, magazines and professional journals, and even video games introduce still other new ideas. Ultimately, they can affect consumer demand throughout society as diffusion of innovation research has indicated (Rogers 1983).

CULTURAL BARRIERS TO AND FACILITATORS OF TECHNOLOGICAL INNOVATION

The process by which new inventions are adopted by a culture is of vital importance.

We may lay it down as a definition that, anthropologically, sociologically, and historically, an invention is not an invention until it is accepted in a culture. Until then it exists merely individually or mechanically; it actualizes historically only with its social acceptance (Kroeber 1948, p. 362).

This section investigates existing cultural values, attitudes and beliefs, cultural symbols, cultural categories, and cross-cultural differences as potential barriers to, as well as facilitators

political opinions, and raise money.

Cultural Symbols

Consumer acceptance of new technologies can be facilitated if they acquire special symbolic properties. Cultures confer on some technologies, perhaps because of their exceptional aptness and utility, a great deal of fame, personality, and magnetism. American television has had this special symbolic status. Soon after its introduction, attendance at sporting events and jukebox and taxicab receipts temporarily declined because Americans stayed home to watch their new medium (Barnouw 1975). They rearranged their living-room furniture so everyone could get a good view and ate TV dinners on TV trays (Hine 1986). Other symbolically rich technologies in the United States include the steam locomotive, the automobile, and the personal computer.

During its early stages a new technology might engender a great deal of fascination, enthusiasm, and prestige that wanes with its maturity. Plastics cultivated a luxury image from their origins in the late nineteenth century until the late 1930s when injection molding became fully automatic and ushered in a new era of mass produced, but cheaply made articles (Katz 1984). This "symbolic life cycle" also seems to characterize the history of atomic energy. In the 1950s the atom symbolized progress and atomic motifs were frequently used in corporate communications. By the 1980s, however, the atom had come to represent a darker side of technology. Surely, the accumulating negative associations have slowed the development of nuclear technologies for

but the latter are usually more informed about new household cleaning products and the latest tools and methods of food preparation (Simmons 1987). Culture defines gender and part of its definition is to assign differential technological expertise to the sexes. Although meanings are changing, American society still does not expect women to be facile with woodworking tools and electronic hardware or men with cooking techniques and equipment. Interestingly, technologies themselves become gender-typed (Benston 1988), and it has been suggested that the very idea of technological progress "is usually thought of as a masculine invention and activity" (Kramarae 1988, p. 5).

Cross-cultural Differences

Entire societies can be more or less open to technological change over long intervals. During the past 100 years, Japan has modernized its industrial base much more quickly and thoroughly than has neighboring mainland China (McNeill 1963). Early Japan had been receptive to outside influences, especially from the Chinese, but during the Tokugawa period the Shoguns kept out the West for political reasons (Hane 1986). For over 200 years Japanese technology languished. For example, the Portugese introduced firearms to Japan in 1542. Japanese craftsmen copied and recopied these matchlocks until the mid-nineteenth century by which time they had been long obsolete in Europe and North America (Peterson 1964). Following Perry's visit in 1853 and the Meiji restoration in 1867, Japanese scientists and businessmen traveled to Europe and America to investigate western technology

chase the latest western consumer products and business and military machines, but vigorously reject or censor western dress and media. Perhaps Islamic cultures perceive new technology as less threatening to their existing social institutions and cultural arrangements than other new ideas and images.

EFFECTS OF TECHNOLOGY ON CULTURE

Technological innovations have consequences for a culture because they introduce new, largely irreversible conditions to which the culture must adapt. Technological "counter-revolutions" are rare (Boorstin 1978). Here, as shown in Figure 4, we

 Insert Figure 4 about here

examine the effects of innovation on consumer culture, the effects of foreign innovation, the effects of rapid innovation, and the effects of innovation on existing technologies.

Effects of Innovation on Consumer Culture

A consumer culture is that subset of culture concerned with the buying, using, and disposing of personal goods and services. Consumer cultures have been influenced greatly by technological change. As Williams (1984) notes "industrialization has transformed not only household equipment and the house itself but the people who live inside" (p. 36). These effects can play out over an extended period of time.

Icehouses, for example, had stood in American backyards since the 1700s (Garrett 1990) and, by the turn of this century,

ty. Without millions of refrigerators and freezers to deodorize, Arm & Hammer baking soda might never have broken out of its long-term sales doldrums.

Technological advances benefit some groups more than others. Using life expectancy as the criterion, improved medical technology over the past century has helped women somewhat more than it has helped men. Cowan (1983) contends that, ironically, new household technologies sometimes have alleviated the traditional work of husbands more than the toil of their wives. Coal and gas ovens, for example, obviated the need for chopping wood, a chore typically assigned to males. Somebody still had to do the baking and that person was a woman.

Effects of Foreign Innovation

The introduction of foreign technologies can precipitate cultural change. Some imported technologies can benefit a culture by expanding consumer choice such as when travelers, immigrants, or returning expatriates disseminate new food preparation techniques. At the opposite extreme, foreign technologies in the form of superior tools and weapons can quite literally and rapidly destroy an existing culture through the subjugation, dispersal, or extermination of native populations. As infant formula marketing in underdeveloped countries has so clearly demonstrated, the consequences of an innovation cannot be taken for granted (Cateora 1993).

Based on his studies of the snowmobile and its effects on Finnish Lapp society, Pelto (1973) concludes that introducing new

class is rapidly improving, consumers may perceive items as desirable, but temporary possessions. Consequently, buyers might be more open to whimsical attributes and highly fashionable designs and, perhaps, less concerned about durability and "classic" forms and colors. Rapid innovation has characterized the telephone industry since deregulation and the break-up of AT&T. Consequently, today's assortment of receivers is much more varied than it was fifteen years ago. As newer models become available, a once pleasing look very quickly can appear out-of-date, if not ugly. Low-tech desks, chairs, and table lamps can satisfy for decades if tastefully made, but to some observers such as this writer, the computers, telephones, and VCRs of a few years ago appear quite dated. Thus, perceptions of technological obsolescence may color feelings about style and attractiveness.

Sudden increases in the rate of technological change can be extremely disconcerting to consumer groups within a culture. For about a century, word processing made incremental gains via typewriter technology until it was revolutionized by the invention of the personal computer in the late 1970s. When the shift to accelerated innovation occurred, some workers were temporarily unwilling to adapt and, at the extreme, became hostile to their new technological environment. At a societal level such rapid and pervasive change may produce a cultural disorientation known as "future shock" (Toffler 1970).

Effects of Innovation on Existing Technologies

Obsolete or declining technologies can find new applications

family room. The hard labor that these old technologies once required, such as dipping dozens of candles at home and constantly attending to their smoke and guttering, has now been forgotten.

In addition, consumers have recycled some early technologies, such as panning for gold or home spinning, dying and weaving, as hobby activities. Traditional printing methods, woodworking, glass-blowing, and other crafts entertain and educate visitors at American historic sites such as Jamestown, Colonial Williamsburg, and Old Sturbridge Village (Leon and Piatt 1989). Such recreations are immensely popular: "To see everyday people making the things by which they live is exciting stuff for those who lost such arts" (Cotter 1970, p. 421). Even larger audiences have been exposed to old technologies through television programs such as the PBS series "The Woodwright's Shop" hosted by Roy Underhill.

Although romantic beliefs in the "lost arts" of the ancients are probably overstated (Kroeber 1948), technologies can and do disappear from cultures. The following passage explains how this process works.

Technological skills can generally be taught only imperfectly by words. There must be visible example and, above all, manual practice. That is one reason why the teaching of chemistry and other sciences insists on laboratory periods. . . . the matter of transmission of technologies lies in the acquirement of manipulative practice, the formation of motor habits. Interfere with these and continuity of the art is broken and may be lost (Kroeber 1948, p. 376).

Part of the mission of craft demonstrations at living history museums has been to rediscover the fine points of early technolo-

change (Smith and Lux 1993). Understanding technological change in the environment should be a prime concern to macromarketing.

Historians of technology and culture do need to guard against **presentism** or "looking at the past as an anticipation of and preparation for the present day" (McCracken 1987, p. 142). This bias is aggravated by a research assymetry whereby published historical analyses focus much more on successful technologies than on failed ones (Staudenmaier 1985). Scholars too often "assume that the success of an artifact is an explanation of its subsequent development" (Pinch and Bijker 1987, p. 22). Thus, the evolution of many product classes might have taken different paths had other events occurred. If the actual marketing history of a technology is just one of several possible histories, then extrapolating the past into the future should be done with extreme caution.

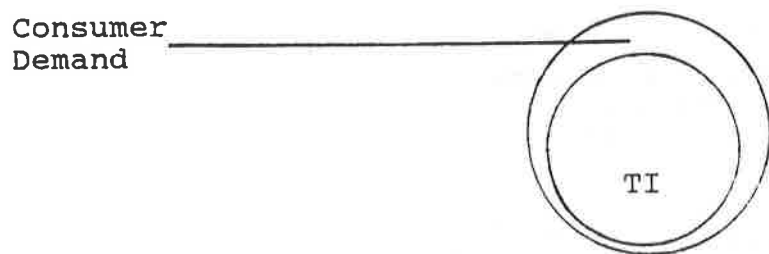
Cross-cultural research similar to Arnould's (1989) study of innovation diffusion in Zinder Province, Niger can further enhance our understanding of technology and culture through a broader, comparative approach. The disappearance of communism in eastern Europe will expose both consumers and manufacturers to new products, machines, and organizational methods and will thus provide an exciting natural (and historic) experiment in how societies experience technological change. Studies comparing technologically advanced societies, such as the U.S., Germany, and Japan, should reveal some of the more subtle processes linking technology to products and consumers.

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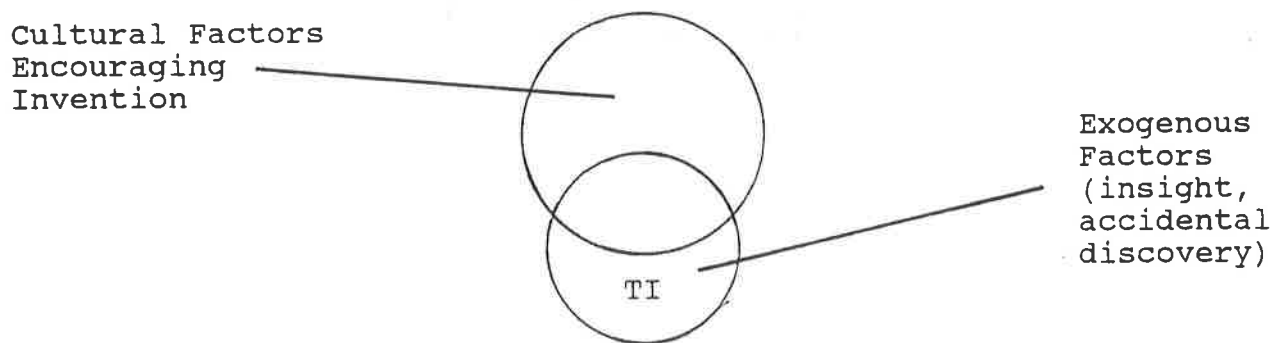
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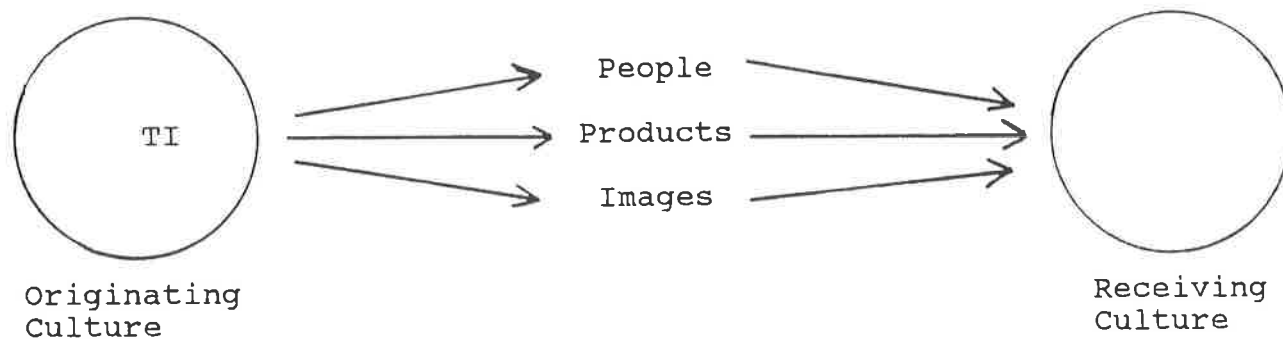
FIGURE 2
SOURCES OF TECHNOLOGICAL INVENTION (TI)



a. Consumer Driven Invention

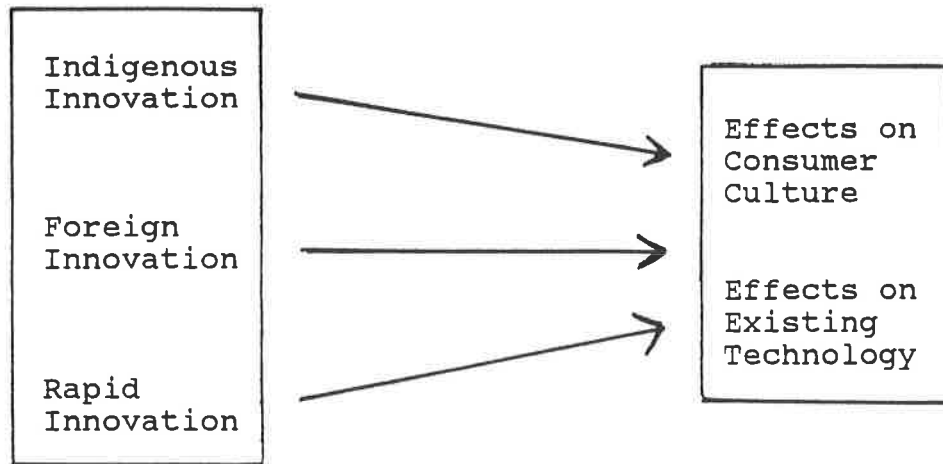


b. Breakthrough Invention



c. Invention from Foreign Sources

FIGURE 4
EFFECTS OF TECHNOLOGICAL INNOVATION



Is There a Marketing Solution to the Commons Dilemma?

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ABSTRACT

This paper is a 25 year retrospection of "The Tragedy of the Commons" by Garrett Hardin. It describes the commons dilemma, reviews the empirical research on the topic and posits that marketing is well positioned to offer solutions to such dilemmas. The paper encourages marketers to consider directing their research streams toward programs that could abet commons dilemma resolution and suggests research opportunities.

INTRODUCTION

Twenty-five years ago Garret Hardin (1968) argued there was no technological solution to the world's most compelling problem: selfish exploitation of the planet's common resources. Hardin's arguments were persuasive and inspired a generation of social scientists to examine various forms of "commons dilemmas." Although the experimental findings of many of these studies were impressive, in many instances our assault on our common resources continues at an accelerating rate. The intent of this paper is to conduct a 25 year retrospection of Hardin's manuscript as well as some of the early interpretations of this manuscript (e.g., Dawes 1980; Dawes and Orbell 1981; Edney 1980; Hardin and Badin 1977; Messick and Brewer 1983; Schroeder 1993), and to examine the commons dilemma as a topic of interest for marketing scientists. In so doing I shall discuss the logic behind the commons dilemma (a.k.a. social dilemmas or social traps), the research paradigms used to study various social dilemmas, factors that affect one's decision to make a cooperative or uncooperative decision when confronted with a social dilemma, and lastly marketing's potential role in dilemma resolution. It is hoped that this paper will inspire colleagues to consider directing some of their research efforts, and therefore to offer marketing solutions, to the commons dilemma.

HISTORY AND LOGIC

The commons dilemma is a societal phenomenon in which society or interdependent group members are confronted with choices in which selfish, individualistic, or uncooperative choices seem more rational because the short-term consequences are more favorable. In other words, the payoff to each individual for uncooperative behavior is higher than the payoff for cooperative

essay on population professed by a nineteenth century amateur mathematician, William Forster Lloyd (1833). Hardin (p. 1244) argued that humanity, due to the ability and incentive to over populate and to overuse resources, faces a problem analogous to shepherds sharing a common pasture. Each shepherd, as expected, keeps as many sheep or cattle as possible on the commons. Such an arrangement may work fairly satisfactorily for centuries because tribal wars, poaching, and disease keep the numbers of humans and livestock well below the carrying capacity of the land. Finally, however, comes the day when the long-desired goal of social stability becomes reality. Ironically, at this juncture, the social conditions generate the impending tragedy to which Hardin refers.

In other words, as a rational human being, each shepherd seeks to maximize individual outcomes. Essentially, s/he asks, "what is the utility to *me* of adding one more animal to my herd?" This utility has one negative and one positive component: 1) the positive component is a function of the increment of one animal, the positive utility is nearly +1; 2) the negative component is a function of the additional overgrazing created by one more animal. Since the deleterious effects of overgrazing are shared by all the shepherds, however, the negative utility for any particular decision making shepherd is only a fraction of -1¹. Adding together the component partial utilities the rational herdsman concludes that the only sensible course of action for each shepherd to pursue is to add another animal to the herd; and another, and another. But this conclusion is also reached by every rational shepherd who shares the commons. At the heart of this conclusion -and the ensuing proliferation- lies the tragedy. Each person is locked into an immediately advantageous system that compels him or her to increase the herd without limit when the commons is limited. Should we, the twentieth and twenty-first century "shepherds" continue to behave so "rationally" as we graze, as it were, through the commons of fossil fuels, water, fresh air, and countless other resources, ruin is the destination to which we rush, each person pursuing his or her own best short term interest in a society that believes in the freedom of the commons (Hardin 1968, p. 1244).

Grzelak 1972) have designed experiments in which subjects are required to make the same choice on a series of trials, thus adding the temporal dimension without the entrapping quality being dependent on the repetition of the response.

A second paradigm is the replenishable resource trap. In studies of this type, a group of subjects shares a common pool of replenishable resources (Brechner 1977; Cass and Edney 1978; Edney and Harper 1978; Jorgenson and Papciak 1981; Messick, Wilke, Brewer, Kramer, Zemke, and Lui 1983). The subjects have individual responses that enable them to remove or "harvest" resources from the pool. As one might suspect, it is immediately advantageous for a subject to harvest and accumulate as much of the resource as possible. As resources are used they can be replenished according to some predetermined schedule, although usually the resource pool cannot exceed a given maximum. The gain-to-self, harm-to-group dimension is still present in replenishable resource dilemmas. The major operational dependent variables in resource dilemmas are the rate at which the resource is harvested and the time it takes the pool to be depleted (Messick & Brewer 1983).

For the purpose of studying the commons dilemma the major difference in the resource dilemma from the NPD is the increased complexity resulting from 1) the temporal dimension and 2) the variance in the amount of the resource at any given time because of the collective harvest decisions. This variance means a subject's decision must take into account not only the current available resource, but the availability of future resources. In short, each trial is a dynamic sequence unlike the others.

In discussing the research conducted on resolving the commons dilemma, of primary interest is the ubiquity of the positive and negative component of each individual's decision and the factors that induce subjects to decide to make a cooperative choice in what has been demonstrated as seemingly, if not overwhelmingly, powerful incentives to make a defecting choice.

Messick and Brewer (1983) contended the body of research on resolutions can be dichotomized. Some solutions are derived from independent changes in individual behavior, while

communicated about the dilemma predicted more cooperation than subjects in groups who did not communicate.

Messick et al. (1983), using a resource dilemma design that provided actual feedback about other's behavior, point out that such feedback can have potentially conflicting effects on individual choices. Learning other group members are restraining their harvest introduces normative conformity pressures to behave cooperatively, but as suggested, it also relieves some pressure on the individual to cooperate because one's own cooperative choice is less essential to the collective welfare. Similarly, when given information that other group members are making selfish, defecting choices, individuals tend to conform in favor of self interest. Interestingly, these researchers also found that subjects given false feedback that other group members were overusing the resource pool tended to increase their own harvests across trials, whereas subjects given false feedback that members were consistently under-using the pool tended to maintain moderate harvests across trials.

Trust in Group Members

A decision to make a cooperative choice often rests on the trust that others will make cooperative decisions. Even if an individual is aware of the value of cooperative decisions, it is unlikely he or she will make such a decision if others fail to do so as well. In the commons, unilateral exercise of personal restraint in the interest of collective welfare appears to be futile unless individuals trust others will behave similarly. Research on the relationship between trust and cooperation in social dilemmas assumes personal trust is a function of interactions that reveal or disclose the motives and intentions of others (Boyle and Bonacich 1970). The reality of the commons, however often requires individuals to make decisions without knowledge of who the others in the collective are or what their past behavior has been. To choose there requires "depersonalized trust" that operates in the absence of any prior history of interaction among independent others (Brewer 1981). One might deduce that such depersonalized trust could exist in relatively homogeneous social groups in which individuals presume they share common values, attitudes, and goals.

a conflict of human values. From this perspective one might conclude that through education, members of the commons can learn about the nature of social dilemmas and the need for social responsibility in individual actions. Studies have been conducted (Stern 1976) in which treatment groups have been given detailed information about the long term consequences of their actions. The result was a significant increase in cooperative behavior within treatment groups. Dawes and Orbell (1981) conducted two experiments in which a one trial NPD decision was preceded by a lengthy "sermon" from the experimenter in which the choice dilemma was presented in terms of moral issues involving ethics, group benefit, and exploitation. The apparent effect of this moralizing was an increase in the rate of cooperative choices.

Group members' competitive or cooperative orientation seems to affect decisions, as those who bring a maximize-self-gain orientation to dilemmas tend to make more defecting choices than do those group members who prefer maximizing joint outcomes (Liebrand 1982). Furthermore, individuals tend to be more socially responsible in their decision making when they receive feedback on the impact of their choices on the collective welfare and when they perceive the seriousness of the problem (Sweeney 1973).

Ingroup Identity

Brewer (1981) suggested that cooperative solutions to collective social dilemmas may be facilitated by exploiting the constructive social ties and bonds arising from social group identity. The sense of membership in a common group probably enhances all the preceding factors that influence individuals' willingness to exercise personal restraint in the better interest of collective welfare (Messick and Brewer 1983). Conformity pressures seem to be higher in cohesive groups; and members of an "ingroup" tend to perceive other members more favorably, particularly in terms of trustworthiness, honesty, and cooperativeness. Cooperative choices from group members, therefore, could be expected (Brewer 1979). Inclusion in a social unit also reduces psychological distance among group members and (1) makes it less likely that individuals will make sharp distinctions between own and others' outcomes, and (2) more likely that group members perceive themselves as part of some common fate, thereby enhancing the probability of

and Kravitz (1980) found results that suggested the propensity to choose cooperatively decreases with increases in the incentives to defect and secondly, increases as the benefits provided to others by the cooperative choice increases. Cooperative choices can be seen, at least in part, as a resolution to the desire one might have to increase personal gain provided benefits to other members of the group are perceived to be substantial enough to warrant such cooperation.

The level of the resource pool must be considered in the payoff structure. Several studies (Cass and Edney 1978; Jorgenson and Papciak 1981) indicate that subjects exercise self restraint when such restraint is necessary to increase the size or quality of the resource pool. This finding suggests that perhaps regulating the resource per se, as opposed to regulating concomitant incentives to defecting or cooperating, may induce cooperative behavior.

Privatization of Resources

The conversion of community owned resources into privately owned resources may represent a structural solution to certain types of collective social dilemmas. Cass and Edney (1978) conducted an experiment using the replenishable resource paradigm in which they varied the visibility of the resource level and whether subjects in groups of four could harvest from any of 12 separate subpools or whether each subject had access to only three subpools assigned exclusively to that subject. Both variables influenced the subjects' harvest decisions. Subjects were closest to optimal (a predetermined amount) when they had private pools and when they could see the pool levels. Visible resources without private pools produced the next best performance, followed by private pools and no visibility.

Messick and McClelland (1983) conducted a different resource replenishment study that led them to a similar conclusion about privatization. Their design varied the size of the group that had access to a resource while the size of the resource pool was varied to keep the per person level of the initial --maximum-- pool constant. Consequently six-person groups began with 60 units, three-person groups began with 30 units, and individuals had 10 resource units in their private pools. On each cycle the pool replenished itself by increasing its level by one-third, provided the pool size did not exceed its maximum. The experiment lasted 50 cycles or until the

(1968) advocated it, and Messick et al. (1983) conducted a study that provided scientific support for it. In their study an elected individual had exclusive authority to harvest a resource for an entire group and to allocate the harvest to the group members. Subjects were given false feedback about the harvest of five others in a replenishable resource task. After 10 cycles with the this task the subjects were asked a series of questions before beginning a new session. One of the questions was whether they wanted to proceed in the second session as they had in the first, with each of the six group members making an individual harvest decision, or whether they would rather elect one of the group members as leader and have that person make a harvest for the entire group and allocate the harvest to group members.

The results showed that when subjects thought the others were harvesting excessively, over 60% of them favored changing the system and electing a leader. When they were under the impression that the resource was not being harvested excessively, most subjects preferred not to change the decision structure. Messick et al. (1983) also found no support for the hypothesis that large inequalities in harvest among group members would promote tendencies to change the decision structure. Rutte and Wilke (1983), however found that large harvest inequalities among group members did promote a desire to change the decision structure. Interestingly this disparity between findings of two similar experiments may reflect cultural differences. The Messick et al. experiment was conducted with American students while Rutte and Wilke used Dutch students. Implicitly, these disparate findings suggest different groups may be at odds when choosing when and at what juncture leadership intervention is desirable. The spectrum of political systems throughout the world would seem to be in keeping with that assumption.

SUMMARY OF EMPIRICAL FINDINGS

An individual's decision to make a cooperative rather than defecting choice when thrust into a participatory role in a collective social dilemma seems to be a function of several factors. The research findings suggest the following general conclusions. Communication among participants of a group confronted with collective social dilemmas tends to increase the likelihood of cooperative choices especially when that communication provides information about others,

Authoritarian measures, no matter how seemingly benevolent, are generally considered a less desirable solution. Nevertheless, *any* solution requires increased communication, trust, education, and involvement --a sense of connectedness to the problems associated with the commons dilemma.

RESOLUTION THROUGH MARKETING

Oddly, the marketing literature is bereft of direct references to the commons dilemma. The general themes of conservation, "green" marketing, and social marketing, however, have received considerable attention. This "oversight" is somewhat ironic since marketing and consumer cultures, generally, are frequently castigated by the public for being the impetus for reckless resource depletion. Regardless of the validity of some of these beliefs, I submit that marketing, or responsible and prosocial use of much of the marketing apparatus (cf., Kotler 1979; Prothero 1990), is a logical extension of much of the psychological literature on social traps and is well suited to provide solutions to the commons dilemma. This can be achieved (at least) three ways: by (1) understanding the needs, wants, and purchase decision making of a critical mass of individual consumers committed to "commons friendly" purchase decisions; (2) leveraging this opinion leading segment via effective communication strategies; (3) using the skills and networks of marketing communications experts to disseminate the importance of commons management and protection.

Certainly, it would be advantageous to study the effects of variances of elements of the marketing mix on defecting or cooperative consumer behavior (cf., Simintiras, Schlegelmilch, and Diamantopoulos 1993). For example, one could argue many aspects of product development, distribution and pricing are vital to commons friendly marketing, but if the *value* of commons friendly products and behaviors can be effectively communicated to the market, entrepreneurs or extant corporations will find ways to produce, to distribute and to price their products. Indeed, entrepreneurs, understanding the cravings of consumers, have overcome seemingly insurmountable problems when demand warrants it. Vietnamese entrepreneurs, for example, have hired human porters to carry their products through jungles and mountainous terrain so as to

become communication technology coupled with marketing acumen. Cameras now can go virtually everywhere; fax machines can reach almost anyplace; satellites beam transmissions to the globe's four corners: the commons preservation message is slowly being communicated to the marketplace and influential segments of the market *care*. Despite Hardin's (1968, p.1245) argument that "the morality of an act cannot be determined by a photograph," photographs become an integral link in the communications network; accordingly their interpretation, contextualization, and, eventually, dissemination facilitate change.

This would only be possible with technology, but more importantly, because people care, as consumers their needs and wants change. Significantly large enough segments of consumers now exist that refuse to buy furniture made from rain forest wood; or cosmetics tested on animals; or products wrapped in styrofoam, etc. Preserving the commons, or at least including this thought in one's marketing communication strategy, has become a source of competitive advantage. Thus, we see Ogilvy and Mather's brilliant rain forest campaign (Lazarus 1993); we see Anita Roddick (of the *Body Shop*) persuade Amazon basin Indians to grow Brazil nuts, and in turn retard deforestation, by giving them nut presses to make oil and also better profits than those derived by slash and burn agriculture methods; we see Atlanta Power advertisements encouraging customers to capitalize on rebates offered to those citizens who install insulation (Fisk 1993).

While many of these efforts may begin altruistically, none is sustained without a positive impact on "the bottom line" and we seem to be entering a critical period in which we will have to persuade greater numbers of people that the bottom line must "factor in" preservation of the commons (cf., Peattie 1992). The green movement has somewhat successfully persuaded marketers and consumers of the value of this new thinking and Simintiras, Schlegelmilch, and Diamantopoulos (1993) have proposed a green research agenda. Any research project that enhances conservation and environmental protection is of course important, but the social dilemmas literature suggests that factors or programs that enhance interpersonal trust, ingroup identity, resource awareness, and personal efficacy are critical to prudent management of common resources, therefore scholars with interests in marketing communications and consumer decision

FOOTNOTES

¹Dawes (1980) noted that the negative component actually must be greater than negative one. He contended that Hardin (1968) clearly implied a greater negative value when he discussed the destruction of the commons, since its total wealth was (is) being decreased, and supported his contention with the following algebraic illustration.

If the commons...can maintain 10,000 pounds of cattle when 10 1000-pound bulls are grazed on it, but only 9900 pounds when 11 bulls are grazed, then the herdsman who introduces an additional bull has two 900-pound bulls --a gain of 800 pounds over one 1000 pound bull-- while the total wealth of the commons has decreased by 100 pounds. individuals (p. 172).

The crux of the dilemma is that everyone must decide between one of two choices, D (for defecting; here adding to the herd) or C (for cooperating; limiting the size of one's herd for the common good). The payoff to each member of the commons depends completely on his or her choice of D or C and on the number of other group members who choose D or C. D is the payoff to the defector in any social dilemma where m individuals cooperate, $C(m)$ is the payoff to the cooperators when m individuals (including themselves) cooperate. A social dilemma, then, is characterized by two simple inequalities (Dawes 1980, p.178):

- 1) $D(m) > C(m+1)$, e.g., the payoff when m other people cooperate is always higher for an individual who remains a defector than for one who becomes the m plus first cooperator (m goes from 0 to $N-1$);
- 2) $D(0) < C(N)$, i.e. universal cooperation among the N players leads to a greater payoff than does universal defection.

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Using the Strategic Triangle to Analyze the Effectiveness of Advertising

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ABSTRACT

Advertising may be used to increase sales, decrease sales, or change the nature of the buying behavior. Advertising effectiveness is defined as the extent to which advertising accomplishes its intended purpose. Advertising effectiveness is measured by comparing the actual results of advertising with the expected results. The expected results are determined by the advertising strategy. The advertising strategy is the plan of action that guides the advertising campaign. The advertising strategy is determined by the advertising objectives, the advertising budget, and the advertising media. The advertising objectives are the specific goals that the advertiser wants to achieve. The advertising budget is the amount of money that the advertiser is willing to spend on advertising. The advertising media are the channels through which the advertising message is communicated. The advertising strategy is the plan of action that guides the advertising campaign. The advertising strategy is determined by the advertising objectives, the advertising budget, and the advertising media. The advertising objectives are the specific goals that the advertiser wants to achieve. The advertising budget is the amount of money that the advertiser is willing to spend on advertising. The advertising media are the channels through which the advertising message is communicated.

times within the paper, including usage in the bibliography, and if considerations of the concept were deemed superficial. The articles were categorized as using the concept on a "limited" basis if the usage indicated a good understanding of the concept, but the paper did not develop its usage fully. Some articles were judged to have used the concept "fully," indicating insightful usage and full development of the concept. Papers were categorized separately if they used the concept in the context of "cross-cultural," implying a specific limited usage which emphasizes "culture" as "society," or if they used the word in the context of "organizational culture," which again is a specific usage which does not develop the concept fully.

As shown in Table 3, of the 92 articles in which the word "culture" appeared in any part of the paper (title, body, references), only 11 of them (all in *JCR*) can be said to consider and use the concept "fully." Arnould 1989, Belk, Wallendorf and Sherry 1989, Fischer and Arnold 1990, Hirschman 1990, McCracken 1989, O'Guinn and Belk 1989, Scott 1990, Sherry 1990, Stern 1989, Wallendorf and Arnould 1991, and Witkowski 1989.¹ Of the other 81 articles, 35 used the concept "minimally," with the word appearing fewer than 10 times within the paper, including usage in the bibliography. Specifically, in these 35 papers, 23 use "culture" only once, including 10 in which the word appears in the bibliography alone. Five of the 81 articles use "culture" on a "limited" basis; that is, the usage implies a good understanding of the concept; but it is, nevertheless, not fully developed within the paper. Twenty-two of the 81 articles use "culture" in a cross-cultural context; 17 of these 22 use the term minimally. While a cross-cultural perspective is useful, often it does not suggest the depth to which culture

culture and marketing/consumer behavior outside the main journals in the field. Semiotics is one such area where research has been especially prolific and fruitful, for example (e.g., Larsen, Mick and Alsted 1989, Mick 1986, Umiker-Sebeok 1987). In addition, numerous consumer researchers have explored symbolic (cultural) characteristics of consumption (e.g., McCracken 1988). Finally, the *Journal of Macromarketing* addresses this issue fully, and a meta-analysis of articles presented in that journal would be most useful.

Why is it that the concept of culture in all its richness has been relatively ignored in consumer behavior and marketing? Is it because the culturally based approach is paradigmatically incommensurate with the heretofore dominant information processing perspective on consumer behavior, as McCracken (1987) and others have suggested? Is it because the tendency within American society and within marketing as a discipline has been to regard qualitative data, often used in the analysis of culture, as inferior to quantitative data (Belk 1991, Benston 1989, Gherardi and Turner 1987, Keller 1983)? Is it because the interpretive approaches to issues such as validity differ markedly from the "scientific method" (Lincoln and Guba 1985, Wallendorf and Belk 1989)? Is it because one of the main ways in which cultural studies are presented uses semiotic concepts which may seem too far removed from the experience of most consumer behavior researchers (e.g., Larsen, Mick and Alsted 1989, Mick 1986, Umiker-Sebeok 1987)? Is it that many of the treatments of culture are somehow unpersuasive or too specific or overly loaded with jargon to the extent that other scholars find the concept inaccessible or lacking in strength or usefulness in the analysis of consumption?

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TABLE 1
Types of Definitions of "Culture"
from *Culture: A Critical Review of Concepts and Definitions*
Alfred Kroeber and Clyde Kluckhohn (1952)

Group A: Descriptive (broad definitions with emphasis on enumeration of content):

Culture, or civilization,...is that complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society.

The beliefs, systems of thought, practical arts, manner of living, customs, traditions, and all socially regularized ways of acting...

...the mass of learned and transmitted motor reactions, habits, techniques, ideas and values--and the behavior they induce--is what constitutes *culture*...[culture] is at one and the same time the totality of products of social men, and a tremendous force affecting all human beings, socially and individually.

Group B: Historical (emphasis on social heritage or tradition):

...culture,...the socially inherited assemblage of practices and beliefs that determines the texture of our lives...

Culture includes everything that can be *communicated* from one generation to another. The culture of a people is their *social heritage*...

By "culture" anthropology means the total life way of a people, the social legacy the individual acquires from his group.

Group C: Normative (2 emphases)

Emphasis 1, Rule or Way:

Culture is the sum total of the ways of doing and thinking, past and present, of a social group.

The culture of a society is the way of life of its members...

environment."

Emphasis 2, Ideas

...a culture is a definite association complex of ideas.

Culture may be briefly defined as a stream of ideas, that passes from individual to individual by means of symbolic action, verbal instruction, or imitation.

Emphasis 3, Symbols

Culture is all behavior mediated by symbols.

Culture is an organization of phenomena--material objects, bodily acts, ideas, and sentiments--which consists of or is dependent upon the use of symbols.

The cultural category, or order, of phenomena is made up of events that are dependent upon a faculty peculiar to the human species, namely, the ability to use symbols.

Emphasis 4, Residual Category Definitions

That which distinguishes men from animals we call culture...

Culture consists of all nongenetically produced means of adjustment.

Entries using "culture," "cultural" within another word or phrase:

acculturation
communication and culture
configuration of culture
counterculture
covert culture
cross-cultural surveys
dreams, cultural uses of
education in cross-cultural perspective
emotions, cultural basis of
enculturation
folk culture
health, cross-cultural concepts of
health: culture and environment
Kulturkreise
language and culture
language as a model for understanding culture
mass culture
material culture
mental illness and culture
national culture
novelty, cultural
overt culture
primitive culture
sociocultural system
subculture
time, cultural orientation toward
units of study, sociocultural
universals of culture

Note: Entries referring to a specific culture were not included in the analysis; all of these refer to specific cultures in the archeological record, rather than present-day societies)

Jaworski 1991a, 1991b, 1991c (Book Reviews)
 Jaworski 1991d (Forthcoming Book Review)
 Kamakura and Novak 1992
 Kolbe and Burnett 1991
 Loken and Ward 1990
 Mahajan 1992
 Marmorstein, Grewal and Fische 1992
 Meyers-Levy and Sternthal 1991
 Mick 1992
 Nevett 1991
 Novak, de Leeuw, and MacEvoy 1992
 O'Guinn and Faber 1989
 Peter 1992
 Richins 1991
 Samiee and Roth 1992
 Stem 1991a, 1991b (Book Reviews)
 Stern 1992 (Book Review)
 Thompson, Locander and Pollio 1990
 Ward and Reingen 1990
 Zinkhan 1992 (Book Review)

Cross-Cultural Emphasis:

Full, well-developed treatment:	5
Friedmann 1992 (Book Review)	
Graham 1991 (Book Review)	
Kotabe et al. 1991	
Takada and Jain 1991	
Tse, Belk and Zhou 1989	
Minimal treatment:	17
Bergen, Dutta and Walker 1992	
Chakravarti 1991 (Book Review)	
Cordell 1992 (Book Review)	
Goolsby and Hunt 1992	
Greenleaf 1992	
Iacobucci and Hopkins 1992	
Kamakura and Mazzon 1991	
Mowen and Mowen 1991	
Netemeyer, Durvasula and Lichtenstein 1991	
Singh and Rhoads 1991	
Stayman and Deshpande 1989	
Tanner, Hunt and Eppright 1991	

TABLE 4
**NUMBER OF ARTICLES IN *JOURNAL OF CONSUMER RESEARCH*,
JOURNAL OF MARKETING AND *JOURNAL OF MARKETING RESEARCH***
IN WHICH INDICATED WORD OR PHRASE IS MENTIONED:

<u>Word or Phrase</u>	<u>Number of articles</u>
culture ^a	92
culture, a (however, <i>corporate culture</i> yielded 17)	14
culture and personality ^b	2
culture area ^a	0
culture-bearing unit ^a	0
culture contact ^a	0
culture disintegration ^a	0
culture history ^a	0
culture of childhood ^b	0
culture of poverty ^b	1
culture pattern ^a	3
culture shock ^a	1
cultural adaptation	1
cultural anthropology	2
cultural change	6
cultural conservatism	0
cultural creativity	0
cultural diffusion	0
cultural ecology	1
cultural evolution	1
cultural license	0
cultural minorities	1
cultural persistence	1
cultural pluralism	0
cultural relativism	1
cultural revitalization	0
cultural selection	0
cultural survivals	1
cultural themes	1
cultural traits	0

section describes our sample, procedure, and research instrument used for data collection in Romania. The fifth section describes the data analysis and results and, in the sixth section, we provide a discussion of results and directions for future research.

Marketing and Quality of Life: Key Considerations

Measuring the Contribution of Marketing to Quality of Life

An excellent review of work in this area was done by Samli, Sirgy, and Meadow (1987), who summarized two basic approaches for measuring the contribution of marketing to QOL. These are the "Top-Down Approach" and the "Bottom-Up" approach. The top-down approach starts with the measurement of QOL along a goal hierarchy. Through an unfolding process (top-down approach), marketing goals which relate to QOL goal hierarchy are identified. Effectiveness measures relating to such marketing goals are then generated. In the top-down approach, therefore, QOL goals lead to the development of marketing effectiveness measures. The bottom-up approach, on the other hand, starts with existing marketing activities, and the benefits and costs associated with these marketing activities are then translated in terms of QOL goals by an aggregating (bottom-up approach) process.

Two most commonly used models of top-down approaches include the "Social Economic Account System (SEAS) Model and the "Life Satisfaction" Model (Samli, Sirgy, and Meadow 1987). The SEAS Model was developed by Fitzsimmons and Levy (1976) and comprises a set of variables and indicators used to define 15 key institutional sectors, e.g., health, education, etc.. The Life Satisfaction Model (Andrew and Withey 1976), on the other hand, reflects an individual's perception of his/her well being along certain life domains, i.e., living conditions and life concerns, such as family, job, etc.. The contribution of marketing

approach, marketing is considered to have an active role (as in the bottom-up approach), and its contribution toward accomplishing certain set, predetermined QOL goals (as in the top-down approach) is assessed. We take a "Life-Satisfaction" model approach to measuring QOL under a "Systems" approach, where the QOL measures are the outputs and marketing variables are the inputs. In the next subsection, we identify two such key marketing variables and develop hypotheses relating these two marketing variables to QOL.

Key Marketing Variables Affecting QOL

The conceptual model developed earlier in Figure 1 suggests that marketing affects consumer satisfaction, which, in turn, is related to life satisfaction (Day 1987). The life satisfaction literature (Andrew and Withey 1976; Campbell, Converse, and Rodgers 1976; Liu 1976; Day 1987) suggests 13 separate life satisfaction domains. These include, among others, goods and services, and material possessions. Several aspects related to the domain of goods, services, and material possessions have been identified. These include the type of goods, services and material possessions themselves, i.e., house, car, clothing, savings, etc., and their quality, availability, reasonableness of prices, and service (Day 1987). This list of variables essentially represents the 4 p's of the marketing mix, i.e., product, place, price, and promotion.

While it is intuitive to think that each of these 4 variables is likely to have an effect on QOL, such an intuition is more obvious for the product and promotion variables. Marketing is conventionally regarded as the delivery of society's standard of living (Samli, Sirgy, and Meadow 1987). The "Life-Satisfaction" model also suggests that marketing is related to QOL through customer satisfaction. Thus, the products themselves that fulfill

shopping and overall effect of retailing on consumers' QOL. While more situation-specific analysis needs to be done to derive finer conclusions, in general, retailing activity is considered to have more benefits than costs. Consumers are likely to feel happy when the desired goods are readily available and prices are reasonable. Efficient retailing is also likely to reduce the overall prices, rather than increase them. Thus, it is hypothesized that:

- H₁ Availability of goods and services would be positively related with quality of life.
 H₂ Affordability of goods and services would be positively related with quality of life.

Marketing and Quality of Life in Romania: Changes Between 1989 and 1993

Romanian Society in Transition

Romanians spent forty-five years under one of the most oppressive and mismanaged communist regimes of the Eastern Bloc. Under the Ceausescu dictatorship, nearly one third of investments went to industries that were heavy consumers of energy, but whose production amounted to less than twenty percent of total output; for example, a gigantic aluminum factory at Slatina alone used electric power equal to the entire consumption of electricity by the 23 million Romanian citizens (Binder 1990). Fixed assets, overall, had deteriorated to such an extent that 42 percent of Romania's scientific research equipment is now obsolete, while 39 percent of its industrial equipment and 37 percent of buses and trains are considered worn out (Binder 1990). In Ceausescu's Romania, as in most other communist countries, many of the mastodon chemical and machine-building factories had never operated at more than 50 percent of capacity, while, in agriculture, an area in which Romania had enjoyed a considerable reputation before the Second World War, output had dropped to less than half

concerts started at 6 P.M., orchestra members wore overcoats and fingerless gloves during performances (Tagliabue 1987), and all restaurants closed by 10 p.m.. In addition, as a result of a government decree requiring a 30 percent cut in the energy used in non-productive industries -- i.e., hospitals and schools -- and in homes (Tagliabue 1987), Romanian consumers were told to cut their electricity consumption in half, and spot checks were conducted in homes, confiscating wasteful appliances and plastering over wall sockets (The Economist 1984).

After the revolution, laws have been passed with the purpose of improving living standards offering greater assortments of goods and services. Despite the fact that Romanians are somewhat deprived, relative to their other European neighbors -- they have fewer radios and television sets per capita than the people of Burkina Faso, Kenya, or Zaire (Binder 1990), -- the market place offers them choices they have never had in the recent communist past. Stores and kiosks at every street corner offer several brands (Romanian and foreign) of cigarettes, chocolates, and alcohol -- some of which were previously available only in the hard-currency shops, -- in addition to goods that before were only obtainable by standing in line.

Shortages, while shorter-lived and not as frequent in occurrence, still exist, for various reasons. A number of products that sell in Romanian stores at a low price are sold abroad at great profits. For example, light bulbs selling for 10 cents in Romanian stores can be hawked for \$1 a piece or more in Hungary or Yugoslavia (Engelberg 1991). In addition, consumers continue to hoard goods for fear that inflation will drive the prices even higher. Lastly, the West was not forthcoming with aid packages and loans that could substantially affect the

of consumers -- although they were increasingly under "revision": laws did away with guaranteed minimum wages and geared earnings to how far the factory had met production plans (The Economist 1984), leading to a number of civil unrests. Overall, prices were controlled and inflation was virtually non-existent (Ger, Belk, and Lascu 1993). Yet the lack of goods in stores made prices largely irrelevant. Staples such as meat and cold cuts, available only in the hard-currency shops, would be purchased by foreign students, who would then sell them to Romanian consumers at a great profit (Kamm 1987). Store clerks also used their access to scarce goods to command "under the hand" extra payments from consumers who wanted such items as shoes, a good hair cut, or medical care (Ger, Belk, and Lascu 1993), thus driving up the prices of the most basic goods.

Since the revolution, many desired consumer goods have become available in Romania, but the income to buy them has not, with most incomes averaging \$20-\$40 per month (Ger, Belk, and Lascu 1993). Even the possibility of increased income from the land returned to its former owners constitutes a dim prospect: peasants do not have the collateral to purchase seeds, feed, fertilizer or equipment (The New York Times 1992) necessary for a profitable farm. In addition, since many of the factories are no longer subsidized by the government, numerous workers have found themselves out of a job, limiting even further their ability to subsist at the new, liberalized prices. Consequently, Romanians are becoming more and more aware of their relative poverty in the world and the unaffordability of some formerly affordable goods like housing cause many of them to lament that they were better off before the revolution (Ger, Belk, and Lascu 1993).

Nostalgic for the frequent celebrations where they toasted affordable wine and

underheated apartments not because the heat has been turned off at the order of a bureaucrat, but because they cannot afford the heating bill -- are increasingly concerned about their fate as their standard of living seems to be experiencing a substantial decline in the face of these changes.

In the process of evaluating the quality of life of the Romanian consumers as affected by product and promotion, two of the more obvious marketing variables that affect QOL, it can be noted that the products that fulfill customer needs are more readily available, in better quality, and in greater assortments than in the past. The awareness (promotion) about the existence and utility of these products is also increased, with the television showing hour-long Pepsi Games, long cigarette commercials portraying the goodlife of those who smoke, and ads for soft drinks and cigarettes crowning all edifices. Thus, it can be concluded that products and promotion have undergone a net improvement, as compared to the past.

With regard to the other p's, place and price, it appears that, while the goods are more easily available and customers no longer have to stand on lines or to contend with the shortages of the past, the goods that are available have prices that are aligned with those of markets in developed countries, where incomes are significantly higher. Therefore, although more goods and services are available, consumers can hardly satisfy their needs and wants, since they cannot afford these goods. It is, thus, suggested that, although the other 3 p's of marketing have improved significantly since the fall of communism, the 4th p, price (respectively, affordability), plays such an important role that, in fact, without it, the other 3 p's become irrelevant -- what is the utility of having high-quality goods readily available and intensively promoted if one cannot afford them?

residents and visitors in this building represented a fairly diverse range of demographics. The stairwell of the building was deemed a safe, non-threatening location for data collection: this part of the building is heated in the winter, and it is frequently used as a congregation area for the apartment dwellers, especially at mail-delivery time. Potential respondents were thought to be more likely to agree to the interviews in this type of location than if accosted on the street.

Generally, people in Eastern Europe are not familiar with marketing research practices; the respondents in this study were cooperative only after the interviewer stated that this study is being conducted by Western researchers. Further, females were more cooperative than males to participate in the study. About 75% of the females who were approached agreed to participate, whereas only about 50% of the males who were approached agreed to participate.

The interviewer asked the respondents several questions concerning availability and affordability of products and services in the years 1989 and in recent months, i.e., in the year 1993. The interviewer was highly educated and bilingual and was able to explain the questions in Romanian to respondents. The respondents did not have any difficulty in understanding the questions. The responses on the above three questions for years 1989 and 1993, as also the demographic information, were recorded by the interviewer on a questionnaire which is described next.

Research Instrument and Operationalization of Variables

Subjects were first asked to think back to the year 1989 and describe how they felt about: 1) availability, 2) affordability of products and services and 3) the quality of life. These three responses were recorded on a 7-point scale with 1 being "Extremely Poor" and 7

was supported.

Changes in the Availability Between 1989 and 1993

Hypothesis H₃ predicted that availability of products and services in Romania is greater in today's marketizing economy (1993) than it was in the planned economy, before the revolution (1989). Mean values for the availability in 1989 and 1993 were computed and compared using t-tests. The mean score for availability in 1989 was 2.98 which improved to 3.42 in 1993. This difference was marginally significant at $p \leq .10$ ($t(49) = -1.29$). Thus hypothesis H₃ predicting improvement in the availability of products and services was marginally supported.

Changes in the Affordability Between 1989 and 1993

Hypothesis H₄ predicted that affordability of products and services in Romania is lower in today's marketizing economy (1993) than it was in the planned economy, before the revolution (1989). Mean values for the affordability in 1989 and 1993 were computed and compared using t-tests. The mean score for the affordability in 1989 was 3.58 which deteriorated to 2.06 in 1993. This difference was significant at $p < .00$ ($t(49) = 5.37$). Thus hypothesis H₄ predicting deterioration in the affordability of products and services was supported.

Changes in the Quality of Life Between 1989 and 1993

Hypothesis H₅ predicted that perceived quality of life in Romania is lower in today's marketizing economy (1993) than it was in the planned economy, before the revolution (1989). Mean values for the QOL in 1989 and 1993 were computed and compared using t-

existence and utility of these products affects QOL. Further, this study conceptualizes and develops two hypotheses concerning how the other two variables of the marketing mix, i.e., place (availability) and price (affordability), affect QOL. These relationships, initially only examined by the research in a closely related area of inquiry -- marketing and economic development, -- are now expanded to apply directly to the influence of marketing on quality of life.

A third contribution of this research is the application of the proposed model and testing of hypotheses concerning effects of availability and affordability of goods and services in the context of a country that is undergoing rapid transition -- Romania. Romania is a country that is presently undergoing a transition from a planned economy to a market economy, and from a condition where marketing played a minor role in the lives of individuals to a condition where marketing plays a central role. Thus, this research assesses the impact of these two marketing elements, i.e., availability and affordability, on consumers' quality of life in an environment where such an assessment is highly relevant, as well as examines how the availability and affordability of goods and services and QOL have undergone a change during the period from 1989 and 1993. Three hypotheses concerning these issues are also tested in the Romanian setting.

The findings of this research indicate that, while goods and services are more easily available to the Romanian consumers, they are also more out of reach due to their exorbitant prices relative to their salaries. These changes, as evidenced in the present study, coupled with job-related concerns and a general state of helplessness in the face of market forces that seem to perpetually drive up inflation, and down their purchasing power, lead to a situation

the participants reported any problems in providing such retrospective accounts, we acknowledge that there is need for longitudinal research and further assessments of perceived quality of life in Eastern Europe should be undertaken by researchers in the future. It is expected that, at first, in order to regain the financial and social balance that Western countries have experienced for uninterrupted decades, the population at large may need to suffer through further deprivation and shortages. However, with acquired experience and judicious planning, the standard of living of Eastern Europeans will most likely improve -- their expectations may also be "tamed," and, overall, they may perceive that their quality of life is improving.

The model introduced in this research deserves additional examination. In the current research study, we examined the effect of two aspects of marketization, i.e., availability and affordability of goods and services on Romanian consumers' QOL. There is need to examine and test the complete model, i.e., simultaneously examining how marketing affects all aspects of consumer satisfaction and economic progress, as well as the manner in which these variables in turn affect affordability and availability of goods and services. Since "life satisfaction" has received relatively little attention in the marketing literature, it may benefit both practitioners and academics if more research should be devoted to this topic, given its potential mediating role in the marketing - QOL relationship.

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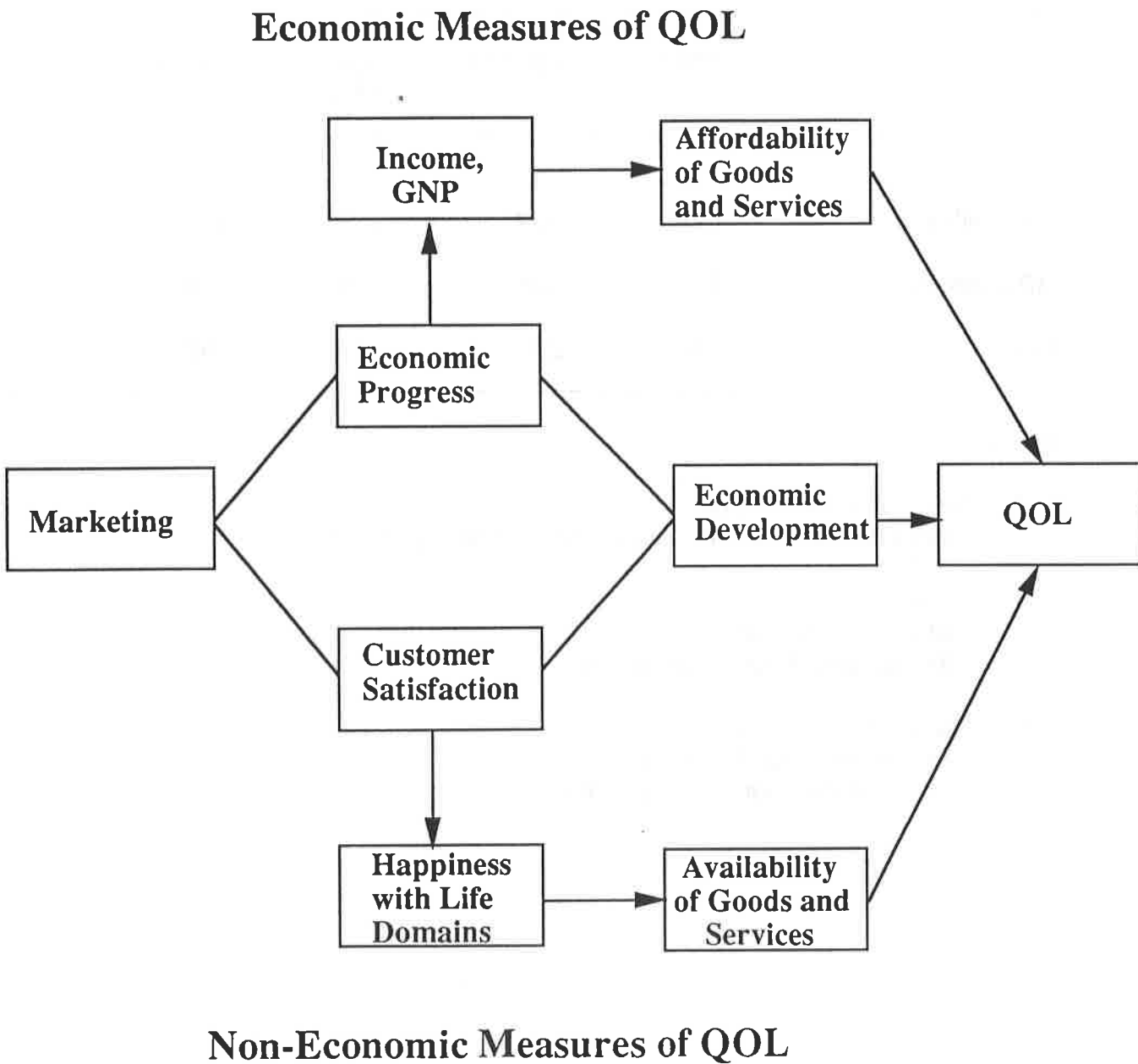
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FIGURE 1

A CONCEPTUAL MODEL OF THE RELATIONSHIP BETWEEN
MARKETING AND QOL



ADULT SOCIALIZATION IN CONSUMER CHOICE: STRATEGIES FOR DEALING WITH CHANGE IN A CONSUMER SOCIETY

Kathleen Brewer Doran

Childhood socialization has been widely studied as a major determinant of adult buying patterns. This paper analyzes adult socialization, and the effect that this process may have on consumer decision making, especially external search. From a theoretical standpoint, the paper draws heavily from research in organizational socialization and extends the findings to suggest potential areas for similar inquiries in consumer behavior.

Introduction

The impact of dynamically changing technology, rapidly proliferating product choices and an increasingly mobile population has created new relationships between the consumer and society as a whole. In particular, these factors have created a need for socialization beyond childhood to help maintain the fabric of life within a given area. Specifically, socialization can help newcomers cope with information overload as well as lifestyles that are no longer anchored in one geographic region. Consequently, both consumers and marketers are increasingly using adult socialization, or resocialization, as a system used to enable quicker adaptation to complex new products and to differing local consumer habits following geographic and social moves. The result is a long-term, synergistic system of information distribution and information-seeking tactics that helps consumers cope with profound changes in their environments and consumption patterns.

In any group situation, whether organizational or consumer reference group, there are common characteristics. These characteristics -- norms, beliefs, values, customs, rituals - in effect create a culture. The tactics individuals use to learn such elements also share

Socialization Concepts in Consumer Behavior

Socialization refers to the process by which individuals learn those behaviors that make them effective members of society (see Brim and Wheeler, 1966; Zigler and Child, 1969; Ward, 1974a and b). Generally, socialization implies social interaction, but may more aptly be described as learning acquired for socially relevant purposes. In consumer behavior, the research most often addresses the issue of "consumer socialization." Ward (1974a, p.6) defines consumer socialization as "processes by which young people acquire skills, knowledge, and attitudes relevant to their effective functioning as consumers in the marketplace." Clearly, in consumer behavior, research has emphasized parental socialization of children into effective consumers (e.g. Ward, et al., 1977; Leigh and Jordan, 1984; Reece, 1984; Carlson and Grossbart, 1988). One reason for this view may be the perceived difficulty of verifying theories that involve socialization by a reference and/or aspirational group rather than by parents alone. Since reference and aspirational groups consist of larger numbers and evolve with time and situation, they are more difficult to quantify. However, such obstacles should not preclude research into this topic. This paper explores how adults are socialized into new market environments.

To a large extent, a consumer's patterns are remarkably set at a young age. Nonetheless, to exclude changes in the consumer's approach over time is to undervalue the consumer's ability to adapt to a changing environment and a constantly evolving reference group. Adult socialization in this framework is primarily a function of resocialization of the

Hutchinson (1987) point out, consumer knowledge is a multidimensional, not unidimensional, construct. Major changes occurring in a consumer's consumption situation impact both the familiarity and experiential elements of consumer knowledge. This phenomenon normally results in a reinvigorated program to enhance one's knowledge levels. Further, varying levels of product knowledge result in differing information search patterns by consumers (Brucks, 1985).

To comprehend the potential impact of resocialization on consumer choice, it is important to understand more specifically what events may trigger adult socialization. First, consumers are resocialized whenever a major geographic move takes place.¹ From a consumer viewpoint, the availability of preferred brands and even entire product lines may differ substantially when geography changes. Good examples of this experience at the product level are regional foodstuffs and restaurants. Distribution methods, promotional techniques and prices also differ regionally, leaving the new consumer without a script (Abelson, 1976) to follow. Since adult socialization provides an avenue for uprooted consumers to help build new scripts, the impact of evolving reference groups is significant.

Second, any major change in reference group, such as that engendered by a shift in career or social status, is likely to create opportunities for resocialization. While some of

¹ Geographic movement has become a significant factor in modern society: 18% of all Americans move each year, half to a new city (Dunn, 1986). Further evidence of the importance of adult socialization is seen in the current trend to "disposable workers" (*New York Times*, 15 March 1993). As job security wanes, workers may become even more mobile than they are currently, in order to follow opportunities.

been especially proactive in research of this type, particularly socialization into new work environments, also known as "occupational socialization" (Nicholson, 1984). The practical benefits of this stream of research are apparent. First, the research investigates the fashion in which organizations socialize new employees into acceptable social patterns within the organization. Second, and most important, the research looks at socialization as a tactic for new employees to speed and simplify learning and comfort levels. This line of thought has obvious extensions into consumer choice, both for the consumer and the marketing organization, particularly since the idea of socialization as an information-seeking tactic is relatively new in marketing.

Nicholson's (1984) examination of work role transitions provides a framework for understanding the nature of socialization taking place as determined by the characteristics of the person, the role and the organization. His four modes of adjustment -- replication, absorption, determination and exploration -- can be directly related to the adjustments that consumers make when confronted by, perhaps, unfamiliar regional products or a significant move along the lifecycle, such as retirement. In this sense, an individual who is actively being socialized may respond in differing ways, such as merely replicating observed actions without believing in them or understanding their significance, or by becoming completely absorbed in the new environment. On the other hand, an individual may alter the environment, but remain unchanged, as in determination. Finally, an individual may react synchronously with the new situation, leaving both the individual and the situation changed. These types of adjustments also occur in consumer situations where, for instance, the influx

disguising conversation and using third parties can be directly translated to search behavior employed by consumers. As an example, Figure 1 adapts Miller and Jablin's model for potential use in consumer search. This adaptation of the Miller and Jablin model is straightforward. Examples of newcomers in this instance could be individuals who have recently moved to a new neighborhood following a job change, recent retirees learning to cope with being a "senior citizen," or college students living away from home for the first time. The types of information sought, information-seeking tactics and role positions are basically the same as those employed by new employees. However, the sources of information and search determinants have been adapted to reflect the marketing context. The key point in using the model, however, is that it projects potential strategies that consumers employ to cope with change in a complex consumer environment.

Insert Figure 1 About Here

While the preceding studies are intriguing from a broad consumer behavior perspective, studies of building organizational commitment (see Caldwell, et al, 1990) may be equally enlightening from the perspective of building brand acceptance. Their findings regarding strong, consistent organizational messages and individual commitment may provide insight to techniques for building brand loyalty. Further, this study is useful in the field of brand commitment since it is outcome, rather than process, driven.

example Murray (1991) views consumer information search as a conscious and motivated decision. This view is consistent with findings concerning new employees in occupational socialization studies. Consumer socialization may be viewed as not only a social process, but also a set of information seeking tactics for individual consumers. Socialization therefore may possess high explanatory power in analyzing information seeking not only from the context of the individual, but of the reference group as a whole. Olshavsky and Granbois (1979) have already identified the importance of reference groups on consumer decision making. In particular, since, in their viewpoint, many buying decisions are driven by culturally-mandated lifestyles, recommendations from others, or habituation following an initial search, transitional adjustments may be seen as highly critical in deciding long-term search and product choices.

Some research in external search has concentrated on how product familiarity affects information processing (Johnson and Russo, 1984). Socialization research may show that reference groups greatly affect perceived product familiarity. Also, further research studying ongoing versus purchase-specific research (see Bloch, et al., 1986) should find that the presence of a strongly socializing reference group affects the balance of prepurchase and ongoing search. Similarly, research that identifies dimensions of information seeking (e.g. Kiel and Layton, 1981; Moore and Lehmann, 1980; Beatty and Smith, 1987) should investigate degree of socialization as an important factor in differentiating "low," "selective" and "high" information seekers. This body of research suggests that patterns of search behavior differ widely from individual to individual. It would be interesting to examine

consumer researchers when investigating how consumers confronted with an unfamiliar consumptions situation will conduct their searches and make their choices.

Conclusions and Suggestions for Further Research

There exists a need for considerable additional research into adult socialization and its various impacts on consumer choice. Existing research in this area tends to be general in nature and underemphasizes information-seeking tactics by individuals. Consequently, further investigation into adult socialization may provide a key to understanding evolving patterns of consumer behavior. Clearly, referent conditioning is a factor that enables the consumer to access both information and recommendations, thus providing a simple heuristic when faced with multiple choices in an unfamiliar environment, whether physical or product-oriented.

Unquestionably, study of adult socialization and resocialization implies a broadly-based, systematic study of both how society and socialization pressures influence the consumer decision making process. Yet these studies also show how changing technology and marketing techniques have altered consumer search techniques and socialization frequency and intensity. The implications of this type of research on marketing organizations are many. However, perhaps most important is that marketing organizations need to understand how adult socialization influences the search process, both for geographic or social relocations and for the introduction of new and complex product categories.

deserves greater exploration.

Methodologies can easily be adapted to facilitate this type of research stream. A possible study into socialization effects on consumer search following a geographic move, for example, might begin with participant selection based on municipal or postal records of new residents. The sample could then be qualified to eliminate local moves and other confounds. A series of snowball samples (see Caldwell, et al., 1990, for an example) could then be used to determine reference group membership. Once reference groups are established, a critical incident technique could be employed to help learn which areas of consumer search are most and least affected by resocialization influences. To the extent possible, efforts must be made to control for timing following a transition so as to observe rates of socialization. The same techniques can be used to investigate immigrants learning to be consumers in a new country.

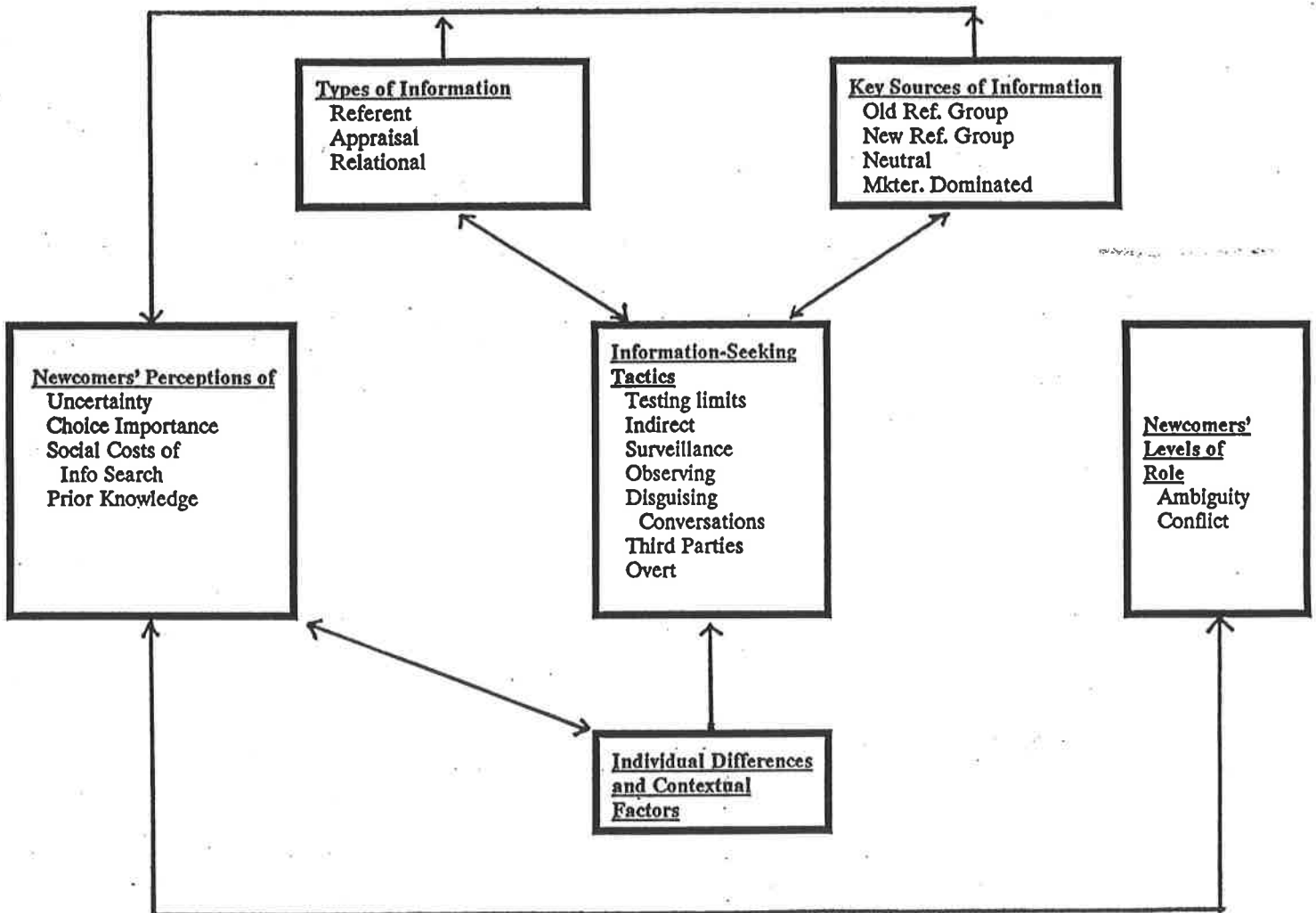
One methodological concern not easily addressed involves selecting an appropriate level of analysis (Rousseau, 1985; Glick, 1985). Socialization presents an interesting problem in that it is mostly studied as a group-level phenomenon with outcomes that are largely individual. Therefore, researchers often develop studies that capture aggregate phenomena well, but tend to be less successful in discerning individual differences. Therefore, when extending adult socialization in consumer search, it is useful to begin with interpretive studies, such as that described above, with which to develop aggregate theory. Once theory is more clearly developed, researchers may then move toward more definitively

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Figure 1
Model of Newcomers' Information-
Seeking Behaviors during
Consumer Search



Adapted from Miller and Jablin (1991)

A TIME LAGGED MODEL OF THE EFFECTS OF INTERNATIONAL TRADE ON ECONOMIC GROWTH AND MEETING BASIC HUMAN NEEDS *

Michael R. Mullen and George R. Milne **

ABSTRACT

The question of the effects of exporting and importing on economic development is an important concern to macro marketers. A new model was recently developed and empirically evaluated with cross-sectional data by Mullen (1993). This study replicates and extends Mullen's model and analysis in several important ways. Additional theoretical approaches are discussed and incorporated into the model. The measurement model is examined in detail with different data to verify the reliability and validity of the multiple indicators of the latent dependent variables. Confirmatory factor analysis is used to empirically demonstrate convergent and discriminant validity of the two proposed theoretical dimensions of economic development. Time lagged export and import variables are used to estimate the structural models. The results from four points in time are used to determine an optimum time lag for causal inference concerning the effects of exports and imports on economic development. The theoretical models are empirically evaluated with the optimum time lagged data. Mullen's model receives consistent support from the parameter estimates. The results of additional hypotheses tests are mixed.

INTRODUCTION

International marketing is becoming an ever increasing fact of business practice in most countries. Successful international marketing is primarily manifest as exports and imports. Therefore, public policy officials and macromarketers have shown an increased interest in the consequences of exports and imports on society. Society's interests are usually associated with economic development in the public domain. While there has been considerable research on marketing and economic development (e.g., Hosley and Wee 1988; Wood and Vitel 1986), there has been, with few exceptions (Layton 1981a&b, Olsen and Granzin 1990), a dearth of empirical research in the macromarketing literature on the effects of exporting and importing on development.

A new model concerning the relationships between

exporting and importing and two dimensions of economic development, basic needs and economic level has attempted to fill this void (Mullen 1993). This work draws on aspects of the dependency theories and neo-classical economic trade theory in addition to logical arguments to develop a comprehensive model. Mullen (1993) hypothesized that exports have a direct positive effect on economic level and a direct negative effect on basic needs and that imports have opposite direct effects. Further, he argued that there was a strong positive "trickle down" effect from the economic dimension to the basic needs dimension. His *a priori* model was supported with analysis of cross sectional data from 1975. However, he did not explicitly address the measurement properties of the observed indicators of the two theoretical dimensions of economic development nor did he establish the discriminant validity of those dimensions.

Purpose

The purpose of this study is to replicate and extend Mullen's study in several important ways. First, several additional theoretical approaches are discussed and incorporated into the model. These include the macromarketing debate between the activists and the determinists, dependent development, and the savings gap version of the

* The authors wish to thank Paul Bloom for his support and confidence during this project.

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to the production oriented approach of economists. He demonstrates that industrialization has not been the panacea macroeconomic planners envisioned. Other researchers note that marketing is often overlooked in the development process (Slater 1968). In sum, Activists write that marketing stimulates development (Bartels 1977) and maybe the prime facilitator (Gumbel 1989). Despite the strong support for this perspective, there are to our knowledge, only three empirical studies (Kazgan 1988; Layton 1981a; Mullen 1993) which take the activist view.

In contrast, there are several empirical studies that are aligned with the determinist theory. Cundiff (1965), in an international comparison study, shows that improvements or changes in retail channels seem to be related to the stage of economic development. In another study showing that marketing follows development, Arndt (1972) found fairly consistent seven to nine year lags between environmental variables (e.g., consumption per capita) and population and sales per retail outlet for Norway, the U.S., and Sweden.

The relationship of U.S. marketing investment to the level of development and political instability was examined by (Bennett and Green 1972). Political instability is not a significant predictor of marketing investment when level and stage of economic development are controlled for. However, political instability is negatively related to marketing investment in the Asia region, although not in Latin America.

One study contrasts with the findings of other researchers. Douglas (1971) evaluates the influences of "environmental development" on marketing structures. She concludes that marketing structures are independent of the level of economic development but her results are based on a sample of only five countries.

In summary, much of the work in this stream of research deals with domestic marketing channels (e.g., El-Ansary 1986; Etgar 1983). While there are many studies on the role of domestic marketing channels in economic development and much research on international marketing channels (Mullen 1990), there have been almost no studies on the effects of the use of international marketing channels, or exporting and importing, on development. Nonetheless, export marketing "is a crucial topic in relation to economic development" (Kazgan 1988:p.59).

Dependent Development

The traditional approaches to the dependency theories have been presented elsewhere in the macromarketing literature (Dholakia and Firat 1987; Joy and Ross 1989; Mullen 1993). However, not all dependency theorists agree on the interpretation of the basic tenants of these research traditions. A different interpretation of the classic dependency theories is the theory of dependent development offered by Evans (1979). Evans holds that in some developing countries a complex triple alliance between multinational corporations, elite local capitalists, and state or local government capitalists emerges. This triple alliance has led to dependence combined with development in countries such as Brazil. In these cases, transformation of the economy relies on concentrated local capital accu-

mulation and a diverse manufacturing base as well as the traditional dependence on primary goods (i.e., agricultural and mineral products) for exports. Evans believes that this new political economy leaves the mass of the population as excluded from the fruits of development as traditional dependent economies relying on primary exports. He argues that the profits accrue to the core or the local elites. Additionally, balance of payments deficits increase because the earnings from exports of manufactured goods are less than the ever increasing imports of machinery and inputs for manufacturing. These current account deficits force increased government borrowing from international capitalists and lead to reduced welfare expenditures for the masses. Dependent development thus leads to an increase in economic growth and a decline in meeting the basic needs of the population (Evans 1979). Another sociologist, Jaffee (1985), demonstrated that export dependency (i.e., the value of export trade as a proportion of GNP) is positively related to economic growth. This finding held for samples of rich and poor nations and for a sample with only less developed countries. Several macro marketers have supported the argument that even if trade led to an increase in economic level, there are few multiplier effects so there is little or no "trickle down" of benefits to the population as a whole (Cundiff 1982; Dholakia and Dholakia 1984).

The Harrod-Domar Growth Model and the Savings Gap

The Harrod-Domar growth model relates the rate of economic growth to investment and the capital-output ratio. Stated another way, the increase in output capacity for any period equals the ratio of output to capital stock multiplied times investment and investment is seen as equal to savings (Shapiro 1978). According to Samuelson (1980), the Harrod-Domar model determines the amount of savings or investment necessary to remain at equilibrium or to reach a desired rate of growth. "More specifically, it says that the growth rate of national income will be directly or positively related to the savings ratio" (Todaro 1989:p.66). Shapiro (1978:pp.402-411) provides an excellent rendition of the theory for the reader interested in more detail.

The Harrod-Domar growth model is used to explain many phenomena, including economic development. According to this growth model, if a country desired an increased rate of growth, savings, and thus investment, would have to be increased. The key question here is the impact of exports and imports on savings. While the Harrod-Domar growth model itself says nothing about foreign trade and savings, it has been used to explain savings gaps (Todaro 1989). A savings gap represents a shortage of savings required by this theory to achieve the desired rate of growth. Foreign trade and aid (usually in the form of import assistance) have been proffered by some economists as a source of additional savings leading to the savings gap version of the model.

The 'savings gap' application of the Harrod-Domar model suggests economic development planners should seek to augment domestic savings with increased imports

not substantiate directionality. Further, a cross-sectional analysis may not be able to adequately capture the development process. As Todaro (1989) points out, the absence of time-series data for most LDCs causes most economic development researchers to address longitudinal phenomenon with cross-sectional data. Also, cross-sectional analyses do not address the question of the time lag between cause and effect which is important to public policy planners, for assessing the hypotheses five, and is interesting in its own right. Therefore, the explanatory variables are evaluated with different time lags before the dependent variables. In Figure 1 the subscript t equals the most recent time, 1980, and k equals the length of the time lag. There have been no consistent findings regarding the correct time lag for factors affecting development. The hypotheses are formally tested by empirically evaluating the model in Figure 1. While Figure 1 only reflects one model, that same model is used with four different time lags (i.e., $k = 15, 10, 5, 1$).

METHODOLOGY

Data

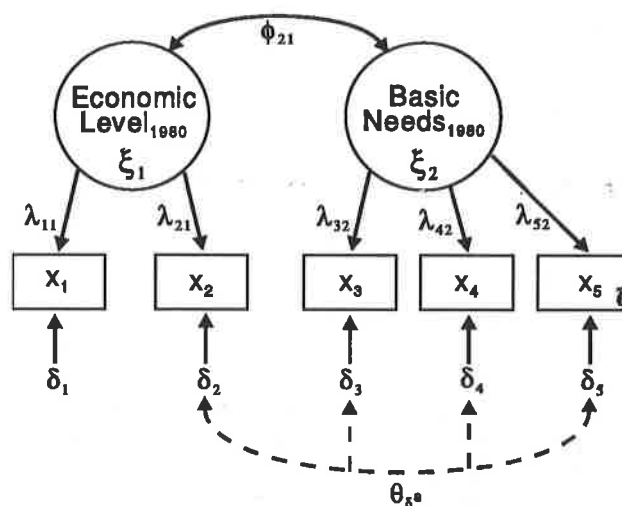
The measures of exporting and importing as a ratio of GDP for all the countries and years are drawn from IMF data (1988). The ratios of exports to GDP (i.e., EXGDP65) and imports to GDP (i.e., IMGDP79) are used so that the data are comparable across varying sizes of national economies. The indicators of economic level and basic needs are very similar to those Mullen used although some definitions vary somewhat and the sources and years are different. The indicators of economic level are GNP per capita in 1980 [GNPC80] (IMF 1984) and energy consumption per capita for 1980 in kg of coal equivalent [ENCC80] (World Bank 1983). The indicators for level of basic needs are daily per capita calory supply for 1980 [CAL80] (World Bank 1983), number enrolled in secondary school as a percentage of age group in 1980 [EDS80] (World Bank 1983), and infant mortality rate, aged 0-1, for 1980 [INF80] (World Bank 1982). The sample consists of the 99 countries listed in these sources which have complete data sets. For more detail about the measures and the sample, see Mullen (1992).

Methods

Economic development has been defined as a two dimensional construct with multiple indicators which have been specified *a priori*, that is the dimensions of the construct are based on the theoretical perspectives that guided the construct definition. The other approach is to empirically derive the dimensions *a posteriori* through data analytic techniques such as common factor analysis. Since the intention has been to develop operational measures for important theoretical dimensions of economic development rather than to uncover dominant dimensions through data-analytic methods, the dimensions are specified *a priori*. Therefore, confirmatory factor analysis (i.e., with precise specifications concerning the factor-structure and their loadings) is used to test whether these are separate constructs (Hypothesis 1) and to assess the measure-

ment properties. The theoretical model in Figure 2 is a fully specified confirmatory factor analysis model with two latent variables.

FIGURE 2
Confirmatory Factor Analysis



where $x_1 = \text{LGNPC80}$
 $x_2 = \text{LENCC80}$
 $x_3 = \text{CAL80}$
 $x_4 = \text{EDS80}$
 $x_5 = \text{INF80}$
 $\xi_1 = \text{Economic Level 1980}$
 $\xi_2 = \text{Basic Needs 1980}$

The observed variables, X_2 through X_5 , are from the same source, the *World Development Report*. Therefore, the measurement model is evaluated for the potential correlated errors indicated by the dashed lines in Figure 2.

The theoretical model shown in Figure 1 above is estimated as a structural equation model with latent variables (see the fully specified model shown in Figure 3) with LISREL VII (Jöreskog and Sörbom 1989) and the maximum likelihood fitting function.

The estimation of the confirmatory factor analysis and the structural equation models are conducted on the sample variance-covariance matrix of the observed variables which is presented in Table 2.

RESULTS

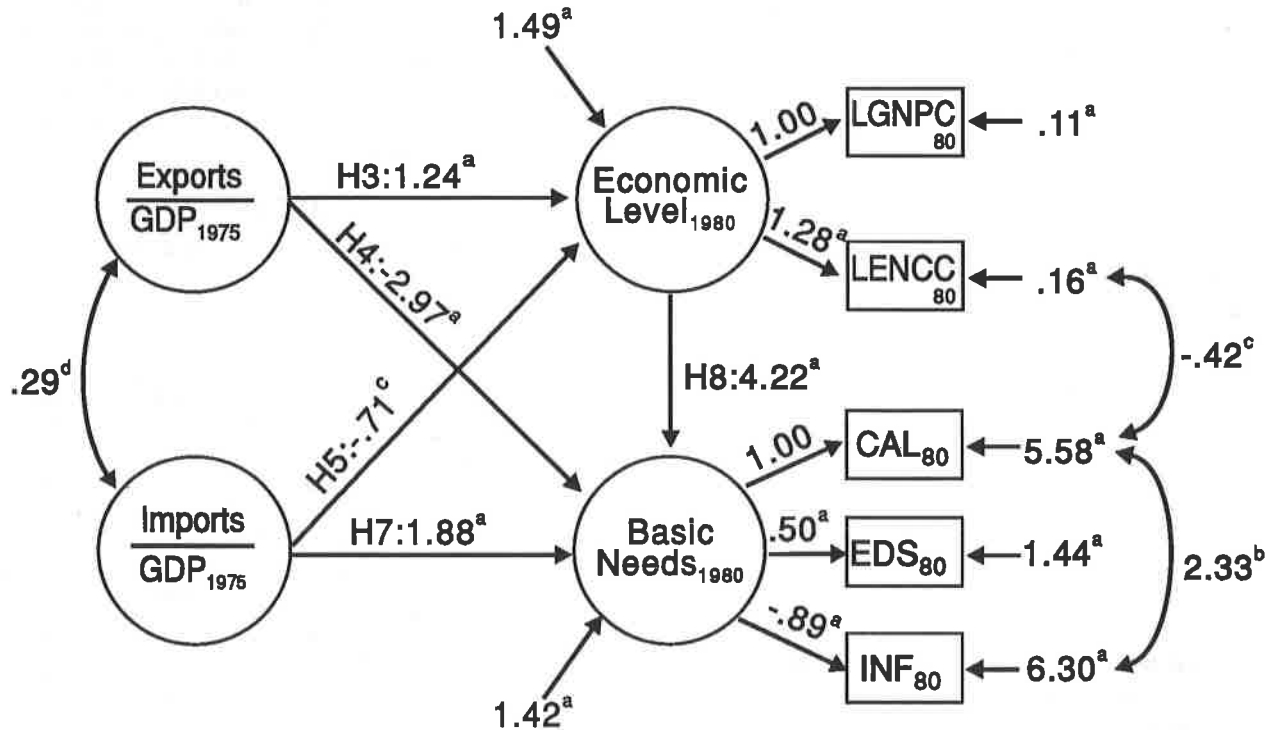
The confirmatory factor analysis is the basis for evaluating the measurement model. The results specify the relationship of the observed variables to the latent

Table 3
Model Fit and Parameter Estimates

1. FIT OF THE MODEL		1965	1970	1975	1979
Chi-square (df=8)	χ^2	9.00	6.32	6.38	5.28
Significance	p	.342	.611	.605	.727
Delta 1(Bentler & Bonett 1980)	Δ_1	.99	.99	.99	.99
Delta 2 (Bollen 1989b)	Δ_2	1.00	1.00	1.00	1.00
Rho 1(Bollen 1986)	ρ_1	.97	.98	.98	.98
Rho 2 (Tucker & Lewis 1973)	ρ_2	1.00	1.01	1.01	1.01
Goodness of Fit Index	GFI	.98	.98	.98	.99
Adj. Goodness of Fit Index	AGFI	.91	.94	.94	.95
Root Mean Sq. Residual	RMSR	.13	.11	.11	.12
Sample Size	n	99	99	99	99
2. PARAMETERS					
Exports on Econ. Level '80	γ_{11}	.59 ^c	.63 ^c	1.24 ^a	.94 ^a
Exports on Basic Needs '80	γ_{21}	-2.81 ^a	-2.41 ^a	-2.97 ^a	-2.20 ^a
Imports on Econ. Level '80	γ_{12}	-.23	-.11	-.71 ^c	-.30
Imports on Basic Needs '80	γ_{22}	1.84 ^b	1.53 ^b	1.88 ^a	1.26 ^b
Econ Growth '80 on Basic Needs '80	β_{21}	3.96 ^a	3.96 ^a	4.22 ^a	4.11 ^a
Explain Variance of Econ Level '80	R ²	5%	8%	20%	16%
Explain Variance of Basic Needs '80	R ²	95%	93%	95%	93%
Explain Variance of Total	R ²	51%	40%	62%	45%
Econ. Level on LGNPC '80	λ_{11}	1.00	1.00	1.00	1.00
Econ Level on LENCC '80	λ_{21}	1.28 ^a	1.27 ^a	1.28 ^a	1.28 ^a
Basic Needs on CAL '80	λ_{32}	1.00	1.00	1.00	1.00
Basic Needs on EDS '80	λ_{42}	.50 ^a	.50 ^a	.50 ^a	.49 ^a
Basic Needs on INF '80	λ_{52}	-.88 ^a	-.89 ^a	-.89 ^a	-.88 ^a
Error for LGNPC '80	θ_{E11}	.12 ^a	.11 ^a	.11 ^a	.12 ^a
Error for LENCC '80	θ_{E22}	.14 ^b	.16 ^b	.16 ^a	.15 ^b
Error for CAL '80	θ_{E33}	5.64 ^a	5.65 ^a	5.58 ^a	5.10 ^a
Error for EDS '80	θ_{E44}	1.39 ^a	1.45 ^a	1.44 ^a	1.54 ^a
Error for INF '80	θ_{E55}	6.75 ^a	6.14 ^a	6.30 ^a	6.13 ^a
Error for Econ Level '80	ς_{11}	1.75 ^a	1.71 ^a	1.49 ^a	1.55 ^a
Error for Basic Needs '80	ς_{22}	1.49 ^c	1.96 ^c	1.42 ^d	2.09 ^c
Corr. Error: CAL '80 with LENCC '80	θ_{E32}	-.40 ^c	-.43 ^c	-.42 ^c	-.42 ^c
Corr. Error: INF '80 with CAL '80	θ_{E53}	2.09 ^c	2.38 ^b	2.33 ^b	2.65 ^b

a = p<.001 b = p<.01 c = p<.05 d = p<.1

FIGURE 5
Parameter Estimates



$R^2_{EL} = 20\%$; $R^2_{BN} = 95\%$; $R^2_{Total} = 62\%$
 $a = p < .001$ $b = p < .01$ $c = p < .05$ $d = \text{sample covariation}$

hypothesis (H8:) that the economic level has a strong positive direct effect on basic needs. Indeed, the structural equation for the basic need latent variable explains 95% of its variance with the greatest influence coming from the economic level².

Hypothesis 6 is evaluated by looking at Table 4 rather than the figure because it predicts that imports have a positive direct effect on the economic level in the long run. The direct effects of imports 10 and 15 years out on the economic level, holding exports constant, are negative. These parameters provide good evidence against the arguments for the positive long run effects of importing predicted in Hypothesis 6. In fact, the only statistically significant results regarding the effects of imports on the economic level are negative but with a five year lag which is usually considered a medium, rather than long term lag.

Standardized Parameters

The parameter estimates presented so far have been unstandardized as they should be for hypothesis testing (Bohmstedt 1969; Bollen 1989a). However, the latent variables are scaled differently so that the parameter estimates for the structural equations are not readily comparable. The standardized parameter estimates for comparable models from 1965, 1970, 1975, and 1979 are listed in Table 4.

TABLE 4
Standardized Parameter Estimates

PARAMETERS	1965	1970	1975	1979
Exports on Econ. Level '80	.29	.32	.62	.49
Exports on Basic Needs '80	-.35	-.30	-.37	-.29
Imports on Econ. Level '80	-.10	-.05	-.30	-.14
Imports on Basic Needs '80	.20	.17	.20	.14

When the estimates in this table are compared to those in Table 3, it is clear that the scaling differences are reflected in the unstandardized estimates. The parameter estimates of the effects of exports and imports on the dependent variable, economic level, remain proportionally equivalent. The same can be said for the estimates with regard to the effects on basic needs. However, the relative size of the parameter estimates regarding both dependent variables are different as would be expected. These standardized parameter estimates are worth examining in more detail.

Figure 6 graphically pictures the standardized parameter estimates presented in Table 4. These graphs show the relative size of the direct effects of total exports and imports over time on the two dependent variables. Several interesting observations can be made from Figure 6.

separate dimensions of economic development, economic level and basic needs, were statistically significantly separate constructs. Along with the practical differences exhibited within the nomological net, these results make it clear that it is important to study the economic and basic needs dimensions separately in theoretical and applications oriented research.

An extensive analysis of the results of the models with the dependent variables at four time intervals demonstrated that the effects of exports and imports have their greatest impact on economic development with about a five year lag. The results of the model with five year lags for the independent variables were examined to test the theoretical model represented by Hypotheses 1 through 10.

All of the hypotheses received statistically significant support except Hypothesis 6. That hypothesis predicted that imports would have a positive effect on the economic level in the long run based on the arguments of Porter (1990) and others. The two dimensions of economic development were verified (H1). The activist position that marketing variables cause economic development received strong support in this study using international marketing variables (H2). Dependent development was shown to have more predictive validity than the traditional dependency theories with respect to the effects of exports on economic level but not imports. The Harrod-Domar/savings gap explanation received no support from the analysis. Mullen's model received uniform support with new, time lagged data (H3, H4, H5, H7, and H8). The hypothesis (H9) that the total effects of exporting on basic needs are positive received statistically significant support. Imports also were found to have no meaningful total effects on basic needs (H10). These last two results were new hypotheses and replicated unpredicted results from Mullen's earlier analysis.

CONCLUSION

This study made several important contributions by replicating and extending Mullen's (1993) recently developed theoretical model on the effects of exporting and importing on two dimensions of economic development. The confirmatory factor analysis verified that the mea-

asures of the two dimensions were reliable and valid and that economic level and basic needs were distinct constructs which should be studied separately. A five year time lag was established as the appropriate interval for causal inference. Mullen's (1993) theoretical model was reevaluated with new data at the five year lag and the results were replicated and extended. Previous unpredicted results regarding the total effects were verified. The theoretical position of the activists was supported, the dependent development perspective received mixed support, and the savings gap version of the Harrod-Domar model did not exhibit predictive validity.

Future researchers could make a contribution by examine the consequences of trade on society at the category level. There have been no methods for detecting unusual countries or cases for use with structural equation modeling in the marketing or economic development literatures. Such methods would make a useful and practical contribution to this stream of macromarketing research and to the structural equation modeling literature as well. Macromarketing researchers may also be able to make important contributions to economic development theory and practice with additional research on domestic and international marketing channels and international marketing strategy in an economic development context.

Notes

1. Bacha (1990) recently developed an extended version of the saving gap/Harrod-Domar model for highly-indebted developing countries.
2. A reviewer recommended using McDonald and Marsh's (1990) measure of model fit, the Relative Noncentrality Index (RNI). The RNI for 1965 = .999 and for 1970, 1975, and 1979 RNI = 1.00. This additional measure recommended by the reviewer corroborates the excellent fit of the data to the model.
3. Beta 21 is not included because it estimates the effect between two variables from 1980, holding the time lagged variables constant.
4. It is worth noting that we also evaluated the model for 1975 with exports and imports divided by GNP as well as with GDP for good measure. The results are nearly identical with no changes what-so-ever with regard to the hypotheses.
5. The absolute size of the standardized parameter reflecting the effect of the economic level on basic needs is more than three times the size of the standardized parameters for the effects of either exporting or importing.

in terms of standard deviation units. The standardized coefficients are:

$$\lambda_{ij} = \frac{\lambda_{11} \quad \lambda_{21} \quad \lambda_{32} \quad \lambda_{42} \quad \lambda_{52}}{\lambda_{ij}} = .97 \quad .98 \quad .92 \quad .91 \quad -.89$$

These unstandardized and standardized validity coefficients are all highly statistically significant (see Table A1) providing evidence of the causal relations between the observed variables and their respective latent constructs.

Last, the unique validity variance measures that portion of the explained variance in an observed variable which is uniquely attributable to a particular latent variable. In these studies, no observed variable is an indicator of more than one latent variable so that the unique validity variance is the same as the squared correlation coefficient of the observed variable, X_i , R^2_{xi} , shown above in the reliability analysis. The measurement properties within the full structural equation models remain consistent with those presented here. These validity measures, taken together with the reliability measures, demonstrate very high reliability and validity for the measurement model.

While analyzing the measurement model, we also examine whether or not the error terms of several of the observed variables are correlated because the measures are from the same source. Unfortunately, the measurement model is not identified if all of the error terms under investigation are correlated at once. In separate analyses, $\theta_{\delta 54}$ and $\theta_{\delta 43}$ are estimated but they are not found to be statistically significant. However, estimates of $\theta_{\delta 53}$ and $\theta_{\delta 32}$ are statistically significant. A chi-square difference test is used to settle the question of whether or not they should be included in the CFA and subsequent models. The null hypothesis (H_0) is that the restricted model (i.e., no correlated errors) is correct compared to the unrestricted model. The results of the chi-square difference test are:

$$\begin{aligned} \chi^2_{diff} &= \chi^2_R - \chi^2_U \\ \chi^2_{diff} &= 15.51 - 3.67 \\ \chi^2_{diff} &= 11.84 \text{ with 2 degrees of freedom} \end{aligned}$$

where $\chi^2_R = 15.51$ with 4 degrees of freedom and $\chi^2_U = 3.67$ with 2 degrees of freedom. If the H_0 is correct, the $\Pr(\chi^2 \geq 11.84) < .005$. Therefore, the null hypothesis that there are no correlated errors is untenable. Theta delta₅₃ and theta delta₃₂ are accordingly included in subsequent models.

It is worth pointing out that the fit of the structural equation models is not dependent on these correlated errors. For instance, the model with correlated errors using 1975 independent variables has a $\chi^2 = 6.38$ with 8 degrees of freedom. (see Table 3 in the paper). Without correlated errors, $\chi^2 = 17.47$, 10df. None of the indices of fit changes even 2%. For instance, delta 2 and RNI drop from 1.002 to .989 (-1.3%) which still represents an excellent fit of the data to the model.

Confirmatory Factor Analysis Model

The confirmatory factor analysis (CFA) model is evaluated with two approaches. The results from estimating the CFA in Figure 2 are pictured in Figures A1 a&b for those approaches. The first method is recommended

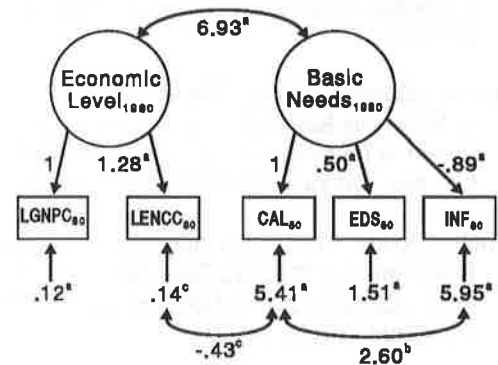
by Jöreskog and Sörbom (1989) and Bollen (1989a). A chi-square difference test is used to test whether economic development is a one or two dimensional construct. To do this, a restricted measurement model is compared to an unrestricted measurement model. Economic development is estimated with one dimension (by setting $\phi_{21} = 1$) for the restricted model and two dimensions for the unrestricted model. The null hypothesis is that the restricted model is correct compared to the unrestricted model. The results of the chi-square difference test are:

$$\begin{aligned} \chi^2_{diff} &= \chi^2_R - \chi^2_U \\ \chi^2_{diff} &= 131.28 - 3.67 \\ \chi^2_{diff} &= 127.61 \text{ with 1 degree of freedom} \end{aligned}$$

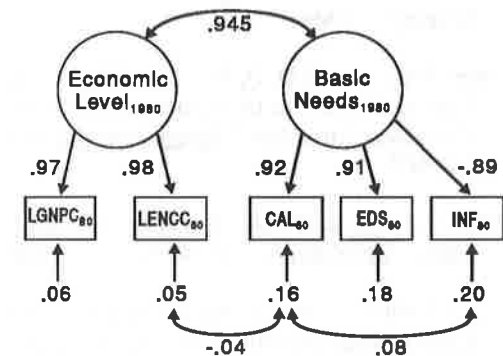
where $\chi^2_R = 131.28$ with 3 degrees of freedom and $\chi^2_U = 3.67$ with 2 degrees of freedom. If the H_0 is correct, the $\Pr(\chi^2 \geq 127.61) < .0001$. Therefore, the null hypothesis supporting a uni-dimensional construct is rejected. The results of the unrestricted CFA model estimation are shown in Figure A1a.

FIGURE 6.1

a. Unstandardized



b. Standardized



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STRUCTURAL PATH ANALYSIS AND TRADE-FLOW TABLES

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INTRODUCTION

The conversion of Input-Output Tables into Trade-Flow Tables is an important step in the analysis of marketing system structures. The importance of Input-Output Tables to the analysis of macromarketing system structures was first recognized by Cox et. al. (1965). In the early 1980's it was Layton (1981a, 1981b) who extended their framework and converted Input-Output Tables into Trade-Flow Tables.

Utilizing these Trade-Flow Tables Layton (1981a, 1981b, 1986) examined the marketing systems of Australia and the Cilacap region of Indonesia. Further implementations of the Trade-Flow approach for cross sectional and longitudinal studies were shown by Sybrandy, Pirog, and Tuninga (1991), Sybrandy and Tuninga (1991), Pirog (1991) and Tuninga (1992).

An additional dimension can be added to the analysis of macromarketing systems through the use of Structural Path Analysis of Trade-Flow Tables. Thus far, Structural Path Analysis has been utilized for the analysis of Input-Output Tables (for example, Lantner (1972)) and Social Accounting Matrices only (Defourney and Thorbecke (1984), Kahn and Thorbecke (1989)). This paper represents the first step in the development of this methodology for usage in the analysis of macromarketing systems.

The purpose of this paper is to put forth an explanation of the Structural Path Analysis methodology and its utilization in the analysis of Trade-Flow Tables.

normally contains a few residual balances, such as direct imports by final use sectors.

In order to analyze the system represented by the Input-Output and Trade-Flow tables, the quadrants are often treated as matrices and vectors. In the following analysis the matrices will be represented as follows: T = Intermediate transactions, a matrix representing the upper-left quadrant (4x4), x = Total Final Use, a column vector with totals for each row in the upper-right quadrant (4x1), y = Total output per sector, a column vector with totals for each row, both upper quadrants (4x1), l = Total primary input per sector, a row vector with totals for each column in the lower-left quadrant (1x4), and A = Average expenditure propensities, a matrix explained below (4x4).

Initially it is useful to analyze the purchases made by each sector in the system. Because total outputs (sales) of the system are always equal to total inputs (purchases), the total inputs can be represented by y' , the transpose of the column vector y , i.e. $y'_i = y_i$, for $i=j$. The average expenditure propensities matrix A can now be calculated by dividing each element in T (purchases of sector j from sector i) by its corresponding total in y' (which is equal to y_j), which consists of the total of the column j in T and the corresponding element j in l , $a_{ij} = \frac{t_{ij}}{y_j}$, i.e., total purchases of a sector from each of the other intermediate sectors (intermediate inputs) are divided into the total purchases made by that sector (total inputs). The elements in matrix A now represent the direct effect that a change in the purchases by a sector has on the sectors it is purchasing from. The matrix of average expenditure propensities can be used to show a link between total system output, y and final system output, x as follows:

4. Calculate the total influence along each path by multiplying the direct influence along the path with its associated path multiplier.
5. Add the total influences along all paths connecting sectors i and j to arrive at a global influence.

Step one is straightforward for a four sector table. There are a maximum of five paths connecting a sector with any other sector, for a total of sixty possible paths ($4 \times 3 \times 5$). Step two can in this case be implemented using a "brute-force" approach, calculating the direct influence along each potential path.

With a bigger Trade-Flow Table another approach is needed; the number of possible paths connecting any two sectors grows exponentially relative to the dimension of the Table, leading to a combinatorial explosion. In such a situation a potential strategy is to combine steps one and two, quickly eliminating any path with a non-existent, or very small direct effect. That is, any path with a small a_{ji} associated with any of the arcs comprising it, and any path of which this path forms a sub-path, is eliminated from further analysis (see, for example, Kahn and Thorbecke (1989)).

Step two simply consists of multiplying the average expenditure propensities (a_{ji}) associated with each arc of a path, ignoring any feedback arcs. In this step many potential paths are eliminated. In the example, retailers (R) do not sell to other intermediate sectors, making the effect of each of these other sectors on the retail sector zero. The A matrices show that $a_{4i} = 0$ for each i , making the direct effect along any path containing arc $4i$ zero.

Table 4: Structural Path Analysis; Elementary Paths; Origin S1

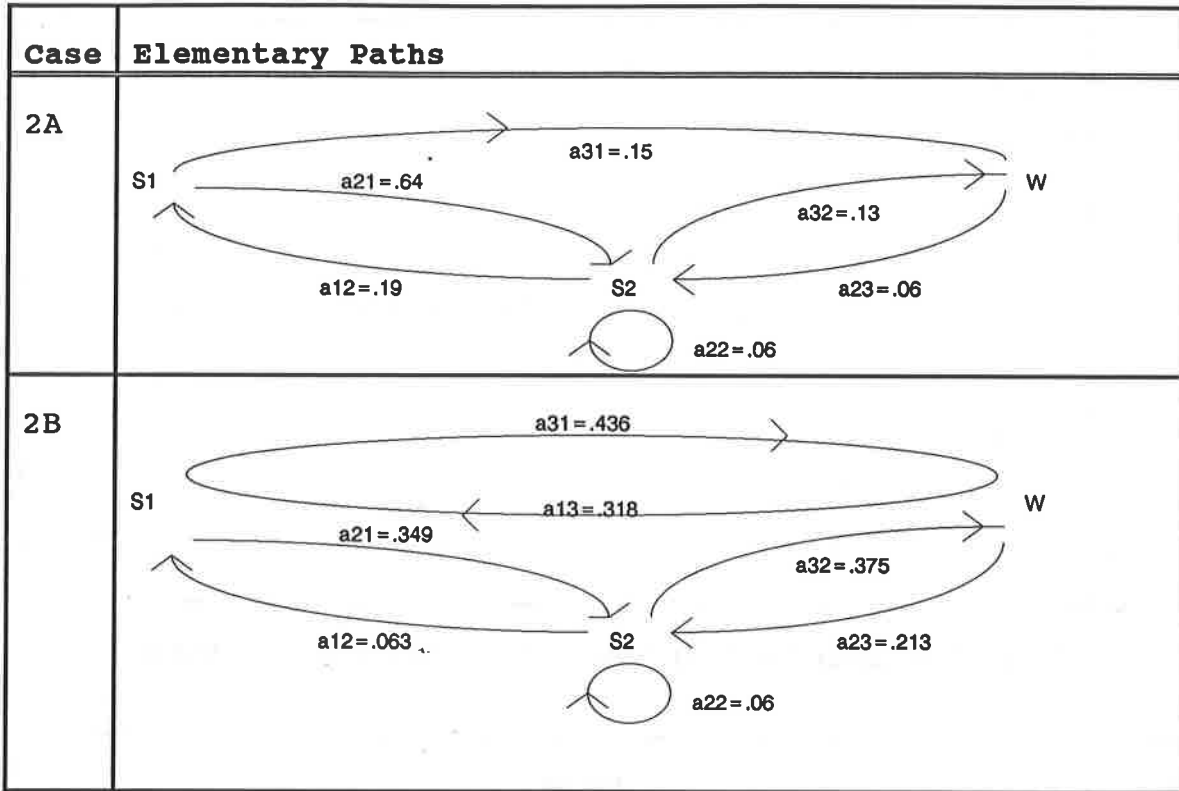


Table 5: Structural Path Analysis; Elementary Paths; Origin S2

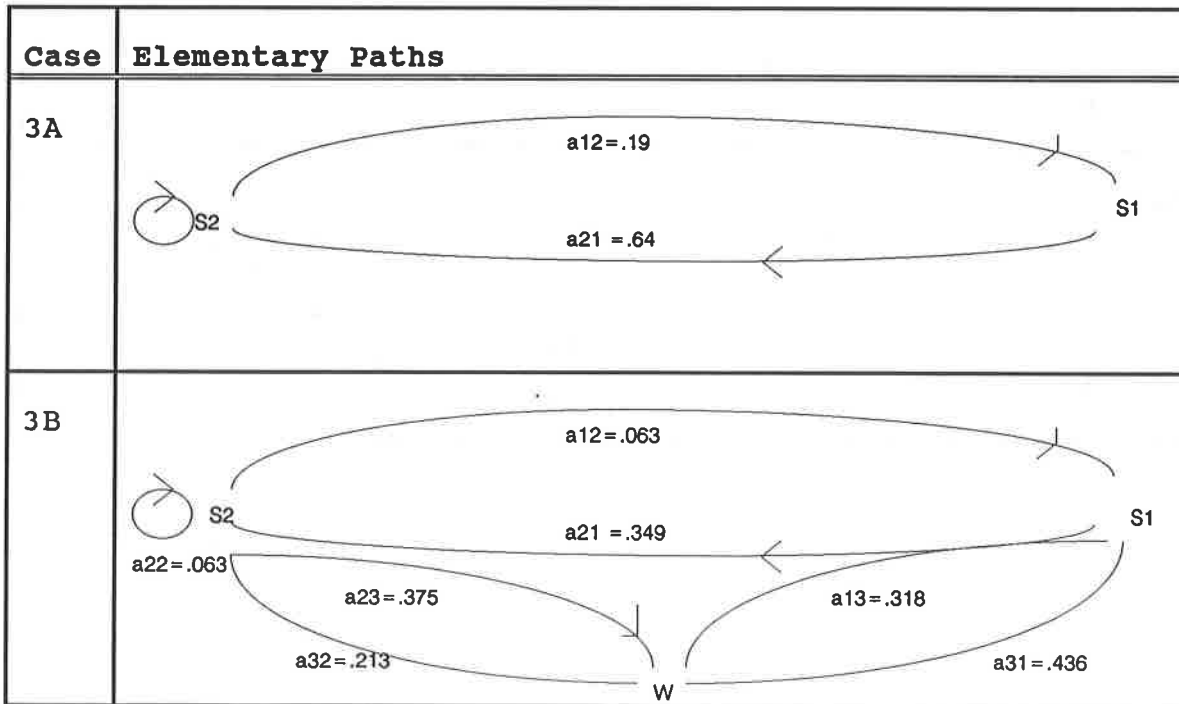
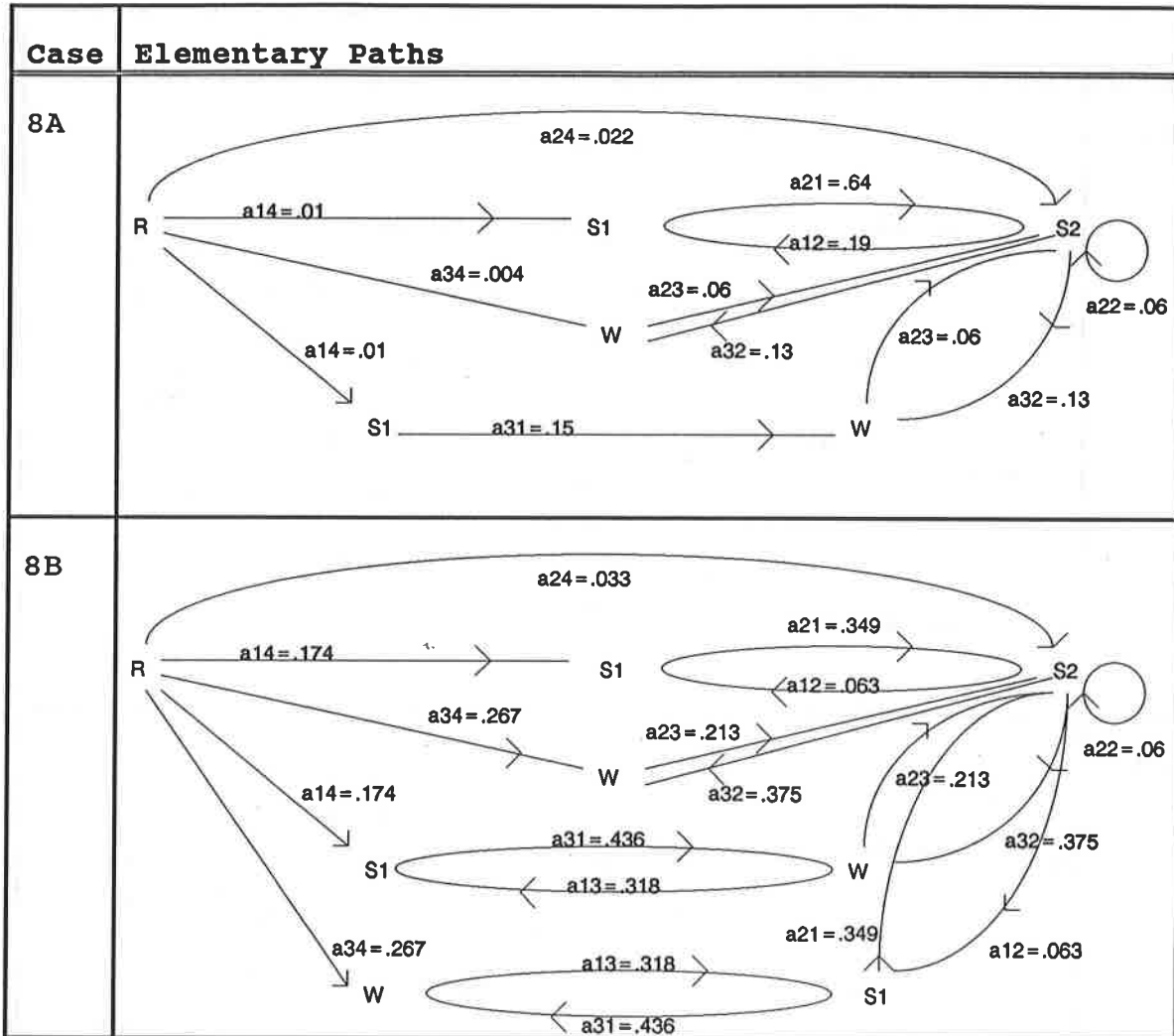


Table 8: Structural Path Analysis; Elementary Paths; Origin W

Case	Elementary Paths
6A	
6B	

Cases 3B, 5B, 6B, 7B, and 8B all are examples where moving from the Input-Output environment to the Trade-Flow environment not only added feed-back loops to similar elementary paths, but also completely new elementary paths. This further demonstrates that the Trade-Flow Table forms a better basis for the examination of the interconnectedness of sectors and thus the distributive system.

Table 10: Structural Path Analysis; Elementary Paths; Origin R



Cases 5B through 9B describe all of the paths connecting wholesalers and retailers with each other as well as with all of the other sectors in this example of a macromarketing system. Particularly the cases involving retailers as the pole of origin show a large number of connections with other sectors in the system.

The example Trade-Flow Table is based on a simple set of transactions among only four sectors. It is clear that involving more sectors would make, for example Case 9B (Table 11), more complicated and in the process difficult to read. However all of the elementary paths are not of equal importance and in more complicated cases one can therefore focus on those that are most important.

The importance of each elementary path may be difficult to read from the figures presented. Tables 12 and 13 show the importance of each elementary path in terms of its total influence and as a percent of the global influence. Both Tables 12 and 13 show that a large part of the global influence of one sector (origin) on another (destination) can be explained by just a few elementary paths. However, in Table 13, which is based on the Trade-Flow environment, more of the elementary paths play an important role in the explanation of the global influence. The sequence of marketing exchanges is thus more fully explained when utilizing Structural Path Analysis and Trade-Flow Tables for the examination of macromarketing systems.

Table 13: Structural Path Analysis: Trade-Flow Table

Case	Path Origin	Path Destinat	Global Influence	Paths	Direct Influence	Path Multiplier	Total Influence	Total as % of Global Influence
1B	S1	S2	.671	S1-S2	.349	1.519	.530	79.0
				S1-W-S2	.093	1.519	.141	21.0
2B	S1	W	.820	S1-W	.436	1.424	.621	75.8
				S1-S2-W	.131	1.519	.199	24.2
3B	S2	S1	.276	S2-S1	.063	1.519	.095	34.4
				S2-W-S1	.119	1.519	.181	65.6
4B	S2	W	.611	S2-W	.375	1.519	.570	93.2
				S2-S1-W	.027	1.519	.041	6.8
5B	W	S1	.473	W-S1	.318	1.424	.453	95.7
				W-S2-S1	.013	1.519	.020	4.3
6B	W	S2	.492	W-S2	.213	1.519	.324	65.8
				W-S1-S2	.111	1.519	.168	34.2
7B	R	S1	.362	R-S1	.174	1.283	.223	62.2
				R-S2-S1	.002	1.519	.003	.9
				R-W-S1	.085	1.424	.121	33.8
				R-S2-W-S1	.004	1.519	.006	1.6
				R-W-S2-S1	.004	1.519	.005	1.5
8B	R	S2	.291	R-S2	.033	1.308	.043	14.7
				R-S1-S2	.061	1.519	.092	31.7
				R-W-S2	.057	1.519	.087	29.8
				R-S1-W-S2	.016	1.519	.024	8.4
				R-W-S1-S2	.030	1.519	.045	15.5
9B	R	W	.534	R-W	.267	1.391	.372	69.6
				R-S1-W	.076	1.424	.108	20.2
				R-S2-W	.012	1.519	.019	3.5
				R-S1-S2-W	.023	1.519	.035	6.5
				R-S2-S1-W	.001	1.519	.001	.3

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