MACROMARKETING
IN
THE ASIA PACIFIC CENTURY

Editors:
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THE UNIVERSITY OF

Macromarketing in the Asia Pacific Century

The Proceedings of the 27th Annual Macromarketing Conference

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Acknowledgments

Special thanks to:

Professor Roger Layton, UNSW School of Marketing
Felicia Setyabudi
Professor Mark Uncles, UNSW School of Marketing
Nadia Withers, UNSW School of Marketing
The *Journal of Macromarketing*
The University of New South Wales
The University of Western Australia
UNSW Faculty of Commerce and Economics
UNSW Centre for Applied Marketing
UNSW Printing Office
UNSW School of Marketing

Macromarketing in the Asia Pacific Century: The Proceedings of the 27th Annual Macromarketing Conference

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Foreword

Macromarketing in the Asia Pacific Century

"G'day mates" and welcome to Sydney and the 27th Annual Macromarketing Conference. For the first time, the conference is being held in the Asia Pacific region, in a city of unparalleled beauty, in a relatively new nation that metaphorically forms the link between the east and the west, the new and the old, and that espouses many of the progressive traditions so frequently advocated by the Macromarketing community. The theme for the Conference - **"Macromarketing in the Asia Pacific Century"** - is particularly appropriate not only because of the vast economic power and potential of the region but also because the Asia Pacific forms a crucible within which all the major issues and forces forming the world are active. The conference, therefore, forms a forum not only of specific relevance to the region but also of global import as widely generalizable issues are addressed.

Despite the recent economic "rollercoaster" of Asia Pacific economic development the "economic miracle" has began and is in train. There is no turning back; the people of even the economically most backward nation such as Bangladesh expect progress to continue, and more importantly appear to desire the same possessions and life styles as those attained in the most developed nations. There appears little room to compromise, and the industrialists and governments of these nations are expected to deliver these standards sooner rather than later. Therefore, the emergence and economic growth of the East and Southeast Asian (ESEA) nations is inevitable and the suggestion that we are entering the Asia Pacific century has impelling currency. In essence, it is anticipated that ESEA will become the world's most formidable market. It is the new macromarketing frontier presenting great challenges and opportunities.

These opportunities and challenges were accelerated by the collapse of the collectivist systems that characterised the eastern block and virtually all of these nations made an ideological shift towards the market system. This, in some respects, cataclysmic end to the social experiments that began at the beginning of the century brought political, economic and social change. In the Asia Pacific this has included, until very recently, moves towards greater openness in trade, economic liberalisation, and democratisation. This seems little doubt that these trends will continue once the present emphasis on the prevention of radical disorder has passed. These changes have also brought major problems such as those associated with urbanization, environmental degradation, rapid cultural change and corruption. Accompanying these politico-economic-social changes have been technological developments that have vastly improved the infrastructure for transport and communication that form the essential elements of globalisation. While the Asia Pacific provides a unique context for the evaluation of these macromarketing issues, the applicability of the conceptual and empirical presentations have more universal implications.

For this 27th Annual Macromarketing Conference a wide range of manuscripts addressing the symposium theme and other Macromarketing topics were received from scholars throughout the world. The national origins of the papers are wide; they emanate from such newly formed Eastern block nations as Croatia and Bosnia-Herzegovina to the United States, Denmark, Ireland, France, Singapore, New Zealand and of course Australia. These papers have been organised into a series of sub themes so forming an organised integrated framework for presentation and discussion. Specifically they address such consequential sub-themes as:

1. Marketing and Export Marketing Performance in Economic and Social Development –A series of papers address issues associated with international trade economic and social development. Without research in these areas there is a danger that developing economies could miss out on opportunities for increased trade and economic growth. Although the

11. Attitudes and Perceptions in Macromarketing - The papers in this section emanate from three nations the United States, Australia and Croatia, and develop an understanding of social perceptions and attitudes from a macro view toward such diverse phenomena as marketing-in-general, bioethics education, and genetically modified food.

12. Macromarketing and Management Culture – Broad issues associated with management culture and its implications in different cultural environments are discussed in the papers in this section. These papers emanate from Singapore and Australia, France, and America. The topics they address include the virtues of Chinese wisdom for modern business, marketing differentiation and managerial discourse, and gender differences in executives' ethical decision-making.

In keeping with macromarketing traditions the papers will be presented in a plenary session format. It is from these free and good-natured interactions that the greatest benefit from the conference are attained. As George Fisk has stated, the macromarketing community is best characterised as "marketing with a conscience." It is our hope that this, the 27th Annual Macromarketing Conference, will contribute towards the compassionate development of marketing practices in **the Asia Pacific Century** for to paraphase Dostoevsky "what is humanity without compassion."

No conference can be successful without the dedication and cooperation of a number of people and organisations. We would like to thank the former Dean of the UNSW Faculty of Commerce and Economics and eminent macromarketing scholar, Professor Roger Layton, for initially proposing that the University of New South Wales host the conference and for offering generous financial support from the Faculty; Professor Mark Uncles, Head of the School of Marketing at the University of New South Wales for making available various School facilities and for offering flexible back-up financing arrangements; and Felicia Setyabudi who volunteered her time to design the Macromarketing 2002 logo and the cover for this Proceedings as well as develop the website. Finally, we thank the authors, reviewers, and participants without whose intellectual contributions this conference would not have been possible.

Jack Cadeaux
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22 May, 2002

Marketing and Social Development in the Republic of Croatia

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Josip Juraj Strossmayer, University of Osijek

Abstract

Undoubtedly, development is a fundamental question of all transitional countries. In the Republic of Croatia, inhibited in this segment by war circumstances, it is a key issue as well. Nonetheless, it does not pertain solely to a general economic but also to the social development. Marketing might play a very important role in this direction. In order to consider a possible marketing role in the Republic of Croatia's social development, the paper primarily analyzes the marketing-related state of affairs and perspectives, as well as social development's characteristics and its operationalization modalities. Finally, the aim is to examine social marketing as such and the possibilities of its application in the Republic of Croatia.

Introductory considerations

Similar to other transitional countries, the Republic of Croatia encounters great challenges, exacerbated by the war and manifested in a comparatively great decrease, primarily in production, GDP, employment, salaries, and living standard. Indeed, a common feature of all transitional countries is an acute economic instability, intensified in Croatia by direct and indirect war damage, as well as the reconstruction of the war-affected parts of the country and DPs' return. The actions aiming at an economic stabilization of the country include financial, foreign-trade, and economic measures.

On the other hand, global competition has forced many companies — both large and small — to undergo reorganization and restructuralization in an effort to not only compete but also, in many cases, just survive. The Croatian companies undoubtedly face the challenges that primarily arise from the following facts:

- Economic development is the Republic of Croatia's top priority;
- The competition of European countries is becoming stronger;
- Globalization process is affecting Croatian economy as well;
- Information revolution has also affected Croatian economy;
- All companies must assure their future thru the creation and sustenance of their competitive advantages.

Subsequent to the declaration of its independence in 1990, the Republic of Croatia embarked on the course of a complete economic restructuralization. It is primarily manifested in the transition of public into the private tenure and the development of a market-organized economy. In that direction, the efforts were also made to set up an entirely integrated marketplace as a totality of product, capital, and labor markets. Hereby, free entrepreneurship and private property were fundamental preconditions for an entire economic transition. A common characteristic shared by all transition countries is an acute economic instability, further intensified in Croatia by a direct and indirect war damage, and hence by the reconstruction of the war-affected parts of the country and DPs' return.

In spite of all the difficulties Croatia objectively presently experiences and tries to more or less successfully solve, it is certain that the country progresses toward a market-oriented economy within

system and to what an extent a result of a subjective and even inconsistent marketing unacceptability. Instead, it is much more important to launch the efforts to turn the companies toward a full marketing-conception acceptance as soon as possible, because our state has proclaimed a market-oriented and organized economy in its fundamental documents.

Based on the previously mentioned premises, marketing must obviously indirectly contribute to the redesign of Croatian economic matrix on its macro level. Equally, marketing might indirectly very significantly assist to the restructuralization of economy eliminating structural deformations therein. All of that should eventually entirely support the establishment of a modern market-oriented Croatian economy. The question is, of course, how to perform this process.

To a greater or to a smaller extent, in spite of the effectuated democratic changes and alterations in the proprietary structure that are still in progress, the following are still the limiting factors in the utilization of marketing in Croatia:

1. Inadequate economic structure, especially in the priority branches and activities;
2. Inadequate economic entities' organizational structure (atomization or hyperconcentration and inadequate internal organization), resulting in their business suboptimum;
3. Comparatively large market limitation (imperfection) and incompleteness of the integral-market function (especially regarding the capital and labor markets);
4. Inconsistency of business-transactional conditions on the Republic of Croatia's market;
5. Divergence between the proclaimed and real market relations;
6. Insufficiency of adequate company-based professional and creative personnel potentials;
7. Declarative implementation of marketing conception, etc.

At any rate, Croatian companies must inevitably accept the challenges stipulated by a struggle on an already globalized market. While micromarketing is presented by an economic entity's strategic marketing process, with a purpose to direct its marketing activities and allocate its resources, macromarketing should be focused on a general goods-and-services flow, with a purpose to fulfill social objectives. Macromarketing is the factor that approximately has to play the most important role in Croatia's future development. Marketing activities reduce the market risk, both from an economic entity's as well as from an overall country's point of view. Marketing directs and stimulates optimal development and rational disposal of all available resources. Obviously, the fundamental lines of its operation should in the first place be simultaneously directed toward the war-casualty removal, acceleration of transitional processes, complete economic development and a more efficient inclusion into the international labor distribution.

Marketing in the Republic of Croatia—Situation and Perspectives

Similar to other transitional countries, the Republic of Croatia is exposed to great temptations, additionally augmented by the war and manifested in a comparatively large decrease, primarily in production, GDP, GNP, employment, salaries, and living standard. Indeed, a common feature of all transitional countries is an acute economic instability, intensified in Croatia by direct and indirect war damage, as well as the restoration and reconstruction of the war-affected parts of the country and DPs and refugees' return. The campaigns aiming at the economic stabilization of the country include:

- Financial measures (tax reform, State-Budget balance, public-consumption reduction, efficiency increase pertaining to the public investments and utilities, financial-market development, etc.);
- Foreign-trade measures (export increase, both physically and financially);
- Economic measures (privatization, economy reconstruction, domestic-market opening, increase of business efficiency, foreign capital and investors' attraction, etc.).

In spite of all the difficulties Croatia objectively momentarily has and tries to more or less successively resolve, there is finally some progress made toward a market-organized economy within the so-called "transitional economy" period. Primarily, this period is characterized by an initiated

1) As a backbone of an entire societal transition, the objective of a transitional process is to improve the economic efficiency, and this cannot be achieved without a previous social-capital transition, as a form of "non-ownership," into the private one.
2) The new Croatian state is a legal successor of the former "society" and, accordingly, manages and disposes of the inherited socially owned capital in its own behalf and on its own account; in other words, the Croatian state is the initial legal owner.
3) The privatization of former social and now state capital does not imply that it is being "donated as a gift"; a private owner can acquire such a capital only by purchase. In this process, one has to respect partly the workers' contribution to the creation of socially owned capital and partly the legitimate interests of nationalized-property owners, as well as moral rights of particular structures in the present society (which are compensated thru the transfer of ownership via a part of the state-owned capital).

The transition into a market-oriented economy and the establishment of market economic structure in Croatia requires a solution to the very complex task pertaining to the constitution of new proprietary relations and ownership over the public enterprises. There is, however, also a question whether marketing — both as a business orientation and as a specific kind of philosophy — is included in the process of transition. A direct answer would be negative, because marketing is an agent in the processes of exchange, wherein, of course, the ideas can be exchanged as well; these ideas can also provide for a contribution to the process of adequate social changes. In other words, marketing can be in the function of transition processes, accelerate them (and inhibit them), but it cannot be subject to transition itself. Marketing can, therefore, be regarded as a means (in the hands of a subject of transition), but not as an object of transition. There is also a question which entity can be the subject of transition. It is obvious that, primarily, it is the society as a whole, and indirectly, depending on whether we consider the transition on the micro or on the macro level, the constituent parts of a society can be the subjects of transition as well. Marketing, as a business conception of the subjects of economic activities, has a distinctively interactive effect on the environment wherein it functions. It can be asserted that the possibility to apply and realize the marketing conception undoubtedly depends on a concrete socioeconomic environment. This means that the tasks that marketing has to accomplish will determine the corresponding changes in the process of its function, together with the effects of the marketing environment.

The fundamental question for transitional countries is certainly the one pertaining to development. Marketing might play a very important role in that respect. However, it can, and must, succor in the restructuralization of economy, finding marketable and profitable production lines, which should be subsequently utilized, as quickly as possible, for a general economic development of respective countries thru the process of privatization. For that purpose, marketing could help in the establishment of potential export markets — especially thru the market research — and, at the same time, to some extent, assist in the determination of priority directions of economic development, primarily those based on competitiveness. If used together, all these premises will allow for an increase in the entire economic efficiency and higher business profitability.

In spite of already effectuated democratic changes and the ones pertaining to the ownership structure that are still in progress, limiting factors of marketing application in Croatia are still, to a higher or a lower extent, the following ones:

1. Inappropriate economic structure, particularly regarding the priority economic branches, i.e., economic activities;
2. Inappropriate economic entities' organizational structure (atomization or hyperconcentration of economic entities and their inadequate internal organization), resulting in their business transactions being below optimum;
3. Relatively great limitation (imperfectness) of market and incompleteness of integral-market function (especially regarding the capital and labor markets);
4. Voluntary and "political" decision-making in the field of investment and development policy.

to relatively quickly activate all available resources and rapidly reorganize Croatian economy in terms of its restructuring and repositioning, with the intention to try to make up, as much as possible, for all that was lost in the former system and during the war.

Many people believe that the marketing concept serves to the maximum satisfaction of consumers' needs. This, however, is not realistic, and it would be better to interpret the marketing concept as an aspiration to create a high level of satisfaction of consumers' needs, which does not necessarily involve the maximum level. Marketing does not create a social relationship. On the contrary, the existing social relations position marketing in the function of a dominant goal.

Marketing should also considerably contribute to the improvement of economic entities' business-operation efficiency while achieving dual objectives: quantitative goals in the function of economic subjects' development (increase of their market share, profit, number of employees, and the like), and qualitative goals in the function of economic subjects' development (structural changes in the course of production and business processes, new technologies, products, organization, managemental methods, and the like). Generally, the previously mentioned facts also refer to the economy as a whole, preponderantly to social development, what is exactly of our special interest within this paper.

Marketing should also contribute to the abbreviation of a transitional period, i.e., should accelerate the transition process in all of its three important segments (proprietary, market-oriented, and political). This is the purpose to be served by macro- and micromarketing, as well as by commercial, social, political and megamarketing.

The change of geopolitical and general economic situation in the immediate and wider Republic of Croatia's environment additionally extends the possible fields of marketing activity. Also in Croatia, the evidently negative transition-process side effects can be significantly reduced thru an operationalization of marketing efforts on the micro and, to some extent, on the macro level. E.g., this means that marketing can directly or indirectly contribute to the increase of the gross national income and reduction of unemployment rate, thus also contributing to the realization of a part of social development's objectives, what is to be exemplified in the follow-up to these considerations.

On the other hand, on the micro level, marketing efforts must be directed primarily toward the operationalization of the following:

1. Complete and comprehensive marketing researches;
2. Development of marketable and profitable products;
3. Adjustment to the international-market demands;
4. Maintenance of high-quality productional standards (and production processes);
5. Stimulation of employees' creative and innovative potentials.

Thereby, marketing should indirectly help redesign the Croatian economic matrix on the macro level. Similarly, marketing can provide great, though indirect, assistance in the restructuralization of economy while removing its structural deformations. Altogether, this should ultimately contribute to the establishment of a modern, market-oriented Croatian economy, what again contributes, more or less directly, to the social development objectives' realization.

Developmental management must start from the marketing perspectives, and it may seem too ambitious to say that, in fact, marketing management, to its greatest extent, is a developmental one. That is to say that marketing, as a creative economic process, business conception, and even a kind of marketing life philosophy, should first of all apply prospective methods of prognostics to identify those directions in technological movements that should be followed or aspired to, serving to the function of general economic development of a country and being, at the same time, in proportion to the capabilities of a war-exhausted country.

resources and opportunities. (...) People are at the center of our concerns for sustainable development and that they are entitled to a healthy and productive life in harmony with the environment. (...)

The Declaration also separately stipulates the principles and goals, wherefrom the following objectives are to be specially extracted for this paper's sake:

- Place people at the center of development and direct our economies to meet human needs more effectively;
- Fulfill our responsibility for present and future generations by ensuring equity among generations and protecting the integrity and sustainable use of our environment;
- Promote democracy, human dignity, social justice and solidarity at the national, regional, and international levels; ensure tolerance, non-violence, pluralism and non-discrimination, with full respect for diversity within and among societies;
- Support progress and security for people and communities whereby every member of society is enabled to satisfy his or her basic human needs and to realize his or her personal dignity, safety, and creativity;
- Promote dynamic, open, free markets, while recognizing the need to intervene in markets, to the extent necessary, to prevent or counteract market failure, promote stability and long-term investment, ensure fair competition and ethical conduct, and harmonize economic and social development, including the development and implementation of appropriate programs.

All the previously mentioned postulates were reaffirmed at the General Assembly's 24th Special Session, held in Geneva from June 26 – July 1, 2000. The session was entitled *World Summit on Social Development (WSSD) and beyond: Achieving Social Development for All in a Globalizing World*. It was attended by a total of 35 Heads of States and Governments and 4,791 governmental delegates, along with 2,045 NGO representatives. The delegates negotiated and adopted a tripartite outcome document, a political declaration, a review, and implementational assessment of the WSSD aftermath, as well as further actions and initiatives to implement the commitments made at the 1995 Copenhagen World Social Development Summit (General Assembly's 24th Special Session, 2000). Thus, among others, the Commitment 1 (referring to the creation of an economic, political, social, cultural and legal environment that will enable people to achieve social development), promulgated on the occasion, recommends the initiatives to:

- Ensure that people are at the center of development;
- Commit to governance and institutions that include people and are responsive to their needs;
- Encourage corporate social responsibility.

It is indubitable that marketing may indispensably succor in the accomplishment of the aforementioned objectives. Especially because it is far from being parasitic and of no value to developing economies, marketing makes an increasingly positive contribution — relaying information, stimulating demand, transmitting price decreases and raising living standards (Kaynak and Hudanah, 1987).

It is implied that social development is inseparable from the cultural, ecological, economic, political, and spiritual environment in which it takes place. It cannot be pursued as a sectoral initiative. Social development is also clearly linked to the development of peace, freedom, stability and security, both nationally and internationally. To promote social development requires an orientation of values, objectives and priorities toward the well-being of all and the strengthening and promotion of conducive institutions and policies. Human dignity, all human rights and fundamental freedoms, equality, equity and social justice constitute the fundamental values of all societies. The pursuit, promotion, and protection of these values, among others, provides the basic legitimacy of all institutions and all exercise of authority and promotes an environment in which human beings are at the center of concern for sustainable development. They are entitled to a healthy and productive life in

The utilization of social development potential depends on the society's level of awareness, aspiration, organization, values, knowledge, and skills. Societies depend for their development on three levels of organized infrastructure:

- A physical organization of production, transportation, communication, etc.;
- A social organization of legal, financial, commercial, and educational systems and institutions; and
- A mental organization of information, technology, and knowledge.

All three are needed for the achievement of progressively more complex forms of economic activity.

We define social development in its broadest social terms as an upward directional movement of society from lesser to greater levels of energy, efficiency, quality, productivity, complexity, comprehension, creativity, choice, mastery, enjoyment and accomplishment. Development of individuals and societies results in increasing freedom of choice and increasing capacity to fulfill its choices by its own capacity and initiative (Jacobs and Cleveland, 1999).

Growth and development usually go together, but they are different phenomena subject to different laws. Growth involves a horizontal or quantitative expansion and multiplication of existing types and forms of activities. Development involves a vertical or qualitative enhancement of an organizational level. Social development is driven by the subconscious aspirations, i.e., a society's will for advancement. The social will seeks progressive fulfillment of a prioritized hierarchy of needs - security of borders, law and order, self-sufficiency in food and shelter, organization for peace and prosperity, expression of excess energy in entertainment, leisure and enjoyment, knowledge, and artistic creativity. Every society possesses a huge reservoir of potential human energy that is absorbed and held static in its organized foundations — its cultural values, physical security, social beliefs, and political structures. At times of transition, crises, and opportunities, those energies are released and expressed in action. Policies, strategies, and programs that tap this latent energy and channel it into constructive activities can stir an entire nation to action and rapid advancement.

Development proceeds rapidly in those areas where the society becomes aware of opportunities and challenges and has the will to respond to them. Increasing awareness accelerates the process. Development is a process, not a program. Development is an activity of the society as a whole (Jacobs and Cleveland, 1999).

A question now emerges of what is hereby the marketing role and how can it provide for its support to social development. First, "social changers" and commercial marketers agree only exceptionally. Nevertheless, this they would both accept without demur: development is a great and desirable stimulant of national markets. In practice, development and marketing are both about modifying group behavior — the one in a community, the other in a market. In either case, the quarry is an elusive target. Both must deal with resistance to change and competition for attention and/or clientele. Both need clear, strong distribution channels for ideas and products. Both require a price to be paid by those benefited or canvassed. Both seek for a long-term adoption of what they offer. Profit is the goal - social in the one case, commercial in the other.

Already in 1982, Kinsey determined that marketing evolution and scope and its relevance and value in a developmental process are the stimuli of economic development. He finalized that marketing is inextricably linked with such a progress, what is generally regarded as desirable within a global system, and concluded that marketing requirements are continuously increasing as nations develop, initiate an international trade, and set up their own marketing systems.

Equally, Dalgic (1998) quotes that marketing, business, and social development are inextricably connected with political, social, legal and other "non-economic" environmental factors. For a

Social-change intensity is correlated with its celerity, so it is possible to establish the following four classes (Kotler and Roberto, 1989):

1. Turbulent: fast and vast changes in the environment wherefore the shortest planning horizon (for example, 1 – 2 years) is appropriate.
2. Transitional: slow but vast changes in the environment wherefore a planning horizon of 3 – 5 years is appropriate.
3. Unstable: fast but small changes that may be handled under a 2- to 3-year planning horizon.
4. Stable: slow and small changes that argue for a 5- to 20-year planning horizon.

The aforementioned arrangement is simultaneously a priority list pertaining to the social-marketing implementation in social changes' effectuation.

Briefly, an ultimate social marketing's objective is a target market adopters' reaction. The larger the target market adopters' group, the closer we are to a social-change category. Namely, social changes are a follow-up to certain ideas or behavior's adoption by certain societal majority. Thus, basically, social-marketing products are exactly ideas, behavior, or corresponding practice (in)directly ensuing therefrom. Hereby, an ideational product may be formed as an opinion (depending on the adopters' number), attitude, or value. As a social-marketing product, the practice results from a change in individual's behavior, being possibly conditioned by an ideational, attitudinal, or valuational change.

On the other hand, depending on the establishment of desired societal changes, a social-marketing program, i.e., toolbox, dedicated toward ultimate target adopters, will also be formed. Under the term "target adopters," implied are the individuals or groups addressed while using social-marketing instruments. However, an entire population may appear as a target adopter. In other words, target adopters represent special (im)material "product" "consumers," or the end users of the combinations thereof, being a result of the work or exploit of social activities' subjects. According to the very name, it is obvious that our objective is that the adopters should acquire the ideas, behavior, or practice demonstrated. Hereby, the "target adopters" syntagm may be observed as a parallel notion to that of a "target market segment" pertinent to a consumer-goods market. It usually pertains to the target-adopter groups having corresponding homogeneity characteristics with regard to an overall population. As on the consumer-goods market, it also pertains to a segmentational approach.

Social Marketing in the Republic of Croatia

Social marketing should contribute to equilibrated social changes. That task will be more or less successful, depending on a concrete societal rigidity. In any case, social marketing is more favorable than any "social engineering" form, implemented more or less violently by state administrative organs, as exemplified in the former system. Thus, social marketing's objective is to achieve that societal changes and behavior are a result of voluntary and conscious society members' aspirations directed toward an acceptance on the scale of qualitatively higher social values and responsibility and risk assumption with regard to all the consequences emanating therefrom. As to succeed herein, a prerequisite is also the existence of certain level of social-value system, as well as an anticipative projection of its development.

One should know hereby that the political and democratic changes in the Republic of Croatia have also caused an indubitable alteration in the system of values. Thus, a discrepancy between the Republic of Croatia's new-created social system and the system of values of all its citizens raised and educated in a different one necessitates development and application of social-behavior alteration strategy and the one pertinent to the system of values (Demel, 1992).

When it comes to the ex-Yugoslavian territories, the following is an interesting and symbolic consideration (Kotler and Roberto, 1989): the possibility of a better life thru changes in social ideas and processes is not widely perceived in many parts of the world; rather, resignation to the existing order - a fatalistic attitude - prevails. In other words, the abolishment of (self-governmental) socialism,

involvement.

In any case, a market-organized economy finally uninhibitedly becomes an essential characteristic of the Republic of Croatia, which, as a transition country, has abided the expressly pronounced warfare and postwar temptations. Marketing, being predominantly an economic entities' business concept, is inseparable from a market-organized economy. In the future, this entirely natural symbiosis will certainly produce an increased marketing affirmation, not solely in its form as a business function but also as a specific life-consideration modality in general, especially in social development.

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orientation on export performance and concluded that although strategy, competency, market orientation, and indirectly firm characteristics proposed in Aaby and Slater (1989) model do affect export performance, additional factors are at work in business performance. Given that additional factors not previously examined may be affecting export performance, it is surprising that little or no research has examined whether the level of marketing control practiced by organisations in the area of marketing mix may influence export performance. A meta-analysis conducted by Chetty and Hamilton (1993) clearly concluded that the impact of management control system on export performance remained to be confirmed by further research. Kirpalani and Macintoch (1980) suggested that effective control system was a key factor for competing in international market as it had a strong relationship with export success. Young, Hamill, Wheeler and Davies (1989) also stressed that control had a critical impact on the success of a firm in foreign market.

According to the text books, in controlling, the international marketing manager attempts to ensure that the organization is moving towards its international marketing goals (e.g Czinkota and Ronkainen 1993; Jeannet and Hennessey 1998; Kotler and Armstrong 1993; McColl-Kennedy, J.R., Lusch and Lusch 1994; Stanton, Miller and Layton 1991; Stoner, Yetton, Craig and Johnston 1994). Jaworski (1988) proposed two types of marketing control: formal controls and informal controls. Formal controls are written, management-initiated mechanism (Jaworski 1988) and they are designed to regulate organizational activities to ensure their conformance to established expectation (Gencturk and Aulakh 1995).

According to Gencturk and Aulakh (1995), within the formal control, organizational theory delineates more sharply the distinction between process and output control in terms of management intervention. The process control requires direct personal surveillance and high levels of management direction and intervention in the activities. In order to provide this direction and intervention, managers need to be aware of and involved in what is being done and how it is being done. In short, process control according to Gencturk and Aulakh (1995) requires home office owner-managers to spend greater resources (i.e. time and effort), in monitoring how individual foreign activities are performed as they are used to influence the means or behaviors of people to achieve desirable ends (Bello and Gilliland 1997). The second type of formal control according to Gencturk and Aulakh (1995) is the output control. Output controls, according to Gencturk and Aulakh (1995), are about the amount of influence which home office owner-managers exert over how individual tasks are performed in foreign markets (Ogunmokun and Li 2001). Output controls are exercised when performance standards are set, monitored and the results evaluated (Jaworski 1988). Therefore, under output control, managers clearly set standards of desirable and expected performance without determining the direction and level of efforts to achieve the goals (Ramaswami 1996). Hence, process controls focus on the procedures for achieving performance goals whereas output controls emphasize on the performance goals achieved (Ramaswami 1996).

Informal controls are unwritten, typically worker-initiated mechanisms that influence the behavior of individuals or groups in marketing units (Jaworski 1988). Self-control, social (or professional) control and cultural controls are known as informal controls (Jaworski 1988). Self-control is concerned with personal objectives and self-monitoring for their attainments (Jaworski 1988) whereas under social control, direction of control comes through peers who have common values and mutual commitment to achieve the same goal (Jaworski 1988; Ramaswami 1996). On the other hand, cultural control which is wider in scope involves an entire division or firm (Jaworski 1988). Mortanges and Vossen (1999) added relationship-based control which is managed through cooperative processes that rely on norm-based mechanisms of governance.

Although there are different types of control, previous studies indicated that the complementary or the skillfully blended control with its context were deemed necessary of good performance (Gencturk and Aulakh 1995; Mortanges and Vossen 1999). However, none of those studies tested the effect of various types of control on export performance. In addition, despite the extensive studies on determinants of export performance in export literature, very little studies have focused on the impact

Objectives of the study

Since past export performance literature (e.g Aaby and Slater 1989; Cavusgil and Kirpalani 1993; Ogunmokun and Li 2001; Styles and Ambler 1994) indicates that there are still a host of unknowns and uncertainties making reliable and valid predictions of successful export performance difficult, the key objectives of this study therefore include:
(1) To identify whether marketing-mix control affects the level of export performance.
(2) To examine whether a comprehensive versus uncomprehensive decision-making process used for selecting the type of exporting methods pursued by exporters is related to the level of export performance.
(3) To examine whether the level of marketing-mix control strategy used in the export markets and the use of a comprehensive decision making process for selecting export entry mode thus discriminate between successful and unsuccessful export performance.
(4) To identify the relative importance of the use of marketing-mix control strategy and the use of comprehensive decision making process versus the following variables on export success: managerial commitment, export market environment, export objectives, manager's characteristics and organizational characteristics.
(5) To examine whether there are significant differences between small and medium sized exporting firms regarding the determinants of export performance.
(6) To develop a database which will permit further research into the determinants of export performance.

Although this study is exploratory in the sense that little or no study has examined the effect of control and the effect of market entry decision process on export performance, the study will provide essential notions and ideas from which one can create hypotheses that can be tested in future research studies.

Why Study Small and Medium sized Exporting Firms in Thailand?

Zou and Stan (1998) review of the empirical literature between 1987 and 1997 of determinants on export performance found that the majority of past studies used and focused mostly on large firms that employed more than 100 employees. Zou and Stan (1998) review also found that more than 95% of the study were conducted in developed countries such as U.S, Canada, Japan and countries from Western Europe. In line with Zou and Stan (1998) claim, Qiu, Hall and Turner (2000) pointed out that (with the exception of some studies examining joint venture issues in China and Taiwan), empirical evidence about entry mode in international market place has been limited to studies in the developed countries.

To address this gap in the literature, Thailand is therefore chosen for this study because according to the World Investment Report (1999), there is a growing involvement in international trade and investment by developing countries in 1990s. Among them, Thailand, known as fifth tiger in Asia, is a country where export performance plays a crucial role in its economy. For example, Thai governments have pursued export led growth as their basic development strategy since 1970s (East Asia Analytical Unit 2000). Furthermore, although there are some information on external environment, trade and industries and overall investment climate in Thailand, studies regarding the determinants of export performance of small-medium sized exporting firms in Thailand are almost non-existence in the academic literature. The Small and Medium-sized Enterprises (SMEs) account for 80% of producers and contribute 70% of all employment in Thailand (Bangkok Post 2000a) and they are important for Thai economy. Hence, the government and policy makers are paying special attention to promote small and medium-sized exporters in the manufacturing sector by providing loans to SMEs (Bangkok Bank 2001; Bangkok Post 2000a).

The self-administered mailed questionnaire will be sent to at least 600 small to medium sized exporters in the manufacturing industry with a cover letter, and a pre-paid return envelope. The 600 small to medium sized exporters will be randomly chosen from the Thailand's Exporters' Manufacturing Directory provided by the department of export promotion. The current list of exporters in the directory contains more than 12,000 Thai exporting firms. This study will focus on selecting export companies in the manufacturing industry in Thailand for the following reasons.
(1) Manufacturing industry plays a very crucial role in Thai economy because Thailand's economy is dominated by manufacturing industry which accounts for a third of GNP in 1999 and 80% of total export in 2001 (Phoosuphanusorn 2001).
(2) Thai government leaders recognize that manufacturing sector will continue to play a critical role in the Thai economy (U.S. Department of Commerce 2000) . The growth rate in manufacturing sector is expected to be 4.8% which is the highest among all sectors in Thailand in 2001(Bangkok Bank 2001).
(3) Seven out of top ten export products in 2000 are manufactured goods (Bangkok Post 2000a) and Thailand top export in 2000 and 2001 are manufactured goods, for example computer and electrical circuits valued at 6.5 billion US$ and 2.9 billion US$ respectively in 2001. They are followed by autos and parts at 2.7 billion US$ (Maneerungsee 2001).
(4) In addition, the growth of the manufacturing sector in Thailand is directly related to export growth in the manufacturing sector (Bangkok Bank 2000).

Each of the selected firm will be asked to provide information on one successful product export venture and one unsuccessful product export venture initiated in their organizations not more than three years ago. This method of asking respondents to choose one successful case and one unsuccessful case within a specific period of time was used in a study by Madsen (1989) and will be utilized for this study because the approach is useful for comparative purposes. In the literature, other researchers that used this method (i.e. asking respondents to pick one successful case and one unsuccessful case) in previous export performance studies include: Cavusgil and Zou (1994), Kleinschmidt and Cooper (1988), Madsen (1989) and Ogunmokun and Li (2001). This approach is appropriate because, according to Matthyssens and Paulwels (1996), comparison between complete success and complete failure is a valuable analysis as it serves to highlight the distinctive characteristics in differentiating export success and failures. This approach is also a popular method used in the new product development research studies (see e.g Brown and Eisenhardt 1995; Cooper 1979; Mishra, Kim and Lee 1996; Montoya-Weiss, Mitzi M. and Calantone 1994; Parry and Song 1994; Song and Parry 1997). Furthermore, since both successful and unsuccessful export ventures will be selected by the same firm and looked after by the same respondent owner/manager, much control over contextual variables such as firm and personal characteristics could be attained (Matthyssens and Pauwels 1996). Moreover, variables will be examined to test whether they differentiate between high performing and low performing exporters in successful export venture. The impact of export determinants on level of export performance was widely used in export literature (Francis and Collins-Dodd 2000; Li and Ogunmokun 2000; Li and Ogunmokun 2001; Myers and Harvey 2001; Piercy, Kaleka and Katsikeas 1998) as it provides the firms with information regarding what factors contribute to level of performance in existing successful export venture.

Selected firms must have been engaged in exporting for at least three years. To ensure that the respondent is familiar with the scope of their firm's exporting activities, the cover letter will indicate to the recipients that: " if you are not a senior person familiar with exporting activities and processes within your organization, please pass this questionnaire on to such a person and ask her/him to complete and return it." A follow-up letter will be sent to all recipients of the survey three weeks after the questionnaire has been mailed.

The survey instrument will among other things include the following major dimensions of the areas to be examined:

1. Marketing control strategy
2. Market Entry Decision Process

Therefore, this study will employ a multidimensional approach to measure export performance as different measures of export performance capture different facets of the strategic and operational phenomena and they are complementary to one another (Katsikeas et al. 2000). Using multidimensional measures should, according to literature (e.g Cavusgil and Zou 1994; Cooper and Kleinschmidt 1985; Louter et al. 1991; Moini 1995), provide a more accurate indication of overall performance rather than relying on one aspect of performance. Kaynak and Kuan (1993), used export sales, export profitability, percentage of total sales from exporting, and percentage of total profit from exporting to measure export performance. This study will include both economic and strategic measures to evaluate the export performance; three most frequently used economic measures such as export intensity, export growth and export profitability (Katsikeas et al. 2000)and strategic measures such as achievement of strategic goals in market expansion, competitive response, gaining a foothold in the market etc (Cavusgil and Zou 1994) will be applied to explain the export venture performance.

1. Export as a Percentage of Total Corporate Sales (called Export Intensity): Export performance in many of the past studies was measured by a single variable, namely export sales as a percent of total corporate sales, called export intensity (Bijmolt and Zwart 1994; Chrisman and Leslie 1989; Moini 1995) . Past research has suggested that this variable has a major influence on all aspects of export behaviour (Bilkey and Tesar 1977; Cavusgil and J.R 1981; Moini 1995). Export sales is operationalized as "export sales as a percentage of total sales" (Burton and Schlegelmich 1987).

The export sales measure employed in this study will be similar to Cavusgil and Zou (1994). This is where a nominal scale showing five different percentages of sales (where 1=less than 10% of sales and 5=more than 50%) was given to the respondents to indicate the percentage of their firm's total sales that was received from exporting. Firms with less than 10% of export sales will be classified as "low export intensity firms" while firms with more than 10% of export sales will be classified as "high export intensity firms".

2. Export Growth: In addition to export intensity, export growth (in terms of whether export sales was declining or increasing) is another factor to be included as one of the variables for measuring export performance. De Luz (1993) suggested that export sales growth could be considered a critical objective of many exporters, allowing this to be conceptualized as a valid measure of performance. In a study of Brazilian exporting firms, De Luz (1993) also highlighted the fact that many firms may be more willing to respond to a questionnaire using a perceptual measure of performance rather than to one requesting specific financial data. Growth in export sales has been used extensively as a performance measure in studies such as Cooper and Kleinschmidt (1985), De Luz (1993), Li and Ogunmokun (2001), Madsen (1989), Namiki (1988) and Walters and Samiee (1990).

To measure export growth respondents will be asked to indicate if their export sales is (1) declining rapidly; (2) declining moderately; (3) stagnant; (4) growing moderately; or (5) growing rapidly, using a nominal scale. This scale is similar to the one used in Tan and Robert (1994) study.

3. Current Financial Profitability of the Exporting Operations: Export profitability has been used as an indicator of export performance in many studies (Bilkey 1982; Koh and Robicheaux 1988; Louter et al. 1991; Nakos, Brouthers and Brouthers 1998; Shoham 1996). In this study, to measure current financial profitability of a firm's exporting operations, respondents will be asked to indicate (on a nominal scale) whether the firm is : (1) making a profit; (2) breaking -even; (3) making a loss from their exporting activities.

4. Achievement of Strategic goals: . Katsikeas et.al. (2000) also addressed that one of the shortcomings in export performance literature is neglecting important strategic variables in measuring

$$Ij = \left| Kj\left(\overline{Xj1} - \overline{Xj2}\right) \right|$$

Where

Ij = the importance value of the jth variable

Kj = unstandardized discriminant coefficient for the jth variable

$\overline{Xjk}$ = mean of the jth variable for the kth group

In addition, the relative importance weights may be interpreted as the portion of the discriminant score separation between the groups that is attributable to the jth variable (Green et al. 1988). A relative importance value shows the importance value of a particular characteristics relative to the sum of the importance values of all characteristics . Thus, the relative importance value of the jth characteristic (Rj) is given by

$$Rj = \frac{Ij}{\sum_{j=1}^{n} Ij}$$

The above procedure will be used to estimate the relative importance of the variables that discriminate between successful versus unsuccessful exporters.

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Drivers and Outcomes of Export Marketing Performance in a Developing Country Context

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Abstract

In this study the scale developed by Cavusgil and Zou (1994) is replicated and the whole model is tested in Thailand. As with the Cavusgil and Zou (1994) study, the present study considers a comprehensive set of potential determinants of export marketing performance and the unit of analysis is the individual product-market export venture of firms exporting to businesses in foreign markets. Data were gathered via a mail survey and the results support the contention that the intensity of competition, management commitment, export market characteristics and product characteristics are significant determinants of export marketing performance and influence marketing strategy. However, cultural similarity and marketing strategy were only weakly related to marketing performance.

Introduction

For significant advances in export marketing theory to be achieved a more integrated approach needs to be taken to the conceptualisation and measurement of the determinants of export marketing performance (Cavusgil and Zou, 1994) and marketing strategy. A fundamental part of such an approach is the validation of measurement scales across different national settings. The validation of measurement scales can play an important part in advancing marketing theory by establishing external validity. Issues related to the determinants of a firm's export performance and how performance in export markets can be improved have received considerable attention in recent years (Aaby and Slater, 1989; Cavusgil and Zou, 1994; Styles, 1998; Zou, Taylor and Osland, 1998). It is widely recognised that success in a domestic market does not guarantee success in foreign markets and that unique strategies are needed to succeed in export markets (Cavusgil and Zou, 1994). As a result, it is not surprising to find a growing body of research attempting to link export performance to firm-specific characteristics (Diamantopoulos and Schlegelmilch, 1994), product characteristics (Cavusgil, Zou and Naidu, 1993), export market characteristics (Dominguez and Sequeira, 1993), and export marketing strategy (Cavusgil and Zou, 1994).

Whilst such efforts do add value, there is growing recognition and underlying concerns being raised as export performance has been measured by a wide variety of indicators, including, sales, market growth, market share, profitability, return on investment, attainment of export goals and perceived satisfaction. With such varied approaches to performance measurement, the findings of different export studies are difficult to compare, impairing knowledge development and consensus on what are the determinants or drivers of performance.

Another important issue regarding the current body of research is that the majority of exporting studies to date have been conducted in developed countries (e.g., the United States, Canada and Western European countries) with very little attention given to developing countries, especially those in South East Asia. The performance measures used in previous studies often reflect the unique emphasis that different countries place on exporting. Given the paucity of exporting studies in the South East Asian countries, the purpose of the present study is to examine export performance and the determinants of

Whilst prior research has enhanced the understanding of the determinants of export marketing performance through focusing on areas such as these, our knowledge is far from complete. For example, reviews by Aaby and Slater (1989) and Cavusgil and Zou (1994), identified a pattern of inconsistent and conflicting findings, that still exists in the literature for all determinants of export marketing performance. A major weakness is the lack of a uniform measure of export marketing performance (Cavusgil and Zou, 1994). A further concern is that most previous studies have been conducted in a developed country context with very little focus on the developing countries of South East Asia. Therefore, one way to enhance the current body of export marketing literature would be to conduct a study in one of the countries of South East Asia e.g., Thailand using a measure of export marketing performance that has been used in a developed country context with good effect (Cavusgil and Zou, 1994) to see if the results of both studies are consistent and to compare and contrast the findings that were generated. This is the primary objective of the current study.

Export marketing performance has been measured principally, in three different ways, firstly, by measuring export marketing performance using the economic indicators of performance i.e. profit, sales, market share etc. Secondly, via strategic indicators such as outcomes including expansion, increasing the awareness of the product/service and to block a competitor. Finally, via satisfaction with overall performance through attitudinal bases and satisfaction levels. It is the third approach to the measurement of export marketing performance via perceptual or attitudinal measures that we focus on. The theoretical perspective of using this approach is that being positively disposed toward exporting and/or satisfied with exporting operations is a strong indication of success in exporting. Studies adopting this perspective have measured a firm's export marketing performance either directly, such as perceived success or satisfaction with the venture (Cavusgil and Zou, 1994) or indirectly, as the firm's attitude toward exporting (Johnston and Czinkota, 1982) and there appears to be a growing consensus of the suitability and value of this approach (Styles, 1998; Zou, Taylor & Osland, 1998).

In relation to the measurement issue, there has not been sufficient effort expended in developing a scale that can be used in more than one national setting, especially the developing countries of South East Asia. Most previous studies have been conducted in a developed country context, in for example, the United States (Cavusgil and Zou, 1994), Canada (Francis and Collins-Dodd, 2000), New Zealand (Thirkell and Dou, 1998), United Kingdom, Australia (Styles, 1998) and various European countries (Sundqvist et al., 2000). As a result, it is still unclear whether the issues affecting export marketing success in a developed country context are applicable to the developing countries of South East Asia. Given the growth in the literature on export marketing performance one ponders the lack of interest in South East Asia given the economic growth rates of several South East Asian countries over the past decade and the emphasis on Asia by many governments around the world as trading opportunities. The export marketing performance of South East Asian export market ventures are an important dimension of contemporary business because many of these markets are used for the re-export of products/services to third country markets. For example, Thailand, is an important market because of its strong economic growth, growth of exports, and growing investment since 1980 (Far Eastern Economic Review, Nov 9, 2000).

As a result of this positive investment environment and growth in exports it provides an ideal environment to study the export marketing performance of export market ventures in a developing country context. Previous studies with their varied approaches did not explicitly assess whether the scales employed possessed cross-national consistency. If the export performance measures used for one country could not be generalised to another there would be no point to compare the findings of studies conducted in different countries. Therefore, if findings from studies conducted in different countries are to be compared, there is a need to develop and test a scale for measuring export performance that is reliable and consistent across countries (Zou, Taylor and Osland, 1998).

Given the theoretical discussion above we propose the following model of hypothesised relationships for testing as depicted in Figure 1:

exporting. The instrument contained items tapping specific firm characteristics, product characteristics, export market characteristics, export marketing strategy and export marketing performance. Firm-specific characteristics, included items tapping management commitment to the venture (McGuiness and Little, 1981), resources available for export development (Terpstra, 1987), international experience (Douglas and Craig, 1989) and the extent of careful planning (Cavusgil and Zou, 1994).

Export marketing strategy was measured via statements that tapped the extent of distributor/subsidiary support in the export market, the amount of training given to the distributor's sales force together with the promotion support provided to distributors/subsidiaries in the export market. Items also assessed the degree of promotion strategy adaptation in the export market adapted from Cavusgil and Zou (1994).

Competition was measured via statements that tapped the intensity of competition in the export market. Items tapped the degree of price competitiveness in the export market, the extent of price competition in the firm's industry and the competitive intensity of the export market. They also assessed the extent of foreign competitors in the export market adapted from Cavusgil, Zou and Naidu (1993) and Christensen, da Rocha and Gertner (1987).

Commitment was measured via statements that tapped the extent of the firm's commitment to its products/services and the service/maintenance requirements for the firm's products/services, the extent to which the product/service is established within the firm and the degree of exposure of the firm's products/services in the export market. Items also assessed the extent of resource commitment by the firm to the export market adapted from Cavusgil and Zou (1994).

Export market characteristics was tapped via items focusing on the sophistication of the export market's marketing infrastructure, the degree of adaptation of the product's packaging and positioning strategy in the export market and the extent of government intervention in the export market, adapted from Cavusgil and Zou (1994). The survey also sought to identify the cultural similarity of the export market to the domestic market. Statements measuring certain product characteristics were adapted from Cavusgil and Zou (1994). These items included the culture-specificity of the product/service, the degree of uniqueness of the product/service in this export market and the patent protection enjoyed by the product/service in this export market. All items were tapped via 7 point semantic differential scales.

Export marketing performance was tapped via respondents indicating their perceived success of the export venture on a 10-point bipolar scale (1=unsuccessful, 10=successful) indicating overall satisfaction with the performance of their venture.

Sample and Data Collection

The sample consisted of Thai firms involved in exporting a product or service to one or more countries. As the interest was in SMEs only, firms that had 500 employees or less were included in the sample. The questionnaire was mailed to a sample of 1,000 Thai firms involved in direct exporting and the response rate for this survey was acceptable at 15.10 percent (151 questionnaires out of a sample of 1,000 were returned). It should also be acknowledged that this response rate is normal for most mail surveys (Groves, 1990; McDougall, Covin, Robinson, and Herron, 1994) and similar response rates had been achieved in prior international marketing research by Kaynak and Kuan (1993) and Li and Ogunmokun (2000) and sample sizes of 53 have been reported in previous research (Mintu-Wimsatt and Calantone, 2000).

Results

Initially an exploratory factor analysis using the principal components method with varimax rotation was conducted to assess the dimensionality of the firm and environmental characteristics. The results

Measurement and Structural Model Evaluation

Due to the small sample size and distributional assumptions required by the more well known methods such as LISREL it was decided to use the Partial Least Squares (PLS) estimation procedure to evaluate the theoretical model (Lohmöeller, 1981; Fornell and Cha, 1994; Wold, 1981). PLS is a general technique for estimating path models involving latent constructs indirectly observed by multiple indicators. It was developed by Wold (1981) to avoid the necessity of large sample sizes and "hard" (stringent) assumptions of normality. For this reason it is often referred to as a form of "soft modeling" (Falk and Miller, 1992) and in circumventing the necessity for the multivariate normal assumption has major advantages for non-experimental research (Kroonenberg, 1990). A PLS model is specified by two sets of linear relations: the outer model in which the relationships between the latent and the manifest variables are specified; and the inner model where the hypothesized relationships between the latent variables are specified and whose interpretation is as for standardized regression coefficients (Chin, 1998a,b; Falk and Miller, 1992; Fornell and Cha, 1994; Kroonenberg, 1990; Lohmöeller, 1989; Wold, 1981). Another major advantage of the PLS method is that the outer model formulation explicitly allows for the specification of both reflective and formative modes. In the classic test theory factor analytic model reflective indicators are assumed to change together or move in the same direction, whereas the formative indicators are not assumed to measure the same construct nor are they assumed to be correlated. They are instead an optimum linear combination forming the latent construct (Chin, 1998a,b). Therefore, given the theoretical formulation and the research context (including sampling), PLS is particularly suitable as a method for analysis and model evaluation.

The PLS computer program by Chin and Fry (2000) was used to systematically evaluate the properties of the outer and the inner model as formulated in Figure 1. The results in relation to the outer measurement model are shown in Table 2 and for the inner latent variable model in Table 3 and the results for the structural model are shown in Figure 2. Complex models can not be evaluated on the basis of any single, general fit index but rather involves multiple indices which are characterized by many aspects regarding their quality, sufficiency to explain the data, congruence with substantive expectations and precision (Lohmöller, 1989). Hence, a systematic examination of a number of fit indices for predictive relevance of the model is necessary (Fornell and Cha, 1994; Lohmöeller, 1989). As no distributional assumptions are made these indices provide evidence for the existence of the relationships rather than definitive statistical tests which may be contrary to the philosophy of soft modeling (Falk and Miller, 1992).

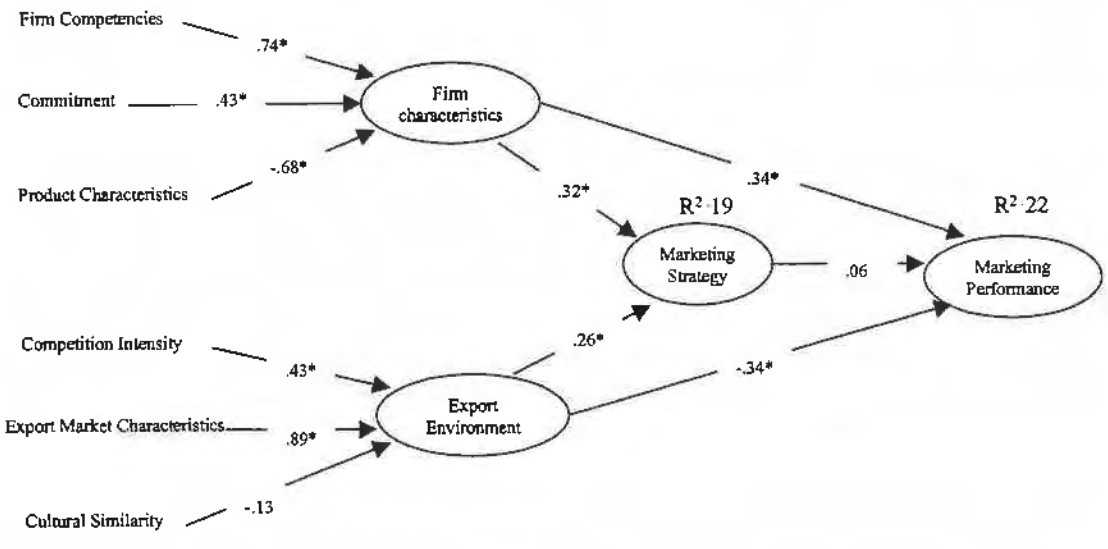
Table 2 – Component Loadings for the Measurement Models

			Model		
Components and manifest variables	**Variable Name**	**Hypothesis**	**Loading**	**Weight**	**Critical ratio[a]**
Firm Characteristics					
	Firm Competencies	H1a		.74	4.31
	Commitment	H1b		.43	2.43
	Product	H1c		-.68	-3.29
AVE[b]			.09		
Export Environment					
	Competition Intensity	H1d		.43	1.87
	Export Market	H1e		.89	4.16
	Cultural Similarity	H1f		-.13	-.51
AVE[b]			.12		

[a] Bootstrapping estimates calculated based on Chin (1998a,b)

[b] Average variance extracted

Figure 2 Hypothesized Model Results



* Indicates significant path

The test of the structural model included estimating the path coefficients, which are interpreted as standardized beta weights in a regression analysis, and r^2, which is used to assess the proportion of variance in the endogenous constructs that can be accounted for by the exogenous constructs. The path coefficient of an exogenous construct represents the direct effect of that variable on the endogenous variable. An indirect effect represents the effect of a particular variable on the second variable through its effects on a third mediating variable. It is the product of the path coefficients along an indirect route from cause to effect via tracing arrows in the headed direction only. When more than one indirect path exists, the total indirect effect is their sum. The sum of the direct and indirect effects reflects the total effects of the variable on the endogenous variable (Alwin & Hauser, 1975; Ross, 1975; Igbaria, Zinatelli, Cragg & Cavaye, 1997). Table 4 provides the primary direct and indirect effects for the model depicted in Figure 2.

Table 4 Primary Direct and Indirect Effects

Independent Variable + mediating Variable	Dependent variable	Direct	Indirect	Total
	Marketing Strategy			
Firm competencies		0	.2368	.2368
Commitment		0	.1376	.1376
Product		0	-.2176	-.2176
Competition Intensity		0	.1118	.1118
Export Market		0	.2314	.2314
Cultural Similarity		0	.0338	.0338
	Marketing Performance			
Firm Characteristics		.34	.0192	.3592
Export Environment		-.34	.0156	-.3556

Discussion And Implications

The results indicate that firm characteristics and the export environment contribute significantly to the variation in the export marketing performance of Thai export ventures. Interestingly marketing strategy was not shown to be a strong predictor of performance and indications are that it does not moderate the relationship between firm and export environmental characteristics and performance.

Finally, in relation to the cultural similarity of the export market to the domestic market, when a product is exported to a foreign market, the cultural base on which the product is developed may not match the cultural base in the foreign market (Terpstra, 1987). However, for Thai export ventures culture differences between their home market and the designated export market seemed not to impact on strategy or performance.

The present study has extended the literature on export marketing strategy and performance in several areas. First, even though the construct of export marketing strategy was not a statistically significant predictor of export performance the importance of export marketing strategy to export performance has been identified. The method of data collection used, that is, a self-administered mail survey versus the personal interview method (used by Cavusgil and Zou, 1994) could explain the reason for the construct of marketing strategy not being a significant predictor of export marketing performance. Perhaps the Thai respondents required greater explanation of the meaning of the statements comprising the marketing strategy construct. The strategy variables identified here concern the level of support given to the companies' distributors and the ability of the firm to adapt its promotion strategy to accommodate the requirements of the particular export market. Second, the constructs developed here can serve as a foundation for further research into export marketing. Third, the study has contributed to a more comprehensive understanding of the success factors in export marketing. Firm competencies, competition, commitment, export market characteristics and product characteristics have emerged as the key success factors in export marketing. Fourth, the study provides an alternative perspective to the Cavusgil and Zou (1994) study and has been taken in a different national setting, moving away from the heavy focus on the developed countries of the west. The Cavusgil and Zou (1994) study identified marketing strategy, a firm's international competence, and managerial commitment as the key success factors. Whilst some variables in the present study loaded onto different constructs and the statistical significance of the constructs varied when compared to the Cavusgil and Zou (1994) study the underlying dimensions of the data were consistent across both studies in different national settings. The method of data collection could have also contributed to this outcome with the Thai respondents perhaps requiring more explanation of some of the statements meaning. For example, a firm's international competence and managerial commitment were identified as separate constructs in the Cavusgil and Zou (1994) study, however, in the present study they were included as important variables in the construct of firm characteristics. Finally, the study extended the Cavusgil and Zou (1994) study by identifying price competitiveness in the export market and commitment to the product as important drivers of export marketing success.

This study examined the measurement of export marketing performance in a South East Asian country. The particular theoretical perspective adopted here was that export marketing performance is, firstly, measurable at the export venture level (that is, the product/market level). Secondly, it incorporated the major perspectives of export performance used in previous studies and it is consistent with the existing export performance measures used by studies in different countries (Cavusgil and Zou, 1994; Zou, Taylor and Osland, 1998).

The benefits of adopting this theoretical perspective are firstly, it focuses on the export venture performance related to one product and one market overcoming the difficulties involved in attempting to measure firm level export performance. Secondly, it utilizes satisfaction with the venture's export performance (Cavusgil and Zou, 1994; Zou, Taylor and Osland, 1998), which is increasingly being used to measure performance. As such this theoretical perspective helps integrate the existing literature. Finally, it is also consistent with the export marketing literature generated in various countries e.g., the United States (Cavusgil and Zou, 1994), Australia and the United Kingdom (Styles, 1998). Essentially, the theoretical perspective that has been adopted is that for export performance measurement scales to be reliable and valid across different national settings they need to include items that are drawn from multiple perspectives of previous studies conducted in various countries. That way the scale will reflect the fact that firms in different countries may tend to emphasise different types of performance measures for cultural, economic or sectoral reasons (Zou, Taylor and Osland, 1998). Thus, we argue that the export marketing performance of developing country export ventures is fundamentally similar to developed countries with regard to satisfaction with performance.

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Studying the Determinants of International Joint Venture (IJV) Marketing Performance in Thailand

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Abstract

International Joint Ventures (IJVs) have become an important means of market entry for many firms, particularly those seeking entry into Asia (Lin & Germain, 1999). This study examines firm and environmental characteristics that impact the marketing performance (overall satisfaction with and economic) of International Joint Ventures (IJVs) in Thailand. The data for this study were collected via a mail survey of 1,047 Thai-Foreign IJVs in Thailand. The analysis indicated that IJV marketing performance was influenced by conflict, commitment, marketing orientation, and organisational control and that these variables differentially impact overall subjective marketing performance assessment and economic performance assessment.

Introduction

Although the literature on International Joint Ventures (IJVs) is already sizeable and steadily growing, there is a paucity of studies on critical issues relating to the performance of IJVs in the South East Asian economies, particularly the salient factors influencing the marketing performance of IJVs. Broadly defined an IJV is an equity sharing arrangement between two companies (one local, one foreign) that pool their resources, share risks and operational control to operate an independent business unit on a continuous basis to attain strategic objectives (Geringer and Hebert, 1991). The focus on Asia is important as there is considerable impetus by business and governments to develop links with Asian business. As such, the motivation for this study is to identify the significant determinants of IJV marketing performance in a developing country of South East Asia and to see if the determinants of IJV marketing performance that were identified were consistent with the findings of previous studies conducted in a developed country context. Therefore, the major objective of this study is to identify the key factors influencing the marketing performance of IJVs in Thailand. From the IJV experiences of foreign based corporations (i.e. corporations whose headquarters are in Japan, U.S., Australia, Europe, and a number of developing countries) with Thai based companies, firstly, the study proposes possible factors influencing the marketing performance of IJVs. Finally, it proceeds to evaluate the relative significance of the proposed factors in determining IJV marketing performance in Thailand. Thailand as a South East Asian Country market is an important country for business development and its role in IJVs because of: (i) strong economic growth, (ii) growth of exports, and (iii) investment boom since 1980.

Literature Review

Broadly viewed, the IJV phenomenon represents two opposing trends. First, judged by the number of entries, it is becoming increasingly popular as a mode of market entry and expansion. In recent years an increasing number of global corporations have become involved in IJVs at home and overseas. The composition of firms adopting it covers many sectors, industries, and product groups (Anderson, 1990; Blodgett, 1991; Ding, 1997; Gomes-Casseres, 1989; Vanhonacker and Pan, 1997). The second trend, relates to the fragile nature of IJVs, in that the failure rate or instability rate of IJVs is above thirty percent, and it is often markedly higher compared to other alternative forms of market entry and operation (Gomes-Casseres, 1989). Gomes-Casseres (1989) offers two explanations for reasons of

study considering both overall performance using the IJV entity's satisfaction with performance and economic performance measured by sales, profitability, return on investment and market share.

This discussion now reviews the literature surrounding some of the key factors influencing IJV performance. The factors influencing IJV performance being reviewed include: market characteristics, conflict, commitment, product characteristics, firm-specific characteristics, marketing orientation and organisational control. As far as market characteristics are concerned, some of the principal market characteristics likely to influence the marketing performance of a venture in a foreign market include:- the policies of host country governments (Beamish, 1988; Blodgett, 1991); technology transfer (Beamish, 1988; Gomes-Casseres, 1989); and, the availability of suitable distribution and communication channels (Jacque, 1986; Makino and Delios, 1996).

Indeed, the influence of host country governments on IJV performance has been the focus of many studies (e.g., Beamish, 1993; Blodgett, 1991; Ganitsky, Rangan, and Watzke, 1991). On the one hand, frequently when a developing country is involved, government pressure may lead a foreign corporation to take on a local partner. The host country government also may exercise influence over the choice of suppliers and over marketing, once the venture is established. Or it may impose exchange controls, which can have an important impact on an IJV's reinvestment, financing, and repatriation decisions. On the other hand, frequently when developed countries are involved, tariffs, quotas, or non-tariff barriers may make it imperative for a foreign firm to rely more on local production than on exporting. In both cases, laws or pressure from the government can play a significant role in the marketing performance of the IJV (Beamish, 1993).

Apart from host country government reasons, the transfer of modern and innovative technology is one of the principal reasons why local firms and foreign partners enter into JV arrangements (Blodgett, 1991). In fact, access to modern and up-to-date technology is widely recognised as the principal reason why local firms in developing countries enter into JV arrangements with foreign corporations from developed countries (Beamish, 1993; Blodgett, 1991; Ding, 1997). Failure to deliver to the IJV the technology initially promised by the foreign partner(s) when entering into the IJV agreement could cause conflict between the foreign and local partners and this conflict together with the lack of the required technology could have a negative influence on the marketing performance of the IJV (Beamish and Delios, 1997; Ding, 1997). Finally, as far as the availability of certain distribution and communication channels is concerned, the importance of access to suitable distribution channels as a motive for both international and domestic JVs is apparent from even a cursory reading of the literature (Makino and Delios, 1996).

Conflict between joint venture partners is another source of impact on joint venture performance. The presence of frequent and severe conflicts between partners is more likely to give rise to misunderstandings, distrust and anxiety, to reduce the level of cooperation, and to result in less than efficient integration of activities, thereby deteriorating the joint venture performance (Ding, 1997; Lewis, 1990). For example, Lewis (1990) found that the potential for confusion or conflict between joint venture partners increased directly with the degree of cultural distance between the host and home countries. Insensitivity to local partners' cultural expertise could adversely affect a venture's performance (Ding, 1997).

As far as commitment is concerned, one of several constructs found to be relevant to JV performance is commitment. Several researchers (Beamish, 1988; Cullen, Johnson, and Sakano, 1995; Schaan, 1983) have emphasised the role of commitment to JV success. Beamish (1988) found a strong correlation between commitment and performance in JVs, noting that most of the commitment characteristics in the high-performing ventures were related to the Multinational Enterprise's (MNE's)

Given the issues raised in the literature relating to IJVs the following research question is offered for testing in relation to IJVs in Thailand:

RQ: To what extent is the IJV marketing performance at an economic level and also overall satisfaction level in Thailand:

1. influenced by market characteristics.
2. influenced by conflict between the partners.
3. influenced by commitment of the partners.
4. influenced by product characteristics.
5. influenced by firm-specific characteristics.
6. influenced by the marketing orientation of senior management.
7. influenced by the control one partner has over the other partners in the IJV organisation.

Research Design

This study is based on the development and administration of a self-administered mail survey in Thailand. The major steps followed included an extensive review of prior literature, to identify potentially important variables likely to influence the performance of IJVs. Following this, from the initial list, those variables that were specifically related to marketing performance were identified, isolated, and items were constructed to tap a list of constructs.

Third, the items were then incorporated into a preliminary questionnaire and pre-tested through a series of personal interviews with the Managing Directors of 10 Foreign-Thai IJVs located in Thailand. Input from the pre-test was used to refine the instrument and to ensure the instrument possessed construct validity (Churchill, 1987). Some refinement was undertaken, however, the changes were only minor and involved improving the wording of some of the questions and in which the sequence of words needed to be changed.

The questionnaire was mailed to a sample of 1,047 IJVs in Thailand provided by the Thai Board of Investment (BOI, 1996). The IJVs studied came from a wide cross-section of industries, including agriculture; mining; light industries such as gems, jewellery and textiles; machinery and transport equipment; electrical and electronic industries; chemical industries; and services. After a follow-up with a second round mailing 203 questionnaires were returned accounting for an effective response rate of 19.38 percent and considered to be adequate (Groves, 1990). This response rate compares favourably with the response rates of McDougall, Covin, Robinson and Herron (1994) with 11 percent; Zairi and Sinclair (1995) with 13 percent; and Koch and McGrath (1996) with 6.5 percent. Similar response rates had also been achieved in the international marketing literature (Kaynak and Kuan, 1993; Li and Ogunmokun, 2000).

The following scales were developed to explore those variables that appear to have an influence on IJV marketing performance.

Market Characteristics: Statements were included in the questionnaire to measure specific market characteristics. These include the adequacy of the supply of capital resources and raw materials to develop the Thai market effectively drawn from Beamish and Banks (1987). The availability of distribution channels (Jacque, 1986). The knowledge of Thai business practices by at least one of the

Results

Prior to conducting the data analysis the issue of non-response bias is addressed. An 'extrapolation procedure' technique was used to assess non-response bias. This assumes that the groupings of actual respondents by an identified criterion are similar to the 'theoretical' non-respondents (Armstrong and Overton, 1977). Frequencies and independent *t*-tests were used to determine whether significant differences existed between the sample of 203 Thai-Foreign IJVs and the target population of 1,047 Thai-Foreign IJVs based on the classification criterion of equity participation of the principal foreign partner. With the exception of the equity participation grouping of *"between 50% and 59%"* no significant difference was identified between the sample and the target population for this classification variable. Therefore, the results suggest that as there appears to be no significant difference between respondents and non-respondents then the sample can be considered sufficient to draw conclusions about Thai-Foreign IJVs for the issues under study.

An exploratory factor analysis with varimax rotation was conducted resulting in seven factors being identified, with all items loading on their appropriate factors as summarised in Table 1. The factors explained 58.0 percent of the variance on firm and environment characteristics of IJVs in Thailand and factor reliabilities were acceptable. The first four factors were the dominant factors, all with eigenvalues greater than 1.5, and explaining 46.3 percent of the variance and the remaining three factors accounted for 11.7 percent of the variance of firm and environment characteristics of IJVs in Thailand.

Table 1 - Exploratory Factor Analysis - Final Statistics

Construct / Factor	Cronbach's Alpha	Eigenvalue	% of Var
(1) Market Characteristics	0.82	6.13459	19.2
(2) Conflict	0.87	4.55179	14.2
(3) Commitment	0.82	2.48185	7.8
(4) Product Characteristics	0.70	1.61636	5.1
(5) Firm-Specific Characteristics	0.61	1.29254	4.0
(6) Marketing Orientation	0.62	1.24390	3.9
(7) Organisational Control	0.67	1.21944	3.8

Table 2 Discriminant Analyses—Structure Matrix

Characteristics	**Overall Performance**	P<	**Economic Performance**	P<
Market Characteristics	-.435	.05	.601	.005
Conflict	-.551	.01	.542	.01
Commitment	.602	.005	-.643	.005
Product Characteristics	-.207	ns	.304	ns
Firm Specific Characteristics	.217	ns	.010	ns
Marketing Orientation	.622	.005	-.470	.05
Organisational Control	-.426	.05	.387	.06*

(* approaching significance)

Table 3 indicates the Wilk's lambda values and F-values for the significance for group differences.

marketing performance the strongest predictors were market characteristics, conflict, commitment, marketing orientation and organisational control, however, some of the directionality of effects were different between the two dependent variables (see Table 2). As far as market characteristics were concerned the measures of market characteristics identified in this study support the findings of Beamish (1988), Beamish and Banks (1987), Blodgett (1991), and Jacque (1986). That a lack of raw materials and capital resources (Beamish and Banks, 1987), inadequate distribution channels (Jacque, 1986), outdated technology (Blodgett, 1991) and Thai government interference (Beamish, 1988) had a negative influence on overall IJV marketing performance.

With regards to conflict the measures of manifest conflict used in this study were from Habib's (1987) study. The findings support the findings of the Habib (1987) study that manifest conflict between the IJV partners can have a negative or disruptive influence on IJV marketing performance in relation to overall IJV marketing performance assessment.

The change in directionality of the effects of market characteristics and conflict on economic performance from a negative direction for overall marketing performance to a positive direction for economic performance can be explained by the following reasoning. Due to a shortage of certain market characteristics (e.g., raw materials, capital and the latest technology) and because of conflict between the partners the firms provided all of the resources required to perform well in the Thai market and worked harder to resolve their conflicts and disagreements. This had a positive impact on economic performance whereas the perception was that as a result of the conflict and the lack of certain market characteristics this had a negative effect on overall marketing performance.

In relation to commitment the measures of commitment used in this study were adapted from Lee and Beamish (1995). Several researchers (Beamish, 1988; Cullen, Johnson and Sakano, 1995; Lee and Beamish, 1995; Sarkar, Cavusgil and Evirgen, 1997) have emphasised the role of commitment to IJV success. Beamish (1988) found a strong correlation between commitment and performance in IJVs noting that most of the commitment characteristics in the high performing ventures were related to the MNE's willingness to do something: adapt products, increase employment of nationals, visit and offer assistance, or supply special skills and resources. This study's findings support the findings of Beamish (1988) for overall IJV marketing performance assessment. However, the change in directionality from having a positive effect on overall marketing performance to having a negative effect on economic performance can be explained by the following reasoning. The perception may have been that the partner's were committed to the IJV and made significant contributions to the IJV. However, in reality they did not and this had a negative effect on economic performance. They didn't provide capital when it was needed, they didn't provide key management personnel when it was called for and they didn't visit and offer assistance and this had a negative effect on economic performance.

As far as marketing orientation was concerned the measures of marketing orientation used in this study were adapted from the Pitt and Jeantrout (1994) study. This study's findings support the findings of the Pitt and Jeantrout (1994) study that marketing orientation of senior management will have a positive effect on overall IJV marketing performance. The change in directionality for marketing orientation having a positive influence on overall IJV marketing performance assessment yet having a negative influence on economic performance can be explained by the following reasoning. Whilst the respondent's perceived themselves to be marketing oriented they really weren't. They didn't understand the impact the prices of their products/services had on customer expectations, they didn't conduct research to understand what their customers expected from their products/services and they didn't regularly contact customers to determine their needs. This lack of marketing orientation had a negative influence on economic performance.

Finally, in relation to organisational control, the measures of organisational control used in this study were adapted from Dymsza (1988). This study's findings support the findings of Dymsza (1988) that major conflicts can erupt between the partners in an IJV with respect to the purchase of materials, intermediates and components. If the foreign corporation insists on the IJV purchasing raw materials from it when the local partner finds other sources at competitive or lower prices serious conflicts could

Limitations And Future Research Directions

A logical extension of the current study would be to test the stability of the factors across time. A similarity between the factor structures identified in the replication study and the factor structures obtained here would indicate that the present ones are stable across time. Another extension of the current study would be to test the stability of the factor structures developed in this study on the basis of a sample of IJVs based in other ASEAN Countries e.g., Indonesia, Malaysia, Singapore and The Philippines. Also a high similarity between the factor structures obtained from the replication study and those obtained from the present one would indicate that the factor structures of this study are stable across countries within South East Asia and the conclusions of this study would then be applicable to other countries in South East Asia and not just Thailand as is the case here. Such a finding would provide support to the claim of generalisability of the factor structures identified in this study.

Finally, the population of IJVs included in this study consists almost entirely of firms engaged in the agricultural, manufacturing, processing and extraction industries. Only 60 firms out of a total population of 1,047 were from the service sector and only 7 firms out of a total of 161 in the sample were from the service sector. This constitutes a limitation of the study considering the cross-sectional nature of the data. Therefore, the findings and conclusions developed from this study can only be applied to firms engaged in the agricultural, manufacturing, processing, and extraction industries and not the services industries. It would be a useful contribution to the IJV literature if a similar study were conducted on a sample of IJVs engaged only in the service sector across a number of different ASEAN Countries e.g., Indonesia, The Philippines, Singapore, Thailand, and Malaysia to see if the results hold firm for firms in the services industries. Service sector firms that enter into IJV agreements with some frequency in these countries are banks, insurance companies, finance companies, travel agencies, airlines, hotels, and advertising agencies.

Conclusion

The primary objective of this study was to identify the key factors influencing the marketing performance of IJVs in Thailand and to see if the factors influencing IJV marketing performance in Thailand were consistent with the findings of previous studies conducted in a developed country context. The study accomplished both objectives with a reasonable measure of success. It made both exploratory and confirmatory contributions to the IJV literature. Firstly, it identified a few factors that have previously remained, at least empirically, mostly obscure e.g., market characteristics and marketing orientation. Finally, new evidence has been produced confirming the significance of previously identified factors conducted in a developed country context e.g., conflict and commitment.

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Just a Spoonful of Sugar: Patent Brand Name Effects on the Antidepressant Prescription Habits of Psychiatrists and General Practitioners

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Introduction

> "If you can't beat them, bribe them" is an age-old business tactic, but it is coming under fire in the pharmaceutical industry. On May 14th, 15 American states sued Aventis, a Franco-German drug group, and Andrx, an American generic-drug maker. The suit claims Aventis paid Andrx almost $90m to delay the introduction of a cheaper, generic version of one of Aventis's best selling heart drugs when its American patent expired in 1998. The states are claiming $100m in compensation for the higher prices they have had to pay in the absence of generic alternatives. Last month, the Federal Trade Commission (FTC) concluded that the arrangement between Aventis and Andrx had blocked others' entry to the market.
>
> The FTC has several other drug companies in its sights. It has filed suit against Schering-Plough and two generic-drug companies for similar machinations to delay the launch of generic versions of K-Dur, another patented heart medicine. It is investigating possible collusion between Bristol-Myers Squibb and American Bioscience over Taxol, an anti-cancer drug. And it is preparing to launch a wider probe into anti-competitive practices among brand-name and generic-drug makers, which could put as many as 90 American drug companies under the microscope.
>
> For Aventis and other firms in the risky business of developing new drugs, patents are crucial to both present and future profitability. In the industry's lucrative western markets, patents last for 20 years from the date of filing (although it can take half that time to get a drug to the market). While their product is patent-protected, drug companies can charge whatever the market will bear, in the hope that they can recoup the vast sums—$500m, on average—that go into making the drug in the first place, and still have enough left over to invest and in developing new drugs and to give attractive returns to shareholders.
>
> *The Economist.* May 19, 2001, p. 68

The above quote illustrates the conundrum faced by drug companies world wide. In Australia the problem is no different and in specific areas of health difficulty such as depression require careful evaluation. Figures supplied by the *Health Insurance Commission* (2000) indicate that approximately 18% of the Australian population suffer from depression. A large component of the increase in costs of treatment for this type of mental illness has been the increased prescribing rate of antidepressant drugs. According to figures supplied by the *Pharmaceutical Benefit Scheme* (PBS), in the past eight years (1992-2000), approximately $AUS 754 million dollars was spent on antidepressants in Australia, with around 23 million prescriptions supplied. That's more than one for every man, woman and child in Australia. The number of prescriptions over this time grew by nearly 800% and in cost by 1,500%. This expenditure was largely subsidised through the PBS' $AUS6 billion-dollar annual budget. Whilst these new drugs have provided help to many patients, concerns have been expressed as to whether psychotropic drugs are appropriately prescribed, and whether the decisions of doctors and/or psychiatrists have been unduly influenced by the marketing efforts of drug companies (Benson 1983). This concern has also been mirrored by a report by the *UN International Narcotics Control Board*,

"novice" and "expert" are used for theoretical convenience, to illustrate the differing prescription behaviours between general practitioners versus more the knowledgeable specialists in the mental health area. It is recognised that even within the three groups there will be a variation of experience and knowledge in the treatment of mental illness.

Novices and experts may be primarily differentiated on the basis of the knowledge they possess about brands and may, therefore, use differing information processing strategies. Alba and Hutchinson (1987, p 423) provide a number of possible reasons for the existence of differences in the use of brand name. For example, in a discussion of differences in classification processes they conclude: "Experts are more likely than novices to engage in analytic classification, and novices are more likely to engage in holistic classification". The Summary Construct approach involves classification using analytic inferences based on attributes of the object, which is summarised into a chunk of information, such as a brand name (see Olson 1977). Novices, lacking knowledge about product attributes, are more likely to use the brand name cue to construct product inferences rather than more technical attributes (Maheswaran 1994). Another key difference is that experts are more likely to detect quality differences, (that is, have a knowledge of pharmacological differences between drugs) and so may rely less on extrinsic cues (brand name and price) as a basis of their decision-making (Maheswaran 1994).

In terms of knowledge, experts know more about a domain; that is, have fewer, simpler and more abstract concepts of organisation (Allwood 1986 and Kolodner 1983). Expert knowledge organisation reflects higher order properties of information whilst novice knowledge reflects "surface" or literal features (Hardiman, Dufresene and Mestre 1989). These differences in knowledge determine the differing nature of perception between these two groups. There is some evidence of this in the prescription literature, with Beardsly et al. (1988), finding that psychiatrists were more likely to provide a mental health diagnosis as a reason for a drug prescription than GPs. Handsel et al. (1982) found that GPs prescribed a large amount (45%) of psychotic drugs for non-emotional or mental health problems and that these drugs were more likely to be prescribed by the less educated and experienced GPs. Zelino (1982) noted an inverse relationship between the efficacy of advertising (i.e. brand name) and the experience and further training of GPs. This suggests that differences in training and experience in mental health between both groups may be crucial in explaining the differences in their respective prescribing behaviour of anti-depressant drugs. In terms of psychiatrists, research by Benson (1983) noted that the prescription of drugs was positively associated with confidence in training; negatively with the degree of scepticism of the pharmaceutical benefits of the drugs; and negatively with the extent of professional activism.

In terms of perception, expert knowledge creates expectations of "what to look for" and "to know where to find it" (Kundel, Nordine and Carmody 1978) and experts will scan the task environment to look for cues likely to provide diagnostic information. Experts are also more able than novices to recall reorganised meaningful stimulus or analytic stereotypes, which are often organised as a "chunk of information" representing feature configurations of the object. Novices, on the other hand, search the environment for simple, surface apparent differences since their knowledge is fragmentary and complex in its organisation, which makes its recall, use for generalisation and analysis of the object, difficult. These differences in knowledge and perception are directly analogous to the use of a *Halo* (apparent differences) or *Summary Construct* (stereotyped stimulus, or chunk of information about the features of the object). Novices, being unable to accurately detect quality differences will simply use the *Halo* of the brand name as a noticeable holistic, i.e. "this represents quality" rather than an analytic cue (Maheswaran 1994. Experts use of brand name is expected to be as predicted by the *Summary Construct* process. Otherwise experts' differences in product evaluation will be based on objective quality differences. To summarize more directly, experts will use brand name according to the *Summary Construct* when product evaluations are consistent with the image of the company in producing that particular type of good and *only if the company's reputation is consistent with quality.* This discussion leads to the following hypotheses.

Table 1
Univariate Results With Drug Type By Medical Practitioner Type With Amount Prescribed And Total Cost As Dependent Variables

Dependent variables	*Drug Type*				*Practitioner Type*					
	Generic		**Patented**		**General Practitioners**		**Psychiatrists**		**Other Specialist**	
	Mean	**Std. Dev.**	**Mean**	**Std. Dev.**	**Mean**	**Std. Dev.**	**Mean**	**Std. Dev.**	**Mean**	**Std. Dev.**
Amount Prescribed	66.75	2.08	121.07	2.32	163.93	1.42	90.00	3.22	27.81	3.08
Total Cost	1766.0	82.9	5008.7	92.1	5372.2	56.7	4012.0	128.3	777.8	123.0

To investigate the nature of the interaction (hypothesis 3) a two way ANOVA was performed for each dependent variable. Again as the results were the same for the two dependent variables only the data relating to the amount prescribed will be discussed. The results of a "test of the between subject effects is shown as Table 2. The results show that all the main effects and the interaction are highly significant ($p < .01$) but the partial eta squareds are uniformly very small. Nonetheless, this evidence supports hypothesis 3. With respect to the significance / effect size controversy the effects although small exist and even a small effect of this kind may have major social implications. To explore the nature of the interaction the plot is shown as Figure 1. The interaction displays a non-parallelism that indicates that the OS's may be the most impervious to brand name.

Table 2 Tests Of The Between-Subjects Effects

Corrected	Type III					Partial
Intercep	33549283	df 1	335492837.	3618.50	Sig .000	Square .052
PATEN	28057701.	1	28057700.9	302.62	.000	.005
DOCTYP	16786621	2	83933108.0	905.27	.000	.027
PATENT *	15430657.	2	7715328.65	83.21	.000	.003
Error	607214899	6549	92715.88			
Tota	741820881	6549				
Corrected	633935650	6549				
a.						

Conclusion

The research showed major differences in the prescriptions habits amongst general practitioners (GPs) and psychiatrists (Ps). GPs prescribed more antidepressants, and at a higher cost than Ps. They are also more likely to prescribe more expensive patent drugs, than other specialist groups. While the data lack an explanation for such behaviour, it does provide some tentative support that the differences may be due to knowledge and expertise. The main differences in the amount prescribed being with the more expensive, highly profitable and branded patent drugs. GPs on average prescribed twice as many of these drugs as Ps. This may indicate either insufficient training or consultation is occurring with mental health patients by GPs. The use of a well promoted brand name may be an important evaluation shortcut by this group who lack detailed training and by the nature of the Australian medical health system can only spend a limited time with patients. This relationship probably occurs in other areas of practice and is clearly of concern to the Australian government, who in 2002 have trailed a "doctor bonous" which rewards the relevant professional groups when their members prescribe more generic drugs. The savings from the scheme being used for further training of doctors. The results may also suggest the importance of targeting professional medical groups such as GPs by pharmaceutical companies. Clearly, if a group was to rely on brand name as cue it would be GPs.

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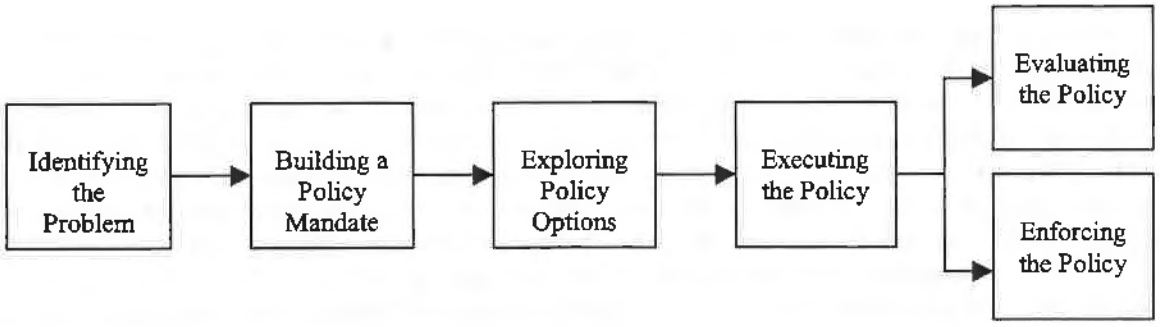
stakeholders is important in the development of any public policy/social marketing programs as well as being involved in the evaluation of these programs, which is consistent with Buurma's (2001) view that public policy needs to be "consumer" focused. It is therefore valuable to have stakeholder input in all stages of the public policy process (see Figure 1).

Figure 1
The Policy Process (Adapted from Hastak, et al 2001 p.171)



As such the problem of defining, developing, implementing and evaluating public policy is complex, especially when all parties usually have a different view on what mechanisms will be most appropriate in address the issue of concern (Altman and Petkus 1994, Gregory and Keeney 1994) and there may not even be a consensuses within one group of stakeholders (Polonsky et al. 2001).

The objective of this paper is to examine how a range of stakeholders view public policy related to controlling an introduced species in Australia (the importance of this issue is discussed in the following section). Stakeholder knowledge and attitudes of the issues associated with the issue as well as toward the alternatives that have been used are examined, thus following (Hastak et al. 2001) advice that marketing research is a key tool in public policy development, implementation and evaluation. A better understanding of stakeholders existing knowledge, attitudes and beliefs on the issue and existing policy should allow for more effective and integrated policy to be developed.

Control of Introduced Species

Globally man has impacted on the ecological balance in numerous ways, with extensive publicity frequently being given to the harm associated with human consumption as well as production. Some of the issues identified as being problematic include;

- Global warming due to the production of greenhouse gasses
- Acid Rain resulting from burning high sulphur coal,
- Biodiversity issues associated with over consumption of species and/or deforestation of rainforests or old growth forests.

While not receiving the same publicity, the negative environmental impact resulting from introduced species (plant and animal) has also received attention in various countries. These species can impact on the natural environment in a number of ways. For example:

- A local environment might not have predators of the introduced species and there is unrestricted population growth of this species, which intum harms the environment. For example in Australia increased numbers of wild rabbits, pigs and goats result in reduction of native vegetation, which in turn results in increased erosion.
- Introduced species "consume" native flora and fauna. For example, in New Zealand Cats and Fox consume many native bird species that have not traditionally had to deal with

in behaviour. In examining public policy development it is therefore critical to examine Motivation, Opportunity, and Ability as part of the broader issues, which may identify areas where existing activities are deficient or more effective marketing of policy needs to be undertake.

Methodology

To identify stakeholders' views towards public policy issues related to the control of an introduced species, a variety of qualitative and quantitative research approaches were used. The qualitative stage identified the core issues to be examined in the research and was guided by an advisory committee comprised of stakeholder represetatives with interest in controling introduced species (i.e. governmental, land managers and environmenatal/science community members) was established to assist in guiding the research.

The first step of the process involved a review of the literature which was then used to assist in defining the domaine of the issues associated with controlling introduced species. A limited number of studies were identified that had previously examined stakeholders' attitudes towards dealing with controling pests or introduced species (MAFNZ 1996, Reeve and Black 1993, Sheppard and Urquhart 1991). To ensure that all core issues were examined a series of four stakeholder focus groups were undertaken. The first group involved representatives from the various regularators involved in developing public policy while the other three groups were comprised of land mangers who where primarily responsible for the implemention of public policy initatives related to controlling the introduced species in question. In total, 24 regulators and 47 landmanagers were involved in interviews and focus groups.

The notes and transcripts from the focus groups were reviwed to identify common themes raised within discussions (Kellehear 1993, Miles and Huberman 1994). The examination of themes is frequently used when evaluating robust data. Based on the themes identified in the literature review, and the qualitative research, a number of survey items were developed that allowed the examination of critial issues associated with control of the introduced species. A preliminary questionnaire was reviewed by the Project Steering and other regulators. Following this process the preliminary questionnaire was pre-tested with a sample of 50 land managers.

The survey items were then refined into a 60 item instrument supported by a number of categorical questions. The survey was administered via phone to a random sample of 566 land-managers in a region, of one Australian State, particularly affected by the introduced species. Land managers were chosen as the focus of the survey as their activities were impacted by the introduced species and they were also often expected to implement the various public policy alternatives developed. As such they had a solid understanding of the issues associated with introduced species, as well as with public policy initiatives directed at controlling this species. In the survey respondents rated each item from one to ten, with one representing a low degree of importance and ten indicating a high degree of importance of the item. This scaling method was selected because of its suitability in telephone surveying.

Given that the objective of the project was to identify attitudes toward the issue and public policy solutions (i.e. control activities), the work was somewhat exploratory. The survey data was analysed using Factor Analysis to refine the items and define the constructs (Hair 1999, Malthora et al. 1996) which would then assist in better understanding managers views on the issue and their attitudes towards the various public policy solutions that where being implemented. This resulting information could then be used to better develop public policy activities (Hastak et al. 2001) and/or to better market these recommended outcomes (Buurma 2001)

Discussion

As was mentioned above the analysis of the survey revealed that managers generally agreed with those interviewed in the qualitative phase, that there are three main areas of concern. As such any public policy and associated social marketing campaign needs to have a comprehensive broad based approach including a diverse range of stakeholders. The scope of any program also needs to be broad based and not focus only on one aspect of activity (Rothschild 1999, Polonsky et al. 2001). That is simply attempting to change attitudes of a given stakeholder group without providing resources or some underlying rationale may be unlikely to achieve the overall desired change, at least in relation to controlling introduced species.

There was a strong view that controlling introduced species is not just the responsibility of participating land managers, but needs to cover a complex network of stakeholders, including the general community and governmental bodies. Such a view is widely suggested in relation to controlling any externality or social problem (Polonsky et al. 2001) and applies to this type of issue as well. That is, while introduced species directly harms landowners, others in the community must also assist with controlling these species as well, or at least the community needs to be supportive in regards to those dealing with the issue. There are extensive examples of where the community feels the eradication and control programs of introduced species are inhumane and, such views will potentially dissuade those involved in controlling these species to act. Thus, some social marketing activities might be designed to gain broad-based community acceptance for control programs, as well as focus on individual managers actions.

The greatest number of factors identified related to managers views on implementation issues associated with public policy. As with all marketing activities successful implementation is critical for programs to be successful and thus more effective marketing might be warranted (Buurma 2001). The factors identified a range of areas that need to be considered in public policy and social marketing programs. This appears to suggest that within the control of introduced species there needs to be an integrated approach that not only communicates information on dealing with the problem, but also provides support with undertaking the activities suggested. In this way social marketing may better deal with Rothschild's (1999) problems of Motivation and Ability, i.e. getting people to want to change and giving them the tools to change.

There were four factors identified in relation to dealing with the government. These relate both to the traditional social marketing role of promoting changes in behaviour as well as the implementation issues identified earlier. The fact that governmental approaches for dealing with this problem and others are sometimes fragmented might partly have resulted in the lack of confidence in this area or the broad scope of governmental bodies responsible for controlling introduced species. The fact that different signals are given and/or insufficient support for implementation is provided, also would contribute to managers' negative attitudes towards governmental intervention/assistance. There was some concern that many land managers were voluntarily participating (or not participating) in control programs was also an issue of concern and might result in the perception that some stakeholders are acting as free riders, as frequently occurs with externalities. As such, there are enforcement issues that may need to be re-evaluated in line with stakeholders concerns. One possibility is that this issue should move beyond social marketing to straight regulation. While this may potentially ensuring that all stakeholders are directed to participate, it is unclear if resources and appropriate motivations are incorporated to support these actions.

Conclusions

Controlling introduced species is a critical environmental issue within many countries and threatens bio-diversity in some regions of the world. As such it is essential that government assist in dealing with this issue through a range of social marketing activities and associate public policy programs. The results of this study suggest that there is a view by stakeholders that an integrated approach to addressing the problem is essential. One question that might be asked is – Can social marketing alone deal with such a substantial problem? The issue requires integration across areas that might move towards broad-based public policy development, i.e. using command and control systems

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they could feel aggrieved to discover that the brand cannot perform in that manner. Similarly, if they purchase a brand because it has a logo that they associate with a particular manufacturer, they may be irritated to discover that the manufacturer they assumed made that brand does not in fact produce it.

However, although consumers may mis-interpret advertising messages or brand imagery, it is not axiomatic that their purchase behaviour will reflect these mis-interpretations. That is, the relationship between interpretation and action is neither clear nor automatic. For example, the misleading claim may relate to a feature that consumers attach little weight to in their purchase decisions. Thus, a claim that a margarine brand tastes like butter may be misleading but immaterial if the vast majority of margarine consumers only look for attributes such as brands' salt content, oil base and price when making their decisions.

The relationship between interpretation and action is further complicated by vagaries in consumers' ability to decipher marketing communications. Jacoby & Hoyer (1990) reported that around 15% of consumers routinely mis-interpreted mass communication messages, raising the possibility that at least some reported "deception" might arise from flawed internal processes and not from external stimuli. Attas (1999) summarised this difficulty: "How ought we differentiate between cases where a consumer comes to hold false beliefs after exposure to an advertisement but due to his [sic] own idiosyncrasies which could not have been catered for, and cases where the false beliefs are exclusively and unproblematically a result of exposure to the advertisement?" (p. 49).

The presumption of materiality creates different, but equally troubling, problems. The FTC assumes that traders would not use a claim unless this had some effect on consumers' behaviour. Unfortunately, this assumption is tautological:

Traders use claims that affect consumers' behaviour;
We know this because they would not use these claims unless they did affect consumers' behaviour.

In other words, the evidence and the behaviour providing this evidence cannot be logically separated. For traders seeking to defend themselves, this logical conundrum presents them with several problems that are discussed in detail in the following sections.

In summary, these issues suggest three points. First, that misinterpretation may not always affect purchase behaviour. As a result, the presumption of materiality, the behavioural consequences assumed to follow deceptiveness, may be ill-founded and at least some reported confusion may arise from "normal" levels of confusion present in all markets. Second, even where mis-interpretation does occur, this may arise from consumers' frailties and not from marketing communications. Finally, tests of materiality need to be re-phrased empirically to avoid the difficulties created by the FTC's current interpretation.

Differentiating between "normal" confusion and confusion that can be attributed to marketing stimuli, such as advertising messages or brand livery, is thus critical, if fair trading laws are to be properly interpreted and applied. This process could be greatly simplified if researchers concentrated on consumers' behaviour and the likely effects of the allegedly misleading stimulus on this. In this paper, we outline an approach that provides stronger behavioural insights into the consequences of consumer confusion and the sources that give rise to this. We begin by exploring the evolution of fair-trading statutes and their key provisions before discussing the research used by counsel to support their arguments. Finally, we analyse the problems implicit in much of the consumer research adduced in fair trading cases and evaluate an alternative approach that addresses these problems.

Evolution of Fair Trading Statutes

The Federal Trade Commission (FTC) regulates advertising in the United States. Formed in 1914 to monitor unfair competition, its jurisdiction was subsequently expanded with the passing of the

will always be open to re-interpretation. Despite this problem, Australian and New Zealand legislation implicitly requires traders hoping to employ survey evidence in fair trading cases to measure these variables.

Unlike the United States, the introduction of fair trading legislation has occurred more recently in Australasia. Australia introduced fair trading legislation in 1974 when the Australian Federal Parliament passed the Trade Practices Act. Prompted by the Closer Economic Relations agreement (CER) New Zealand examined its consumer protection legislation and introduced the Fair Trading Act 1986, which was designed to promote a uniform approach between the two countries (Trotman, 1988). Although some differences between the two statutes exist, their key provisions have much in common and the following discussion examines these similarities and the application of the two statutes. (Trotman (1988) contains a detailed analysis of the Fair Trading Act and we refer readers wishing to learn more about is provisions to this source.)

The key provisions of both statutes are the following sections:

"No person shall, in trade, engage in conduct that is misleading or deceptive, or that is likely to mislead or deceive."
(section 9, Fair Trading Act 1986);

"No person shall, in trade, engage in conduct that is liable to mislead the public as to the nature, manufacturing process, characteristics, suitability for a purpose, or quantity of goods."
(section 52.10 Trade Practices Act 1974).

Unlike the US legislation, which examines the potential consequences of a claim that is both conveyed and incorrect or misleading, the New Zealand and Australian statutes do not examine how misleading or deceptive claims may have affected consumers. For their purposes, it is sufficient to have demonstrated that an incorrect impression has been conveyed.

Although this difference may appear trivial, it has important implications for the type of research conducted and used as evidence in proceedings that investigate allegedly misleading or deceptive behaviour. While the US legislation requires some assessment of the material effects an allegedly deceptive claim may have, the New Zealand and Australian legislation focuses only on consumers' interpretation of the advertising or other material.

This emphasis on cognition rather than behaviour fails to acknowledge the arguments outlined by Jacoby & Hoyer (1990) above, namely that some consumers routinely mis-interpret mass advertising messages. In addition, it implicitly assumes that consumers who accept that a stimulus conveys a particular message also believe that message and may subsequently be influenced by it. Preston (1967) and Preston & Scharbach (1971) noted that consumers might agree that a stimulus conveys a misleading message, but that this is not equivalent to consumers accepting that message as factual. That is, they differentiated between measures of conveyance and measures of belief.

Research conducted for use in New Zealand does not make these distinctions because the Fair Trading Act, as it is currently set out, does not require them. Neither it nor the Trade Practices Act requires any estimation of materiality. Given the strong evidence from consumer behaviour research that consumers' actions often do not reflect their stated beliefs or intentions, the current Australasian legislation does not encourage robust measures of consumer behaviour. This fact is arguably reflected in the poor acceptance of survey research as evidence in fair trading and trademark litigation.

Counsel who have adduced survey evidence in these cases often struggle to have it accepted, primarily because its emphasis on assessing intangible aspects of consumers' consciousness leaves it vulnerable to criticism. Although the problems affecting courts' use of survey research include non-response error, coverage error, and sampling error, much of the criticism is levelled at measurement error. Measurement error can occur in a number of ways but, most critically, occurs when the

Morgan (1990) set out a comprehensive set of standards for surveys used in legal cases. These included both explicit, or *"patently obvious"*, (p.59) criteria and those he described as implicit rules, drawn from case law. The criteria he helpfully sets out, while based on US litigation, have much in common with the judicial guidelines set out by Whitford J in the UK *Imperial Group* case, the Federal Court of Australia Practice Note No. 11 (1994), and the checklist suggested by Skinnon and McDermott (1998) in New Zealand. Principles of sound survey design, not surprisingly, have a universal application and the specific outcomes of individual cases tend not to alter these.

Among other topics, these principles cover issues such as the definition of the universe, or population of interest, and, more particularly, the need to ensure this includes only relevant respondents who can address the legal question of interest. Morgan notes several sampling questions; especially the need to ensure the sample is not biased towards a specific group at the expense of other groups whose views or behaviour could be relevant. He stresses the need for careful questionnaire design and suggests pre-testing to ensure respondents understand the questions put to them. He recommends pre-testing to check that the question wording does not favour particular responses and that the list of response options provided in closed questions is complete. Morgan suggests that respondents should not be asked to complete unrealistic tasks that do not correspond to the behaviour of interest and that they should be instructed not to guess when answering questions. Interviewers should know neither the survey client nor the purpose of the research, and the questionnaire design should minimise or eliminate the need for interviewer intervention in the survey.

For survey researchers, these principles are indeed elementary. Yet, although strikingly similar principles have been enunciated in different jurisdictions, researchers continue to disagree bitterly about the practical implementation of these criteria. The recent debate over the survey evidence adduced in the *Kraft* case highlights the divisions that can exist. This case was brought by the FTC, which alleged that claims made in Kraft's advertising would mislead and deceive consumers. Specifically, the FTC alleged the claim that Kraft single cheese slices were made with 5oz of milk implied that the slices had the same calcium content as 5oz milk. In fact manufacturing processes reduced the calcium content to around the equivalent of 3.5oz milk.

The differences between the FTC's research and that *Kraft* commissioned began with their definition of the legal question. *Kraft's* case focussed exclusively on the material effect the difference between 3.5oz of calcium and 5oz calcium would have on consumers' behaviour. By contrast, the FTC conducted a complex experiment that examined the claims conveyed in the advertisements and whether these would mislead consumers. Given the different questions explored, the differences persisted throughout the decisions made regarding sampling, questionnaire design and implementation, and the interpretation of the findings (Jacoby & Szybilli, 1995; Stewart, 1995).

Sudman's thoughtful analysis of the two surveys suggested both had shortcomings, but rather than focus on the defects he detected, Sudman concentrated on discussing the criticisms each side had levelled at the others' survey. Drawing widely on empirically established principles of survey design, Sudman noted the importance of pre-testing, balanced question wording and response options, and control groups. Furthermore, he suggested that researchers use a "funnel" approach to questionnaire design. That is, researchers should begin with general open-ended or filter questions before moving to more specific closed questions.

Sudman's review is insightful and logical but, as Preston has argued, researchers should have already known the points made in his conclusions because the same issues have been noted in several judgements. Overall, it seems clear that there is in some cases a divide, in others a gaping chasm, between sound survey practice and the material submitted as evidence in fair trading cases.

Although New Zealand has fewer cases on which to draw, our experience reveals similar discrepancies. Skinnon & McDermott (1998) traced the history of market surveys in New Zealand. They noted that a survey was first successfully adduced in 1976 *Customhouse Boats Ltd v Salthouse Bros Ltd* NZLR 36). Mahon J's decision explicitly rejected the hearsay argument and subsequent

All of these factors are quite objective and relate to physical characteristics of a brand that would be difficult to dispute. In the same way, an allegedly misleading advertising claim, a logo that is claimed to be deceptively similar to another, or an association that is implied but not real, can all be tested using choice modelling. For example, the allegedly misleading claim could be one level of a communication variable that tests both the disputed claim and a factual claim about the specific product characteristic in question. Similarly, logos that were allegedly confusingly alike could also be tested as attributes in their own right and in association with different manufacturers.

The ability to combine different attributes in this way means that choice modelling is also an excellent means of testing whether allegedly deceptive claims have a material effect on consumers' behaviour. Because choice modelling uses actual product characteristics and can include allegedly deceptive or distinctive characteristics and marks, it is not open to criticism for failing to have captured relevant beliefs or for expressing these in a leading manner (Preston, 1992). As a result, evidence from this methodology will not be vulnerable to many of the criticisms that have affected survey research adduced in court. Most importantly, choice modelling offers specific insights into consumers' behaviour, and so provides a more robust basis for decision-making than the inferences judges previously had to rely on (Glowa & Lawson, 2001).

This approach was developed and tested recently when the New Zealand Commerce Commission unsuccessfully prosecuted Griffin's Foods. In 1997, the New Zealand Commerce Commission (analogous to the FTC) took an unsuccessful case against ETA on the grounds that the name "*Slims*" implied the product was a low oil chip when in fact it was not. Part of the evidence presented by the Commerce Commission consisted of a survey that revealed *"between 20 and 30 out of every 100 main grocery shoppers interpreted the name-and-pack presentations to have a fat-weight-health benefit over and above other brands"*. This survey was heavily criticised by expert witnesses for the defence and it is clear that it was flawed in both its design and its implementation.

The survey was criticised for four reasons, not all of which are logically based. First, the reliability of the findings was questioned because the original questionnaires had been destroyed and so were not available for inspection, arguably a rather careless oversight by the research company. Debate over the admissibility of survey evidence has centred on counsels' inability to cross-examine respondents, and thus their inability to test the estimates presented. Notwithstanding this problem, survey evidence has been successfully introduced and details relating to this have been carefully perused. For example, field force supervisors have been questioned about the training and oversight provided, and the auditing undertaken, and the documentation relating to this has been adduced. Thus, counsel have been able to examine the questionnaires, the sample design, and the procedures followed, even if they have been unable to cross-examine the respondents themselves.

The survey was also criticised because it had been conducted some 12 months after the alleged offence occurred. Given that the product had been on sale continuously since the date of the investigation, the complaint about the timing of the survey seems irrelevant. In other words, there were no obvious reasons why the allegedly misleading connotations of the name *Slims* should have changed over that 12 month period.

The survey mode was also criticised because the mall intercept interview methodology employed did not capture an adequate cross-section of the market affected. Counsel for the defence alleged that the survey did not include responses from groups, such as children, who made their purchases from outlets other than a supermarket. While it is true that children were not included in the sample (an issue which raises other ethical questions) there is no reason to suppose that their responses would have improved the overall accuracy of the final estimates. (Indeed, there are some grounds for supposing that inclusion of children's estimates would have increased the proportion that associated low fat connotations with the product.) Nor are there logical grounds for supposing that respondents who were main household shoppers confined their shopping to supermarkets.

The fourth criticism was that the questions themselves were misleading. The questions used included:

employed to reduce respondent fatigue while maintaining a balanced research design. Interviewers rotated the showcard at which this section commenced to equalise any order effects.

Table 1: The Attributes Tested

Product	Attribute	Attribute Levels
Potato Chips	Flavour	Lightly salted
		Extra Flavour
		33% less oil
	Texture	Wafer cut
		Crinkle cut
	Price	$1.95
		$2.25
		$2.45

Respondents were first asked to evaluate a series of statements based on work conducted by Preston (1967) and Preston & Scharbach (1972). These researchers devised a series of statements that initially tested consumers' response to puffery, but which can equally be used to explore their interpretation of more ambiguous statements. Table 2, below, outlines their response to these statements.

Table 2: Attribution of Accuracy to Belief Statements

Statement	Beliefs		
ETA Slims...	Acc.	Inacc.	DK
	%	%	%
Are a brand of wafer cut potato chips	88	11	1
Are sliced more thinly than most other potato chips	68	30	1
Are aimed at women	49	50	1
Contain the same amount of oil as low fat potato chips	35	59	6
Are a low oil brand of potato chip	50	50	1

Table 2 shows that the vast majority of respondents appreciated that ETA *Slims* is a wafer cut chip (a fact stated clearly on the packaging). Over two-thirds also reasoned from this that ETA *Slims* are sliced more thinly than most other potato chips. Nearly half classified the third statement as accurate, even though the package made no claims at all about targetting women. Over a third described the claim that ETA *Slims* contain the same amount of oil as low fat potato chips as accurate, although well over half classified this statement as inaccurate. Half the sample described the low oil statement as accurate, even though this information was not stated on the packaging and was in fact untrue. However, the same proportion disagreed with this statement.

These estimates clearly suggest that a substantial proportion of respondents incorrectly classified *ETA* Slims as a low oil product. By any standards, between a third and half of the sample suggests that a sizeable group of people had at least the potential to be misled about the oil content of this product. These results are therefore somewhat at odds with the Court's findings relating to the evidence,

Table 4: Proportion of Variance Explained by Attributes

	Group		
	Deceived	*Slightly Deceived*	*Not Deceived*
	%	%	%
Price	57.4	57.4	44.9
Message	26.5	25.0	34.2
Texture	16.1	17.6	20.9

Table 4 shows that price has the strongest influence on all three groups' behaviour and, for the deceived and slightly deceived groups, price is twice as important as the message content. For the undeceived group, price is still the most important variable examined, but the message content is comparatively more important than it was to either of the other two groups. However, since this group correctly classified *Slims* as similar to a regular oil brand, the increased importance of the message content is unlikely to have material consequences.

Nevertheless, for the deceived and slightly deceived groups, the message accounts for a quarter of the variance in their choice behaviour. This effect is not trivial and, given that the deceived group constitutes about 50% of the sample, there is strong evidence that the message effect is both material and likely to affect a sizeable proportion of potato chip consumers.

One method of quantifying the effect of the mistaken beliefs is to compare the choice behaviour of a deceived person and an undeceived person, faced with the choice between *Slims* and an otherwise identical chip, which they did not perceive to be low fat. The probability that they will choose Slims can be calculated as follows:

P(Slims) = exp(Utility of Slims)/(exp(Utility of Slims)+exp(Utility of Other Brand)

The undeceived person will give the two brands the same utility, and so will chose Slims half the time. The deceived person, who believes that Slims is a low fat brand, will give Slims the utility of the other brand, plus the utility of being low fat (0.41). Thus:

P(Slims) = exp(Utility of Slims)/(exp(Utility of Slims) + exp(Utility of Other Brand)
= exp(Utility of Other Brand+0.41)/(exp(Utility of Other Brand+0.41) + exp(Utility of Other Brand)
= exp(Utility of Other Brand)*exp(0.41)/(exp(Utility of Other Brand) *(exp(0.41)+1)
= exp(0.41)/(1+exp(0.41))
= 1.5/2.5
= .6

Thus the deceived person, faced with this choice, would select *Slims* 60 percent of the time whereas the undeceived person would do so on only 50 percent of occasions.

The measures of conveyance and materiality produced very similar findings, which suggests that, in this case at least, the presumption of materiality would have been appropriate. However, a strength of this approach is that it also allows identification of attributes that may confuse respondents, yet have no effect on their behaviour. Such a situation occurred in *Ocean Spray v Frucor.*

However, despite differences in the use and depiction of the word "classic", Justice Elias commented that it was more than coincidental that McCoy elected to use the word classic as part of its brand name, especially given that no other cranberry products available currently in New Zealand use this word. Furthermore, none of McCoy's other variants, such as tomato juice or orange juice included any adjectival descriptions as part of their product name. Given this, Ocean Spray asserted that Frucor had deliberately departed from their standard branding practice to create confusion among consumers that would ultimately benefit the McCoy's brand to the detriment of Ocean Spray.

Notwithstanding Ocean Spray's arguments, Justice Elias concluded that difference in the product packaging and design, and the absence of evidence attesting to consumer information, had led her to decline the application for an interlocutory injunction.

Analysis of the Case

It is clear from Justice Elias' decision that the outcome of the case was evenly balanced; there was evidence that Frucor had deviated from their standard marketing procedures, but there was insufficient evidence about how their behaviour had affected consumers in general or Ocean Spray consumers in particular. Although counsel for Ocean Spray naturally claimed that "Cranberry Classic" would be harmed, it was conceded that the level of harm, or the amount of damage incurred, would be difficult to quantify.

As under most jurisdictions, it was not necessary to establish the level of damage for the case to succeed. However, it was necessary for the plaintiff to establish that consumer confusion existed and that consumers were misled or deceived, or were likely to have been misled or deceived. Thus, Ocean Spray's failure to provide evidence about consumers' reactions to the McCoy "classic Cranberry" was a fatal flaw in their overall case. Preston *et al* (1999) presaged this type of comment when they concluded that, given the development of intellectual property law and the growth in intellectual property disputes, the role of survey evidence has also increased. They concluded: "it is now routine for both sides in intellectual property litigation to offer surveys to buttress their cases, and some courts look askance on a litigation party that does not submit survey evidence" (p. 266). The remainder of this paper examines how a consumer survey could have been conducted to strengthen Ocean Spray's case.

A survey of consumers could have examined both conveyance and materiality by exploring consumers' interpretations of McCoy's brand name and the extent to which they associated this with Ocean Spray's brand. It was clear in the "classic Cranberry " case, and in others discussed by Preston (1992) that the alleged deception must be viewed in context and, in this particular case, the context must surely include details of the brands' packaging and other product characteristics. As in the earlier experiment, a series of statements were developed to test respondents' interpretation of the brands and their labelling. Table 5 contains these details.

More detailed examination of these groups' behaviour revealed similar patterns. Figure 1 below contains the combined utilities of the different attributes tested for the whole sample. The differences between the brand names were negligible, although the two manufacturers had different effects and their interactions with price also differed. The key factor influencing respondents' behaviour was price, and the pack size, composition, fruit juice content and manufacturers' name all had a greater influence on respondents' choice behaviour than did the brand name.

Figure 1: Combined Utilities for the Whole Sample

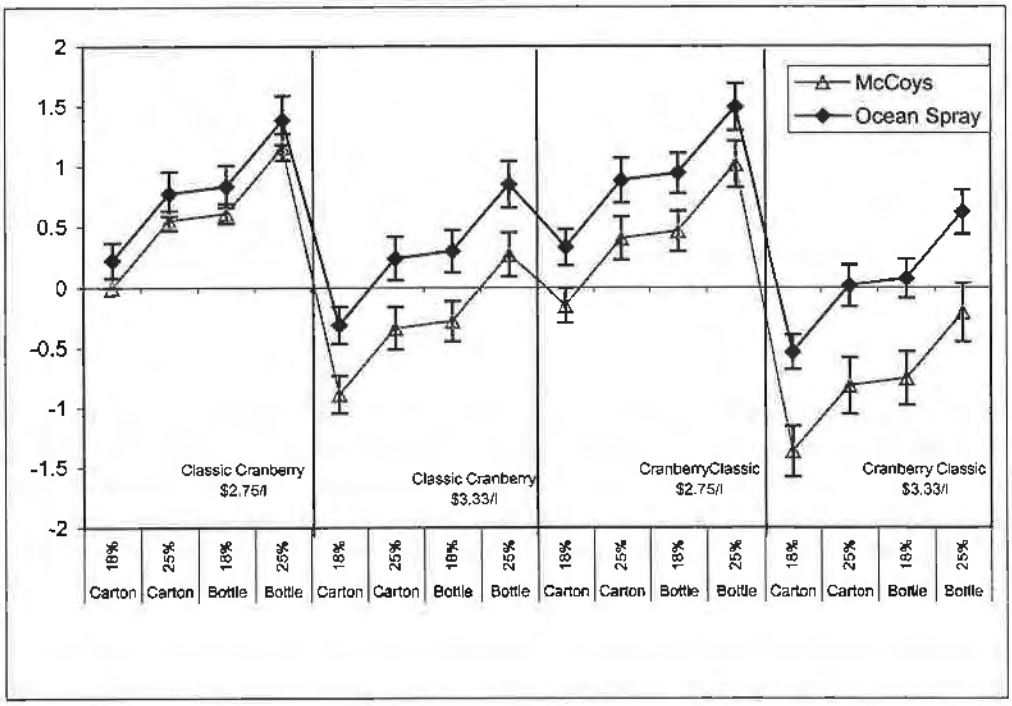

Figure 2, which graphs the combined utilities for Ocean Spray drinkers shows that this brand has a higher utility amongst its drinkers, which is a logically obvious finding. However, even among Ocean Spray drinkers, the other attributes all exerted a more powerful influence on their choice behaviour than did the brand name.

allegedly misleading characteristic reduces the likelihood that researchers will attract criticism for leading respondents. In addition, the identification of specific attributes is a more objective process than the development of statements used to test consumers' interpretation of allegedly misleading stimuli, or other forms of research examining consumers' impressions of a stimulus.

Perhaps even more importantly, acceptance of this methodology would also foster the use of court commissioned surveys agreed on by both parties. Where surveys test consumers' perceptions, disputes over question wording will almost inevitably prove irresolvable, since variations in this can greatly influence the estimates. Clearly counsel are unlikely to agree to wording their experts advise them will assist their opponent at the expense of their client. However, explicit tests of behaviour such as choice modelling use product attributes, which are typically unambiguous and more easily defined. Examining allegedly deceptive attributes in the context of other attributes will thus identify the relative importance of that attribute and enable more informed judgments about the likely consequences of any marketplace confusion.

However, the greatest benefits of this approach are arguably for consumers, whose voice at present is seldom heard in these proceedings. The acceptance and widespread implementation of a behaviourally based measure of deception would enable consumer evidence to feature more prominently in the decisions made. Choice modelling is one approach that offers this potential and that might, finally, offer robust insights into the effects of alleged deception on consumers.

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The Effects of Premium Offers in Children's Television Advertising Revisited

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This study aims to investigate whether the inclusion of a premium would (1) interfere with children's recall of advertisement information, (2) lead to favourable attitude towards the product and higher purchase intentions, and (3) create preference for the brand. A laboratory experiment was conducted among Singapore school children using a hypothetical brand of ice cream. The results indicated that the presence of premium did not distort children's recall of advertisement information or lead to brand preference. There was significant evidence, however, that a premium can create favourable attitude towards the product and children may buy the product in order to obtain the premium.

Introduction

Children constitute an important target for marketers and advertisers in many markets. They form not just one but three markets: primary market, influence market and future market. They are the primary market for products such as snack food and toys. Their purchase influence extends beyond the immediate household, with domino effect touching everyone in their orbit: grandparents, aunts, uncles, friends, and peers. With fewer children per household in many parts of Asia, parents are more ready to give in to children's requests. Besides, postponement by many parents of having children meant that they are financially better able to cope with their children's demands. In Singapore, children aged 14 or younger represent 23.2% of the total population. With the nation's toy spending per child standing at nearly S$800, there is no doubt about the attractiveness of the children's market.

Many marketers seek to influence children through television advertising. A random survey on the television viewing habits of 420 five and six years old found over 90% of them spending an average of two to three hours per day watching television (The Straits Times 1983). There is no doubt that the primary goal of television advertisement is to influence purchase behaviour. Empirical evidence suggests that advertisements play a dominant role in shaping children's product preferences (Atkin 1975b). Exposure to advertisements can lead to increased consumption of advertised products (Resnik and Stern 1977).Advertisers, regulators and critics agree that those who approach children as potential customers must seek to be honest and fair, since they are easier to deceive (McNeal 1987). In Singapore, there are concerns that too much commercialism may spawn a generation of materialistic children (Chuang 1990).

An important aspect of children's television advertising is the use of premium offers. Since most premiums offered are on a limited basis, it can spur consumers to buy the product in order to collect the premium. In the fast food industry, premium offers have become an effective way to compete for children's business. In the US, the Federal Trade Commission has alleged that a premium represents an irrelevant product characteristic, and it distracts children from considering legitimate product attributes (Federal Register 1974). This is because children may want the premium so much that they focus on the premium offer and fail to consider product information.

Shimp, Dyer and Divita (1976) empirically tested the effect of premium offers in television advertisements of a hypothetical product on the recognition, attitude and brand preference. Their findings were not supportive of the FTC's claims. Rubin (1972) found that children's recall of advertisement content was not affected by premium promotion.

motivation behind watching advertisements was to gather information about the lifestyles and behaviours associated with the use of specific consumer products.

When asked whether they would like to have most of the things they show on television advertisements, two third of children from kindergarten and half of third and sixth graders answered "yes" (Ward, Wackman and Wartella 1977). Goldberg and Gorn (1978) found that children exposed to advertisement may more likely to want to play with the advertised toy and more willing to play with a "not-so-nice" child who owned the toy than with a "nice" one without the toy. Gorn and Goldberg (1977) found in an experiment with boys aged eight to ten that those who see an advertisement for an unfamiliar toy may more likely have a positive attitude towards it and may want to work on a task to obtain it than those who do not see the advertisement.

Mothers of children from ages eight to thirteen reported that there may be a positive relationship between Saturday morning television viewing and frequency of request for advertised products (Clancy-Hepburn, Hickey and Nevill 1974; Baxter 1981). Glast and White (1976) assessed the extent to which children aged three to eleven attended to advertisement and subsequently observed them in a supermarket trip. Those paying relatively greater attention to advertisements made far more requests for purchase. Using projective technique, Sheikh and Moleski (1977) found that advertisements for toy, food and clothing items have an influence on the request for such items.

Impact of Premium Appeals

Marketers have frequently used premiums to clinch sales and build loyalty among children. Winick et. al. (1973) and Atkin (1974) found that about 10% of the advertisements on Saturday morning television contained premium offers. This percentage was higher for certain products such as cereals (at 34%). Children received, on average, twenty premiums in a year (The Gene Reilly Group 1974). Does premiums distract the buyer's attention from product attributes and motivate buyers to purchase the products because of their desire to obtain the premium?

Shimp, Dyer and Divita (1976) found that the length of time devoted to presenting premium information did not affect ability to recall product information. In the same study, they tested whether premium information would interfere with children's information processing and ability to recall product information. They found no interference effect. This study seeks to re-examine this interference effect with the following hypothesis:

H1: The control group would exhibit greater accuracy in recalling product information than the experimental group.

Atkin, Reeves and Gibson (1979) found that, among children aged five to twelve, heavy viewers of television programmes were more than twice as likely as light viewers to cite premiums as an important reason for cereal preferences. Atkin (1975a) found that the inclusion of a premium can increase liking for the product advertised. This study seeks to re-examine this preference effect with the following hypotheses:

H2: The experimental group's attitude towards the premium and attitude towards the product would be positively correlated.

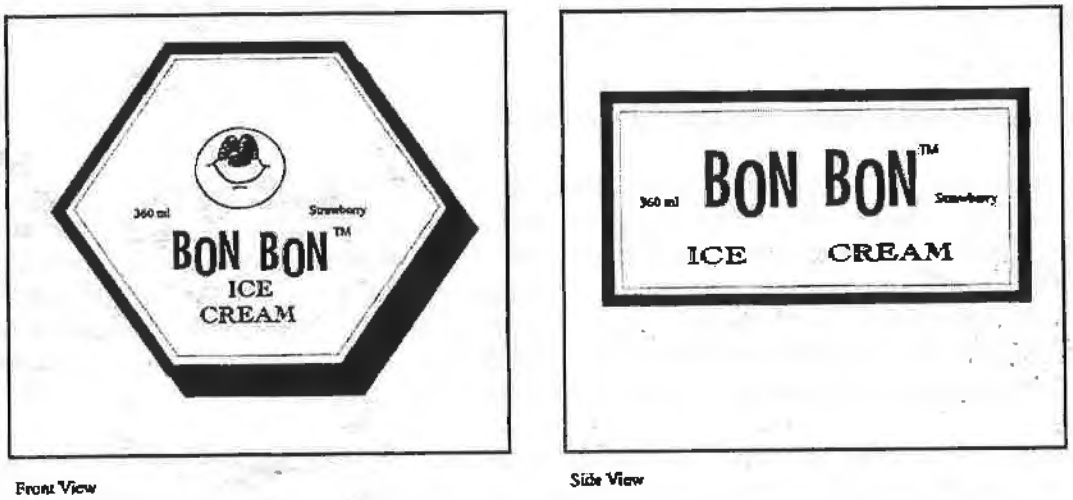
H3: The experimental group would exhibit more favourable attitude towards the product than the control group.

Atkin (1975d) interviewed 301 mothers of children aged three to eleven and found 70% of their children requesting specific cereals seen on television. Almost half of these mothers cited premium as the basis for the requests while another one third of them indicated that premiums as one reason for their requests. Atkin (1975c) listened to mother-child dialogues in supermarket regarding cereal

character toys, colouring books and action figures. The colouring book was finally chosen as the premium item for this study as it was a gender-neutral product favoured by the children.

The selling propositions presented in the one-minute advertisement were that it was an ice cream available in three flavours (vanilla, chocolate and strawberry) and so delicious that children can find happiness in every box. They were kept simple and actions and music were used to deliver the message in order not to exceed the cognitive capabilities of the children. Two versions of the advertisement were developed, a control advertisement and an experimental advertisement. The two versions were identical except for the additional premium information inserted in the experimental advertisement. The advertisement was shown twice during the experiment to ensure that the manipulation effect was strong enough.

Figure 1
Hypothetical Product Used in Experiment



Front View

Side View

The premium portion of the experimental advertisement was introduced at the end of the advertisement in accordance with conventional advertisement practices. The ten-second premium portion informed the children that they would receive a free colouring book for every box of Bon Bon ice cream purchased. The proportion of advertisement time devoted to premium information was not varied here for four reasons. First, Shimp, Dyer and Divita (1976) found that the variation of premium information did not result in significant differences in each treatment group's ability to recall product information. Second, the literature on children's attention to television had always defined attention as a selective process which may bear no relation to the length of time devoted to presentation (Ward and Wartella 1977). Third, the pretest conducted for this study concluded that the treatment effect observed with the ten-second premium information was strong enough. Fourth, time and cost constraints did not allow such extensive advertisement production and the conduct of a large-scale experiment with three experimental groups.

Questionnaire Design

Two set of questionnaires were designed, one for the control group and one for the experimental group. The two sets were identical except for the additional premium-related questions included in the questionnaire for the experimental group.

Pretest

A pretest was conducted with 28 children, aged nine and ten, from a third primary school. The pretest covered the following issues:

(1) the choice of cartoon programme,
(2) the choice of the product and premium item,
(3) the children's ability to understand the advertisement, and
(4) the children's ability to understand the language and scales used in the questionnaire.

The responses indicated that the cartoon programme chosen was appealing to children of both sexes. The manipulation effect in the advertisement was strong enough and children responded favourably towards the product and the premium. They also understood the selling intent of the advertisement and had no problem responding to the instructions and the "Happy Face" scale used in the questionnaire.

Experimental Procedure

The children in each of the two schools were randomly put into control and experimental groups. They were then exposed to a thirty-minute cartoon programme which comprised of three short cartoons interspersed with two commercial slots. Both the commercial slots were devoted solely to presenting the one-minute advertisement for Bon Bon ice cream.

Care was taken to ensure no parts of the cartoon emphasised food or instigated eating. During the commercial slots, the control group was subjected to the control advertisement without the premium information while the experimental group was administered the experimental advertisement with both product and premium information.

Immediately after the cartoon programme, a paper and pencil procedure lasting 15 minutes was employed to assess the children's recall of the advertisement information and to measure the attitude towards the product and the premium. The children were also asked to rank the hypothetical brand vis-à-vis tow other brands on a preference basis.

To ensure the children truly understood how to respond to the questionnaire, a set of sample questions were used as examples to illustrate and to clarify any doubts before they actually respond to the questionnaire. In addition, throughout the administration of the questionnaire, the children were guided question by question and were encouraged to raise any problems encountered. At the end of the session, they were debriefed on the purpose of the experiment and each given a token of appreciation for their participation in the research.

Data Analysis and Research Results

Reliability Checks

Reliability analyses were performed on the data collected from both the control group and experimental group. The alpha coefficients are shown in Table 1.

Table 1
Alpha Coefficients

	Control Group	Experimental Group
Attitude towards Bon Bon ice cream	0.874	0.732
Purchase intention for Bon Bon ice cream	0.953	0.888
Attitude towards the premium item	na	0.774

Table 3
T-Test Results: Attitude Towards Bon Bon Ice Cream By Treatment Groups

Variables	n	Mean Diff	t-value	df	1-tail Sign.
"Like Bon Bon"		-1.11	-6.76	145	0.000
Experimental Group	75				
Control Group	72				
"Like Flavours"		-0.94	-5.79	145	0.000
Experimental Group	75				
Control Group	72				
"Like Paqckage"		-0.42	-3.00	145	0.000
Experimental Group	75				
Control Group	72				
"Happy to Get Bon Bon "		-0.96	-6.4	145	0.000
Experimental Group	75				
Control Group	72				

Table 4
T-Test Results: Purchase Intention of Bon Bon Ice Cream By Treatment Groups

Variables	n	Mean Diff	t-value	df	1-tail Sign.
"Will Purchase Bon Bon"		-0.92	-5.94	145	0.000
Experimental Group	75				
Control Group	72				
"Ask Mum/Dad to Buy"		-1.06	-6.88	145	0.000
Experimental Group	75				
Control Group	72				

Table 5
Brand Preference Rankings By Treatment Groups

Brand	First Choice (%)			Second Choice (%)			Third Choice (%)		
	Control	Exper	Total	Control	Exper	Total	Control	Exper	Total
Bon Bon	8.6	10.8	19.4	5.4	8.2	13.6	34.7	30.6	65.3
Magnolia	18.4	15.1	33.5	23.8	21.8	45.6	6.8	15.1	21.9
Walls	21.8	25.3	47.1	19.7	21.1	40.8	7.5	5.4	12.8
			100.0			100.0			100.0

Discussion

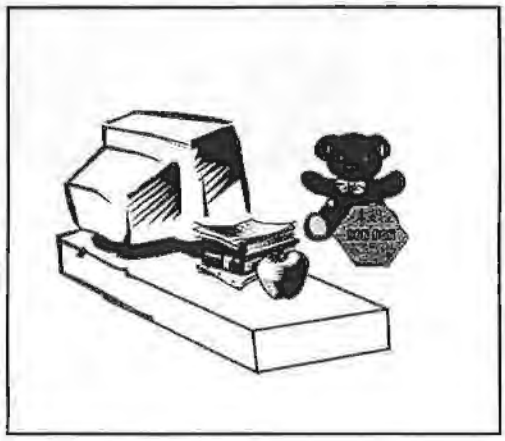
The findings showed that children's ability to recall product information was not affected by the inclusion of premium information. It appears that conventional advertising practice of placing premium information towards the end of the advertisement and limiting it to ten seconds will not interfere with children's ability to recall product information.

This study provided empirical support that premiums can result in increased desire and liking for the product. It also provided evidence that premiums can motivate children to purchase the product based on the desire to obtain the "free" premium. As such, premium can be a powerful marketing tool to influence consumer desire, liking and purchase intention.

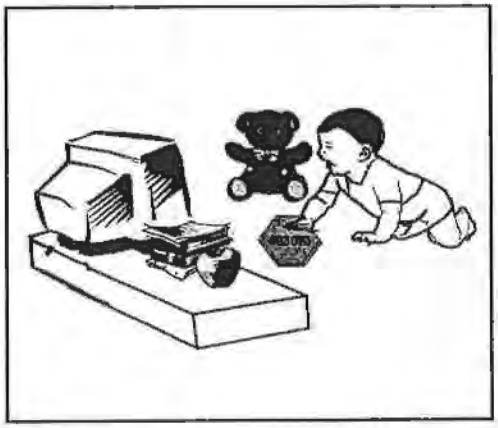
The effects of other sales promotion tools, such as contests, sweepstakes and cents-off coupons, on children could also be examined in future research. Different sales promotion tools could be compared with regard to their relative effects on children.

Appendix – Advertisement Storyboard

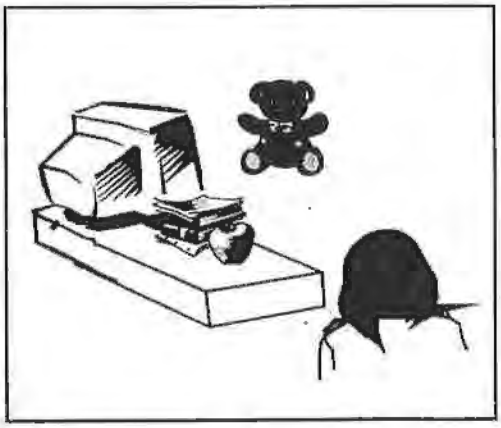
Scene 1 (Music)
Girl eating ice cream while watching television.



Scene 2 (Music)
She leaves the scene.
The box of ice cream is left behind.



Scene 3 (Music)
A little boy comes in and takes away the box of ice cream.



Scene 4 (Music)
The girl returns to find the ice cream missing.
She starts looking around for it.

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would willingly accept its presence to only a certain extent. For example, the use of product placement for authenticity was found acceptable, because it added to the realism of the film. However, product placement that is seen to be deceptive and influential, such as Samuel L. Jackson giving guns a "cool" image to correspond with his character's image in *Jackie Brown* (1997), may not be seen to be acceptable. Furthermore, Berkowitz (1994) protests that brand placement may cause the audience to engage in purchase behaviour (and subsequent buyer decisions) through the persuasive and often unconscious nature of movie placements.

A moral concern of product placement is the inclusion of ethically charged brands or products in film, such as cigarettes, firearms and alcohol. Gupta and Gould (1997) found that ethically charged products are viewed less favourable than other products, whilst Gupta, Gould and Grabner-Kräuter (2000) found that different countries have different attitudes towards controversial products. Their study also found that males were more accepting of the inclusion of ethically charged products compared to females. However, there were no significant differences found for non-ethical products.

Methodology

Both qualitative and quantitative research methods were utilised in the study. A focus group session clarified issues pertaining to product placement and evaluated the initial survey instrument, which was then pretested on 12 individuals and modified as needed (e.g. changing American terms to Australian terms).

In keeping with Gupta and Gould (1997) and Gupta, Gould and Grabner-Kräuter (2000), the sample frame for the study consisted of university students, in this case students from a large, eastern-seaboard Australian university. The sample group was obtained using a mall-intercept approach, with students approached at various locations on the main campus and asked to complete a self-administered survey in October 2001. This resulted in 146 useable responses being collected. The sample had an average age of 22.6 years (ranged between 17 and 50 years of age, with a mode of 20 years of age), was somewhat male heavy (63.4% male, 36.6% female), with a majority (83.8%) being undergraduate students. Respondents represented a large cross-section of the university's population, as there were a wide variety of degrees (26) undertaken, with both undergraduate and postgraduate students being represented. Most respondents reported attending the cinema 0-2 times per month, with most (82%) also watching three or more films at home each month on TV, video or DVD.

Findings

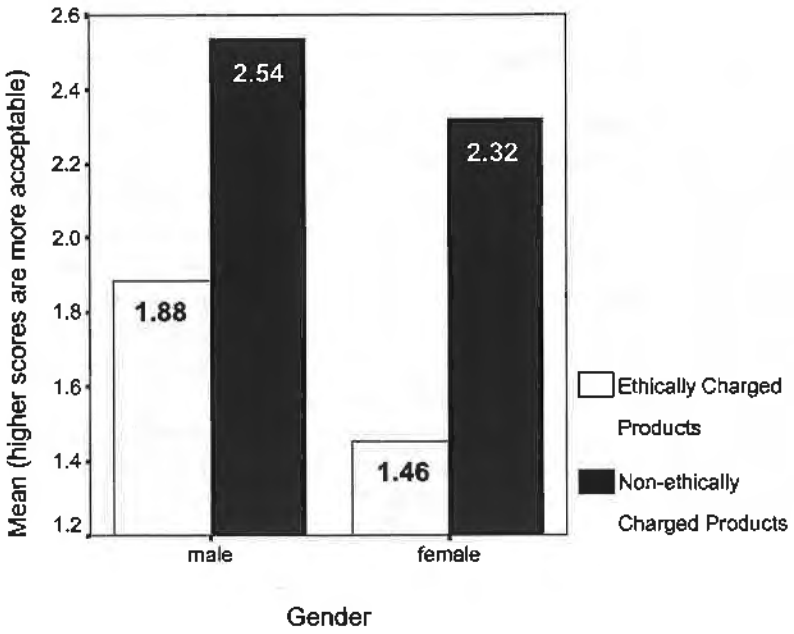
The following addresses the findings that have emerged from the preliminary analysis.

Product Placement: Acceptability of Ethically Charged Products

A three-point Likert-type scale (where 1 = Unacceptable and 3 = Acceptable) was used, where respondents were asked to rate their attitudes (perceived acceptability) of thirteen individual products for the practice of product placement (Gupta, Gould and Grabner-Kräuter 2000). These individual products were then grouped into averaged scales for ethically charged products (cigarettes, alcohol and guns; Cronbach alpha = .8184) and non-ethically charged products (soft drinks, surfing equipment, fatty foods, cars, race-cars, healthy consumer products, snack, sunglasses, cameras and stereo equipment; Cronbach alpha = .9624). The alpha's of this study were comparable to Gupta, Gould and Grabner-Kräuter's (2000).

A repeated-measures test was used (Wilcoxon Signed Ranks) to determine if the acceptability of ethically versus non-ethically charged products was different. The results show that there was a significant difference in the acceptability of ethically versus non-ethically charged products ($p = .000$), where respondents deemed non-ethically charged products (mean = 2.45, eg. sunglasses) to be more acceptable than non-ethically charged products (mean = 1.71, eg. cigarettes). Next, a Friedman repeated-measures test was used to identify whether significant differences existed *within* each product group, with significant results found for both product groups ($p = .000$ for each group). Consumers

Figure 3 – Gender Differences for Ethically versus Non-Ethically Charged Products



In order to further examine the issue of the acceptability of ethically charged products with respect to gender differences, various subgroups of products were formed. Mann-Whitney U tests were then conducted to identify whether any significant differences existed between the groups. With respect to food (alpha = .8750, eg. soft drinks) versus non-food products (alpha = .9572, eg. cameras), it was found that males were more accepting of both food (p = .033) and non-food products (p = .086), although the difference between males and females for non-food products was relatively smaller. Next, high-involvement (alpha = .9474, eg. surfing equipment) versus low-involvement (alpha = .9086, eg. sunglasses) products were compared. Once again, males were found to be more accepting of both high-involvement (p = .071) and low-involvement products (p = .041), although the gap between males and females in respect to high-involvement products was substantially smaller. Finally, comparisons were made between the genders with respect to the thirteen individual products used in the study. Results showed that males were more acceptable of all thirteen products, although a substantial, significant difference was found in respect to the acceptability of five products (cigarettes, alcohol, fatty foods, race cars and guns, $p \leq .007$), snacks (p = .052) and stereo equipment (p = .087) showed a marginally significant difference between genders, and the rest showed non-significant differences ($p > .12$).

Australian and US Studies Compared

Findings of this study were compared to the results obtained by Gupta and Gould (1997). Their (1997) study also found a significant difference (p = .0000) between the acceptance of ethically versus non-ethically charged products. This suggests that Australian and American audiences respond in a similar way, with both audiences finding ethically charged products less acceptable than non-ethically charged products. Similarities were also found when comparing gender differences with respect to the acceptability of ethically charged products, as American men found ethically charged products (cigarettes, alcohol and guns) more acceptable than women did (Gupta and Gould 1997:42). However, further analysis of ethically charged products indicated a different level of acceptability, with Australian respondents finding cigarettes to be the least acceptable whereas American respondents found guns to be the least acceptable (Gupta and Gould 1997). (See Appendix 1 for all means.) One possible explanation for this difference could be a heightened US gun sensitivity due to the increased media coverage of and higher firearm orientation of American society, where individuals and groups,

Appendix 1 – Acceptability Comparison by Product: Australia versus the US

Product	Overall mean	Men (mean)	Women (mean)	Overall mean (Gupta and Gould 1997)	Men (mean) (Gupta and Gould 1997)	Women (mean) (Gupta and Gould 1997)
Cigarettes	1.56	1.68	1.35	2.12	2.04	2.21
Soft Drinks	2.49	2.56	2.37	2.95	2.93	2.93
Surfing Equipment	2.51	2.54	2.46	2.89	2.86	2.86
Alcohol	1.87	2.08	1.50	2.44	2.36	2.48
Fatty Foods	2.15	2.28	1.92	2.87	2.83	2.83
Cars	2.54	2.61	2.40	2.93	2.90	2.91
Race-cars	2.46	2.59	2.24	2.85	2.84	2.86
Healthy Consumer Products	2.61	2.67	2.50	2.92	2.91	2.90
Guns	1.75	1.89	1.52	2.01	1.94	2.22
Snacks	2.39	2.49	2.23	2.89	2.87	2.86
Sunglasses	2.51	2.57	2.42	2.88	2.86	2.87
Cameras	2.46	2.52	2.35	2.87	2.85	2.86
Stereo Equipment	2.45	2.53	2.31	2.87	2.86	2.87

Note: 1 = Unacceptable and 3 = Acceptable

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Tobacco Product Placement and Young People: An Analysis

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Abstract

Tobacco companies have responded to restrictions on their promotions by exploiting loopholes in the legislation that governs their activities. Many popular movies now provide vehicles for tobacco product placement, a move that has led health researchers to explore the effects of these promotions. Although recent studies have concluded that product placement can both stimulate and reinforce smoking behaviour, the results of the study reported here were less conclusive. Environmental factors were more strongly associated with smoking than were media images, and the expected gender differences were not apparent. However, young people perceived the images of smoking very positively, which suggests restrictions on tobacco product placement may be timely to ensure the tobacco industry's messages do not undermine health promotions.

Introduction

Western governments around the world have introduced a variety of regulations designed to reduce the incidence of smoking (Roemer 1993; Sparks 1997). These regulations have included banning broadcast and print advertising, prohibiting sponsorship, increasing the taxes levied on tobacco, and restricting the age at which consumers can legally purchase tobacco products. The measures implemented have produced a slow overall decline in tobacco consumption.

However, despite these moves, the incidence of smoking has not declined dramatically and, in some demographics, the proportion of smokers actually increased, although this pattern appears to have stabilised (Cornwell 1997; Scragg and Laugesen 2001). In particular, the incidence of tobacco consumption among young women had shown steady increases until very recently (Scragg and Laugesen, 2001). This suggests either that social marketing strategies designed to reduce youth uptake of smoking require further attention, or that more regulation is required to control continuing promotional activity undertaken by the tobacco industry, or both.

New Zealand has been at the forefront of anti-smoking initiatives and has some of the most stringent tobacco legislation in the form of the Smokefree Environments Act 1991. Among other things, this statute initially banned tobacco sponsorship, although this restriction was later relaxed to allow tobacco companies to sponsor events where their support was critical to the event. Notwithstanding this modification in the Act, New Zealand has very little tobacco sponsorship and current practice reflects the spirit of the legislation. Other countries have followed the lead provided by New Zealand and have also moved to ban tobacco sponsorship, especially where the sponsored event has a strong youth appeal (Roemer 1993; Sparks 1997).

However, although these regulations forced tobacco companies to withdraw from most sponsorships, they responded by identifying and exploiting other promotion opportunities (Guthrie 1995; Altman, Levine, Coeytaux, Slade and Jaffe 1996; Cornwell 1997; Lavack 1997). Among other things, tobacco manufacturers have established shell companies, such as apparel or accessory companies, so that they

product placement, cigarettes are paired with an actor and, through consistent association with that actor, take on the attributes of the actor or the role she or he plays. Thus cigarette smoking may assume connotations of beauty, popularity, strength, sporting prowess, and so on, simply by being consistently associated with actors or characters that embody those attributes.

In addition, product placement may also work through operant conditioning, by reinforcing smokers' behaviour. That is, images of role models who smoke and who are attractive, popular and desirable may suggest that persevering with a smoking habit will eventually bring the same rewards. This latter effect could be particularly worrying if it assisted newly initiated smokers to overcome their initial distaste of smoking and develop an addiction.

The pairing of cigarette smoking with actors or other youth role models may be particularly effective because young people typically identify more closely with role models. Tickle, Sargent, Dalton, Beach and Heatherton (2001) argue, "in developing norms, adolescents look to the greater social environment for concepts of adult identify, particularly the behaviour of leaders, heroes and film stars, and in the media" (p. 16). If this reasoning is correct, it implies that film stars have the potential to be more powerful role models than other adults in a young person's life, such as parents or teachers. This influence derives from the high visibility of their behaviour and their larger-than-life status (see also Hines, Saris and Throckmorton-Belzer, 2000; Distefan, Gilpin, Sargent and Pierce 1999).

In terms of classical conditioning, tobacco product placement may mean that, because adolescents hold particular movie stars in high regard, they may also view smoking positively if these characters use cigarettes. However, clearly the extent to which young people associate positive connotations with smoking depends on its portrayal. Content analyses suggest that smoking is portrayed as an unrealistically glamorous activity. McIntosh, Bazzini and Smith, (1998, p. 398) concluded: "films do not portray the reality of tobacco use, but instead greatly exaggerate the number of persons who smoke, ignore real world differences between smokers and non-smokers, and ignore the negative consequences of cigarette smoking."

Hines *et al* (2000) concluded that smokers appear in more romantic roles, are more sexually active, more attractive and intelligent, and financially better off. As Feighery, Borzekowski, Schooler and Flora (1998) noted, these characteristics reflect the values teenagers aspire to. Even if teenagers do not actually believe that smoking will improve their popularity, appearance, sexual prowess and so on, the association of smoking with these attributes overlooks its longer term health consequences that mitigate against these characteristics.

Research that has specifically examined young people's reaction to tobacco product placement has suggested that these promotions are neither neutral nor innocuous (MacFadyen, Hastings, and MacKintosh, 2001). Gibson and Maurer (2000) compared smokers' and non-smokers' responses to an actor featured smoking. They concluded that although smokers liked the character more than did non-smokers, the non-smoking group did not dislike the character. For tobacco companies, this implies that these promotions can reinforce smokers while having no adverse effects on non-smokers.

In a subsequent study, Hines *et al* (2000) also examined whether characters' smoking behaviour affected their perceived attractiveness. Using a split sample, they compared responses from groups exposed to a movie clip in which the main character either smoked or was smoke-free. Although characters that smoked were rated as popular, Hines *et al* reported that respondents did not rate female characters as highly when they were smoking as when they were not. By contrast, male characters had very similar popularity ratings irrespective of their smoking behaviour.

Pechmann and Shih (1999) examined how anti-smoking advertisements affected the use of tobacco product placement. Respondents were placed in one of two groups, depending on whether or not they were exposed to an anti-smoking advertisement. Those respondents who saw only the tobacco product placement with no balancing advertising message had positive responses to smoking. However, respondents who had viewed an advertisement suggesting that teenagers saw smoking as "unwise,

values of independence and maturity. Despite the fact that there is no material support for these beliefs, the majority of adolescents interviewed were unconcerned about the images of smoking they saw as they thought these simply reflected everyday life.

Overall, research into tobacco product placement suggests that this works predominantly in terms of operant conditioning, by reinforcing the behaviour of existing smokers. However, Tickle *et al*'s work raises questions about whether it might also work according to respondent or classical conditioning, by prompting non-smokers to experiment with and trial cigarettes. Qualitative work confirms that adolescents see nothing unusual in the images of smoking they view in movies, but leaves unanswered the question about the groups most affected by these images.
The study reported in this paper sought to clarify this latter question and thus explores in detail the effects of smoking imagery on smokers and non-smokers. In particular, we addressed the following research questions:

- Did smokers and non-smokers differ in their reactions to tobacco product placement?
- Did males and females differ in their reactions to tobacco product placement?
- Were the reactions to tobacco product placement independent of other variables known to influence smoking behaviour?

Method

The data were collected via a series of in-class surveys in a large provincial New Zealand city. Respondents from Year 7-9 classes (ages 11-13) viewed a video clip and answered a structured questionnaire before participating in a semi-structured discussion.

A detailed letter containing information sheets for respondents, consent forms, information sheets for caregivers and full details of the procedure was sent to the principal of six schools, following approval from the University's Human Ethics Committee. Of these, five schools agreed to participate, although one responded too late to be included in the study. The survey sample comprised 268 adolescents, aged 11-14, who belonged to classes selected at random by the school principal. This age group was specifically chosen because several studies have suggested that young people who have experimented with smoking either reject the behaviour or develop a habit during this period (Health Sponsorship Council, 2000).

Respondents were advised that the survey explored their views on the images and themes in movies, and were not specifically told that their views on smoking imagery were of interest. This information was initially withheld so respondents would not be sensitised to the survey topic, but was revealed at the conclusion of the survey.

Interviews were conducted during normal class time at each school. Participants viewed a seven-minute clip from the movie *Grease*, which had been edited to include three smoking scenes. This movie was selected because it had been recently re-released and targeted at this age group, and because its censor rating (PG – parental guidance) was appropriate for this age group. Respondents first answered questions about the movie content to ascertain how familiar they were with the actors and their recall of the clip content. They were then asked to focus specifically on the smoking scenes and the clip was re-played. Respondents then completed a second questionnaire that explored their attitudes to the actors and their general smoking attitudes and behaviour.

Once all respondents had completed their questionnaire, they were invited to participate in a short semi-structured discussion that explored their movie-going behaviour, their preferred films and actors, and their views on tobacco product placement. Finally, respondents were provided with smokefree

The questionnaire also explored respondents' attitudes to smoking, which did not vary consistently with smoking behaviour, as Table 3 illustrates.

Table 3: Positive Attitudes Towards Smoking Images by Smoking Status

Characteristic	Agreement with Characteristic (%)		
	Current Smoker (n=42)	Non-Smoker (n=218)	X^2
Made people more popular	79	81	0.73
Comfortable around friends	65	67	1.70
Helped people to relax	60	53	1.36
Something to do when bored	63	52	1.50
Looked enjoyable	48	50	0.64
Helped people reduce stress	48	44	1.60
Helped people stay thin	8[2]	10	0.46

1. The percentages reported are the proportion of respondents who agreed that smoking fostered the attribute listed.
2. Few respondents agreed with this attribute, we suspect because none of the characters made any link between smoking and suppressing appetite.

If tobacco product placement had a reinforcing effect, we would expect smokers to display more positive attitudes than non-smokers. However, while smokers were more likely to link the images to relaxation and relief from boredom, the observed differences were small. Overall, the differences between smokers and non-smokers did not consistently fit the expected pattern.

Tickle *et al* (2001) found attitudes that predict smoking were stronger among non-smokers, and concluded that the influence wielded by movie stars who smoke precedes smoking experimentation. Respondents' impressions of the images of smoking shown in this movie clip did not display the same differences reported by Tickle *et al*. However, the strong positive associations revealed are consistent with the view that role models can normalise an unhealthy and anti-social behaviour among both smokers and non-smokers. Unlike Tickle *et al*, this study did not test whether non-smokers would be more likely to experiment with smoking, having seen these images. However, the positive depiction of smoking seems likely to over-ride health promotions pointing out the dangers of smoking. Thus, even if tobacco product placement does not directly stimulate smoking, it may reduce the perceived credibility of barriers that might otherwise inhibit smoking.

In addition to indicating their opinion of the characteristics associated with smoking in general, respondents also evaluated the lead actor and actress, and commented on their appearance while smoking. Table 4 contains their views.

Table 5: Recollection of Video Content by Gender

Behaviour Depicted by Actor	Response by Gender (%)	
	Female (n=159)	Male (n=103)
Smoke a cigarette	94	89
Sing a song	91	93
Drink Alcohol	39	37
Drive unsafely	21	15
Behaviour Depicted by Actress	**Response by Gender (%)**	
	Female (n=159)	Male (n=103)
Smoke a cigarette	92	87
Sing a song	94	87
Dance	86	87
Read a book	21	16

Breakdown by gender revealed no clear patterns in respondents' recall and, although a higher proportion of females than males recalled the smoking scenes, the differences were not significant and the overall level of recall was very high. There is no evidence, in this table, that depiction of smoking has a stronger impact on females than males.

However, analysis of respondents' attitudes toward the images of smoking did reveal some differences, as Table 6 reveals.

Table 6: Attitudes Towards Smoking Images by Gender and Smoking Status

Characteristic	Gender			
	Female (n=159)		Male (n=103)	
	Current Smokers	Non-Smokers	Current Smokers	Non-Smokers
Made people more popular	79	80	75	81
Comfortable around friends	68	63	67	72
Helped people to relax	56	54	68	55
Something to do when bored	70	57	50	45
Looked enjoyable	38	46	67	57
Helped people reduce stress	56	37	33	52
Helped people stay thin	11	7	---	15

Table 6 reports respondents' impressions of the smoking images according to their gender and smoking behaviour; some gender effects are apparent. For example, although there were few differences in respect to the first two attributes, respondents' views on whether the images of smoking were associated with relaxation did differ by gender, at least for current smokers. However, although female smokers were expected to have higher levels of positive associations, more male smokers associated the smoking images with relaxation. A much higher proportion of female smokers associated smoking with providing a purpose when they were bored and stress reduction than did any of the other groups. By contrast, more males than females thought the images made smoking appear enjoyable.

imply that other environmental variables such as media images are innocuous, simply that their influence is not as great.

Public Policy Implications

These findings provide some evidence that images of smoking shown in movies appeal to young people. Although these cross-sectional data cannot support claims that images of cigarette smoking prompt young people to commence smoking, there are strong grounds for accepting that tobacco product placement can reinforce smoking behaviour. While the act of reinforcement can appear to reflect images and events already present in social contexts, researchers have queried whether reinforcement is a neutral or even innocuous activity (Pollay, 1987).

Recently, advertising researchers have argued that advertising's main role is not to change attitudes that may precede purchase, but to reinforce attitudes that follow purchase, thus maintaining or increasing the likelihood of subsequent purchases (Barnard and Ehrenberg 1997). This view of advertising, known as the "Awareness-Trial-Reinforcement" model (Ehrenberg 1974), is directly analogous to operant conditioning, which has a strong logical basis. Overall, this model suggests that advertising and promotion imagery work to reinforce existing behaviours.

When applied to product placement, this theory suggests that images of smoking will reinforce smoking behaviour among smokers. In addition, use of teenagers' role models may also promote smoking as a normal behaviour, and so foster experimentation among those pre-disposed to smoke by environmental factors. That is, the reinforcing effects of the images may also facilitate the effects of stimuli that more typically work through respondent conditioning to prompt behaviour. Although there is less evidence to support this latter interpretation, reinforcement of smoking's social acceptability is hardly neutral or innocuous. Thus, although the data from this study are not as far-reaching as those reported by Tickle *et al*, and no explicit tests of causation were possible, the positive attributes associated with smoking support Tickle *et al*'s conclusions that product placement can reinforce smoking as a normal behaviour. In particular, the connotations of peer-acceptance and social success would seem likely to foster a smoking habit (see also Distefan, *et al* 1999; Hines *et al,* 2000).

For regulators, results such as these present some problems. On the one hand, a conservative approach to health promotion would err towards prohibition of any influence, irrespective of whether this prompts or reinforces tobacco consumption. Although grounds for implementing tighter restrictions would arguably be stronger if product placement clearly stimulated smoking behaviour, maintenance of a habit that is contrary to health promotions also merits action. Thus, the well-established medical consequences of tobacco consumption arguably justify a paternalistic approach to all forms of tobacco promotion, including product placement.

However, the tobacco industry would argue that since researchers have not established any conclusive effects of product placement, bans on this form of promotion are not warranted. Although these arguments have won support from those claiming to protect "free speech", their logic has not gone unquestioned. Aitken, Eadie, Hastings, and Haywood (1991) argued against the need for causal evidence to precede regulatory action. Instead, they claimed that on-going correlations should be sufficient basis for restricting access to tobacco and promotions that support it. Given the growing evidence of a correlation between tobacco product placement and reinforcement of positive smoking images, this logic suggests further regulation is required.

Although the evidence regarding tobacco product placement does not yet amount to well-documented correlations, neither does it suggest that tobacco product placement has no effect on young people's behaviour. However, further work is required to clarify the role of environmental factors, which may have a much stronger influence on smoking behaviour than images of smoking that appear in movies. Even if future work concludes that smoking imagery's effects are markedly less profound than environmental factors, this does not necessarily mean that further regulation should not be

between tobacco companies and actors or film production companies is a simple extension of the bans on sponsorship currently in place in several countries. More stringent regulation would clarify the status of health messages and reduce the conflict between these and the images of smoking presented in popular movies.

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Exploring the Purchasing of Supplies with an Environmental Focus in an Industrial Setting

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Introduction

Marketers have examined the importance of environmental issues one and off since the 1970s (Kilburne and Beckman 1998). However, it has been suggested that more recently green marketing has come of age and is now a complex strategic marketing tool (Peattie 1999, Polonsky and Rosenberger 2001). Within the literature a diverse range of issues have been considered in relation to green marketing, with the majority focusing on consumer related issues. (See Kilburne and Beckman 1998 for a discussion of these issues).

The question needs to be asked as to whether this emphasis within the consumer marketing literature is warranted, as it has been suggested that 70% of a product's environmental harm is designed into the product and production techniques (Ashley 1993). There has been some examination of marketing efforts related to design issues and internal purchasing processes in regards to an organizations' environmental impact (Bhat 1993, Drumwright 1994, Langreher et al 1992, McDaniel and Rylander 1993, Peattie and Ratnayaka 1993, Polonsky et al. 1998, Sroufe et al 2000). From an internal corporate perspective the purchasing and supply chain literature have given more attention to how firms deal with decisions related to addressing environmental issues, than has the marketing literature (Carter and Dresner 2001, Carter et al 2000, Carter et al 1998, Carter and Carter 1998, Walton et al 1998, Min and Galle 1997, Tylor 1997, Jamison 1996). This interest has spread beyond academia with there being trade events designed around green purchasing (Anonymous 1999).

Rational

The objective of this paper is to examine the role of environmental issues in the purchase of industrial supplies, in particular lubricating oils within the mining and construction industry. The potential environmental impact of this purchase is in fact more complex than other supply purchases such as recycled paper or remanufactured equipment and can evaluated in two ways. The first approach take a traditional systems view, that is firms wish to conserve natural resources as part of the larger production system. The second perspective relates to risk minimisation where firms do not wish to use supplies that might harm individuals (Sherer et al 1996) or the natural environment (Beamish 2001, Kreuzer 2001). Harms associated with a product can occur through normal use, such as acid rain resulting from by-products associated with burning high-sulphur coal, or indirectly as the result of an accident, i.e. a chemical spill.

It would be expected that the decision making context in relation to corporate purchases of goods, environmental or otherwise, that can have various negative impacts on organisational behaviour would need to be more complex, simply to allow for a more diverse range of expertise to be involved, as well as for a broader set of stakeholders to be considered (Polonsky et al. 1998). For example, not only will the products have to met minimum performance criteria, they will also need to be evaluated on the basis of harm should a accidental spill occur and the cost of a clean-up. Of course evaluating such potential environmental accidents is not limited to the decisions associated with the purchase of supplies, for in the US the banking sector now incorporates the risk associated with potential environmental problems when evaluating corporate borrowers (Roddewig and Keiter; 2001).

Table 1 Degree of influence by stakeholder groups

Stakeholder	Influential	uninfluential	Mean Influence
Managing Directors	66.7%	13.3%	3.11
General Manager	45.1%	26.4%	4.40
Shareholders	28.6%	37.7%	5.55
Lobby Groups	17.6%	41.3%	5.64
Local Council	31.4%	32.6%	4.65
Federal Government	32.1%	41.4%	4.86
Green Groups	48.3%	49.5%	4.63

In regards to purchases it was found that the managing director, environmental motivators and governmental forces had a greater influence in the purchase of environmental industrial purchases that for non-environmentally oriented purchases. This is interesting as it suggests that firms are facing pressures to green from several stakeholders, both internal and external to the firm.

The results show a definite relationship between a company having an Environmental policy and purchasing socially responsibly, in this case in relation to lubricants examined within this study. However, a number of companies also indicated that socially responsible buying, does not equate to having an environmental policy. This issue was further supported in the qualitative data, that is while companies may undertake socially responsible purchasing, this does not appear to be part of an integrated environmental policy and might be the result of environmental champions working within more informal structures (Drumwright 1994). While this may result in a broader greening of activities, this environmental movement may disappear once environmental champions disappear or other business pressures come to bare on decisions (Polonsky et al 1998).

Within this study stakeholders did in fact have an influence on the purchase and use of environmentally responsible lubricants. Managers identified that salient stakeholders included the managing director, external environmental pressure, the government and the Green groups respectively. The results depict a strong relationship between the influence of the internal stakeholder being the Managing Director, and one of the external stakeholders being environmental influences while, there was little influence attributed to stakeholders such as the government and the Green groups. Thus as was suggested by Drumwright (1994), the organisational leader plays a key role in shaping policy related to environmental issues and will hopefully generate converts to the cause within the organization.

The evidence obtained from the personal interviews conducted, indicated that if an Occupational, Health Safety & Environmental (OHS&E) officer was employed, then the awareness and possibility of using bio-degradable lubricants increased. The quantitative analysis indicated that the existence of an OHS&E officer was not positively related to a firm purchasing and using bio-gradable oils however, they are associated with a higher awareness of bio-gradable oils. This raises interesting questions as to exact nature of the influences within the firm and requires further research. One might suggest that having individuals responsible for environmental safety serves to act as a signal, that the firm takes the issue seriously and thus have an indirect effect on attitudes and behaviours of others within the organization.

Implications & Conclusions

The results of the study for a better understanding of how firm's within this sector are motivated in relation to their purchases of environmental supplies. Substantial governmental and corporate resources are focused on dealing with accidents associated with these products. While improved environmental safety standards is one way to deal with them, this is similar to adopting an "end-of-pipe" mentality, that is dealing with problems that we have, rather than ensuring that the problems do

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The Case of the Immokalee Farm Workers

Immokalee is an agricultural community in southwest Florida, geographically near the resort areas around Fort Myers and Naples, but far from them in most other respects. A principal product of the region is tomatoes, grown under intensive conditions using migrant labor and sold through a channel that covers up to several thousand miles to reach the consumer point of sale, notably fast food restaurants and large retail food chains. Fresh product is most often sold directly to these two kinds of retail outlets. However, regional wholesalers also play a role in this channel, servicing independent retailers and the institutional market. A fraction of the region's produce moves to the processing market, with canned goods and prepared foods then sold either directly to chains or indirectly through food brokers and/or wholesale grocers. A map of this channel is appended.

Performance in this market in traditional terms is generally regarded as quite good. Quantities produced and quality are viewed as satisfactory by most observers; both have improved in recent years due to improvements in technology. The development of sources in Latin America make conditions at the producer level quite competitive and retail pricing is generally in line with or below that for comparable fruits and vegetables. Notably, tomatoes are a wholesome food and have recently been discovered by food scientists to contain lycopene, a deoxidant providing health benefits not found in other produce.

However , wages and working conditions for the farm laborers who harvest this crop are far from salutary. Representations by the Coalition of Immokalee Workers (reported in Pope 2001) offer a litany of complaints:

Wages. Tomato pickers in the Immokalee fields receive 40-50 cents per 32 pound bucket picked, about $7500/year, essentially unchanged since 1978. (Following a major public information effort, an adjustment was made in 1996, but piece rates below 50 cents are still the most common experience and cooperative efforts among growers to hold down rates of pay are in ample evidence.)

Benefits. These farm workers receive no overtime pay (although workdays of up to 12 hours are common at the peak of harvesting) and have no health insurance, sick leave, paid holidays or vacation, or pensions.

Right to Organize. Agricultural workers are exempt from the National Labor Relations Act and appeals to Florida's congressional representatives, in the face of lobbying by growers, have gone unheeded. More generally, the political rights of these workers, most of whom are from Central America, are dismissed.

Working Conditions. The harvesting of tomatoes is difficult. Long days in the hot sun are common. Reports of physical abuse, short pays, and even robbery by contractors and field overseers are common and efforts to achieve redress, addressed to growers and other supervisors, for the most part, go without response. Retaliation and blacklisting (preventing alternative employment in the area) are common.

Housing. Typically, these workers dwell in housing provided by the growers. Workers pay in the range of $300/month during the 8 month growing season, but live 10-12 persons per apartment.

Justice

Definitions of justice are based on two concepts (Fagothey 1953). *Commutative justice* refers to two-party relationships such as contracts and requires interpersonal exchange based on comparative effort or merit. *Distributive justice* refers to the obligations of community to its members; it demands a fair distribution of benefits and burdens among those members. Debate on the meaning of distributive justice turns on the question of whether equal results or equal opportunity (and potentially unequal results) is required.

An ethical assessment of the wages and working conditions afforded farm workers in Immokalee and comparable cases indicates a breach of both conceptualizations:

- A constant wage level over more than a decade that computes to less than federal minima (particularly in view of increases in the cost of living), abusive treatment by contractors and/or

Future Research Needs

A key feature of this paper has been the introduction of a concern with justice in the context of a whole marketing channel, recognizing that circumstances at one level may cause either upstream or downstream inequity. In particular, this paper introduces the prospect that employment conditions, historically outside the domain of marketing, should receive some scrutiny by marketing scholars. These are significant omissions if marketing scholarship is devoted to distributive effects as well as overall efficiency. Future scholarship should respond to this gap, including the prospect that powerful labor unions might tip the justice scales the other way, i.e., favoring employees at the expense of business firms and consumers.

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Methods

Interviews were conducted with Chinese retailers and government officials at the City and State Council level. Interviews began in 1989 and continued through 2000. From 1989 until 1998, twenty interviews were conducted per year. During 1999 and 2000, 100 interviews were conducted. Focus group interviews were conducted with Chinese consumers during the first and third year of the study. Results from this qualitative portion provide us with an understanding of the role the Chinese government has played in the liberalization of PRC's distribution system.

In qualitative research such as this, the interviewer becomes a kind of research instrument (Cassell 1977; Reeves 1979 Schwartz and Jacobs 1979). McCracken (1988) indicates that the researcher as instrument is an appropriate metaphor, because it stresses that the investigator cannot fulfill qualitative research objectives without a vast range of personal experience, imagination and intellect which is various and unpredictable. The translator, as well as the interviewer, becomes a part of the research instrument.

Detailed field notes of the interviews were recorded independently by two to three researchers. Two of the researchers were graduate students from PRC. Each researcher then transcribed their notes and a master was made from the notes. Each author was given a different font type so that in reading the field notes we could tell when the information changes source. Information recorded by one researcher, but not verified by the other two researchers was not used in the results. Major themes and sub-themes were identified in the field notes. These themes and their relationships to other themes were verified until 100% agreement was obtained by the three researchers. There was a dialectical relationship between "the notes" and the "codings." The researchers, as ethnographers, read and re-read the notes, working on the analysis and interpretation which is a part of this engagement with the field text.

Literature from four areas is relevant to the proposed project- (1) Chinese governance, (2) the State as Strategist, (3) Internet Regulatory Environment and (4) Consumer Readiness. Literature from each of the four areas will be reviewed. This literature is combined with observations from the depth interviews to develop the conceptual model.

Chinese Governance

The organization structures of Eastern Europe and the Soviet Union were a unitary form based on the functional or specialization principles (the U-form economy), in contrast, the Chinese hierarchy has been of a multi-layer-multi-regional form mainly based on a territorial principle (M-form economy) (Qian and Xu 1993). The M-form structure has been even more decentralized along regional lines during recent reforms with greater authority and incentives for regional governments. This has provided flexibility and opportunities for carrying out regional experiments, for the rise of non-state enterprises, and for the emergence of markets.

China's M-form organization means that there is greater regional independence, each region is relatively self-contained. This decentralization has a long history in China. Before the Chinese Communist Party took power in 1949, both the economy and the military forces in regions under Communist control were organized in an M-form. Mao was worried about the Soviet and American air-raid invasion so he dispersed industries into inland areas and placed supervision of the industries under the regional governments.

Organizational characteristics of the U-form are: 1) organization mainly by functional or specialization principles 2) interdependence between regions is strong and coordination at the top is critical 3) the size of enterprises is generally large and industries are very concentrated. In contrast the characteristics of the M-form are: 1) organization mainly by territorial principle 2) each region is relatively self-contained and independent 3) coordination at all levels is important but the top it is not particularly

associated with individualism, and usually take the form of an elective decision in which winners and losers are created. Individualism is related to the regulatory form of governments discussed in Dimension 1.

Communitarian states, in contrast, seek to define and ensure the rights of each community member and then play a central role in creating consensus to support the direction in which the community should move. Communitarianism can be either authoritarian or democratic. Authoritarian communitarian states impose their views within the framework of what they interpret the national interest to be. From the 1950s until the 1980s, all PRC retail distribution was owned by the state and operated by state or state-sanctioned cooperatives. Price was fixed for nearly all products. Product production and distribution were based on allocations from the state and municipal governments. The Chinese central government's historic role in distribution is characteristic of an authoritarian communitarian state. Democratic communitarian states charter interest groups and regulate their number by providing them with exclusive franchises to represent particular groups, such as labor or industry. These groups are given formal status and collaborate with the state bureaucracies in joint economic decision- making. The PRC's central government support for the formerly state-owned enterprises is an example of democratic communitarian strategy. Not all formerly state-owned retailers are targeted for help and support. Those with the best government contacts and the greatest likelihood of success are selected for support.

Dimension 3 – International Autonomy and Foreign Policy Capabilities: Security versus Prosperity

Security relates to national defense and sovereignty. In contrast, prosperity refers to economic well-being, either of individuals or the state. Throughout the 1980s, the PRC prohibited most product imports. Imports were limited to high technology products and products needed for national defense and economic security. The government put country security before individual or corporate prosperity. Since the PRC now seeks full membership in the WTO, imports are allowed in nearly all product categories, and tariffs have been substantially reduced.

Dimension 4 – Legitimacy and the Balance of Economic and Noneconomic Values: Efficiency versus Equity

As countries move through different stages of economic development, they invariably change their perspectives of equity versus efficiency. In early stages of rapid industrialization, countries unambiguously decide in favor of economic freedom and social order. As countries become industrialized, however, society begins to demand equality, political freedom and social justice. This challenges the existing social order and property rights. States that value economic growth more than equitable distribution of the gains sacrifice political freedoms in favor of getting rich. For example, Singapore has a politically controlled, but economically vibrant, economy.

Four dimensions therefore – authority versus markets, individualism versus communitarianism, security versus prosperity, and equity versus efficiency – collectively explain government's role in sector development. Four Asian economies – Japan, Taiwan, Korea and Singapore – have experienced rapid economic growth. Their governments played a major strategic role in their economic development (Sternquist 1998) Although we can gain some general insights from the development of other Asian countries, the case of China is unique, complicated by its historic movement from a planned to a free market economy.

In the beginning of the Internet, supporters maintained that Internet communications could not be subjected to local regulation. The belief was that Internet content providers could inexpensively send content via the Internet into every territorial jurisdiction in the world. If governments tried to monitor content at the border, information could easily be rerouted. In the past five years, however, we have seen governments take a variety of actions within their borders to regulate Internet content flows. For example, they have regulated users, hardware and software, Internet service providers and financial

still very low. One percent of the Chinese population has personal computers. Even in major cities, only 4% of Chinese households have their own PCs (China-WTO Briefing 2000), compared to 46% of American homes that have personal computers (CNNIC Internet Yearbook 2001).

By the end of 2000, China had 22.5 million Internet users. Among them, 3.64 million use special lines, 15.43 million use dial-up connections and 3.43 million use both means. An additional 920,000 used mobile phones and home information technology appliances to get Internet connections. This adds up to about 1% of the Chinese population, as compared to 33% of the American population using the Internet (Morgan Stanley Tianhui Internet Research 2000). Most Internet activity in China is actually through participation in a large intranet, Various areas in China are connected to each other, giving Chinese users relatively unrestricted, though monitored, access to each other, but with closely screened links to the outside world (Barmé and Yi, 1997).

In addition, to having technological access, consumers must also know how to use the system (Li, Kuo and Russell 1999). It takes time for consumers to master the necessary knowledge and skills to use the Internet effectively. Only those consumers who have Internet access and know how to use the Internet to search for product information and place orders electronically are technologically ready for electronic retailing.

Financial Readiness

"Financial readiness" generally refers to the consumer's ability to use electronic means of payment. Since credit cards are widely used in e-commerce, the ownership of credit cards is an important aspect of financial readiness. International credit card companies like Visa™ and MasterCard™ are still banned from normal operations in China (China-WTO Briefing 2000). Only 5% of Chinese consumers have access to major credit cards, most of this 5% obtained credit cards when they lived abroad and pay for their purchases through foreign bank accounts. As a comparison, each American adult holds 2.67 credit cards (CNNIC Internet Yearbook 2001). Credit card use is important for electronic retailing sales, because major credit cards provide consumers with limited liability (Rosen 1999). If credit card information is stolen, consumers are only responsible for a minimal fee or even for nothing. Debit cards, on the other hand, have been issued by major Chinese banks and are used by a larger percent of Chinese consumers. Even though debit cards are used more frequently than credit cards, only 1 percent of all Chinese sales are by means of debit card, and only 3 percent of shops accept them . In addition, debit cards do not carry the limited liability of credit cards, making electronic retailing purchases a greater risk. Paying cash is still the dominant payment method for Internet transactions in China. China lacks a nationwide bank clearance system, making even the use of debit cards a slow payment process. Another form of e-payment used in China is through a network bank. However, most banks in China that use this format focus on business-to-business (B2B) clients. The only bank that is more oriented toward business-to-consumer (B2C), China Merchant Bank, now has more than 2 million customers (CNNIC Internet Yearbook 2001). Thus, it can be concluded that an electronic payment system needs to be developed before electronic retailing will be successful. The degree of development of an electronic payment system varies from one province to another in China.

Psychological Readiness

"Psychological readiness" refers to the willingness to adopt and use electronic retailing. The timing in which consumers go on line and then initiate shopping on line (Eastlick and Lutz 1999) is part of psychological readiness. This is affected by consumers' knowledge, perceived benefits and concerns about electronic retailing (Li, Kuo & Russell 1999; Lohse, Bellman & Johnson 2000). Electronic shopping is a type of domain specific innovativeness. Identifying early adopters is likely to help understand subsequent users. Miyazaki and Fernandez (2001) found that experience with remote purchasing, either through the Internet or mail order, reduced consumers' views of risk related to Internet purchases. Although some Chinese consumers have Internet access and can afford to buy goods available on the Internet, they may not adopt this method to purchase goods largely due to concerns about the security of transactions or intrusion of privacy. Likewise we believe that domain

Table 1. Internet Development Index

		Percentage of Internet Users 12/2001	Population 11/2000	Percentage of Population	Index 12/2001
1	Beijing	9.80%	1382	1.09%	895
2	Shanghai	9.20%	1674	1.33%	694
3	Tianjin	2.70%	1001	0.79%	340
12	Zhejiang	6.60%	4677	3.71%	178
20	Guangdong	10.40%	8642	6.85%	152
11	Jiangsu	8.00%	7438	5.89%	136
14	Fujian	3.60%	3471	2.75%	131
8	Liaoning	3.80%	4238	3.36%	113
10	Heilongjiang	2.80%	3689	2.92%	96
18	Hubei	4.30%	6028	4.78%	90
31	Xingjiang	1.30%	1925	1.53%	85
9	Jilin	1.80%	2728	2.16%	83
22	Hainan	0.50%	787	0.62%	80
23	Sichuan	5.20%	8329	6.60%	79
21	Guangxi	2.60%	4489	3.56%	73
30	Ningxia	0.30%	562	0.45%	67
19	Hunan	3.40%	6440	5.10%	67
4	Chongqing	1.60%	3090	2.45%	65
28	Gansu	1.30%	2562	2.03%	64
7	Neimeng	1.20%	2376	1.88%	64
16	Shandong	4.30%	9079	7.19%	60
15	Jiangxi	1.80%	4140	3.28%	55
13	Anhui	2.50%	5986	4.74%	53
27	Shaanxi	1.50%	3605	2.86%	53
5	Hebei	2.80%	6744	5.34%	52
29	Qinghai	0.20%	518	0.41%	49
26	Tibet	0.10%	262	0.21%	48
6	Shanxi	1.20%	3297	2.61%	46
25	Yunnan	1.50%	4288	3.40%	44
17	Henian	3.10%	9256	7.33%	42
24	Guizhou	0.60%	3525	2.79%	21
		100%	126228	100.00%	

Source: CNNIC, December 2001; China's Fifth Census, November 2000.

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Cross-Cultural Consumer Behavior Research Framework

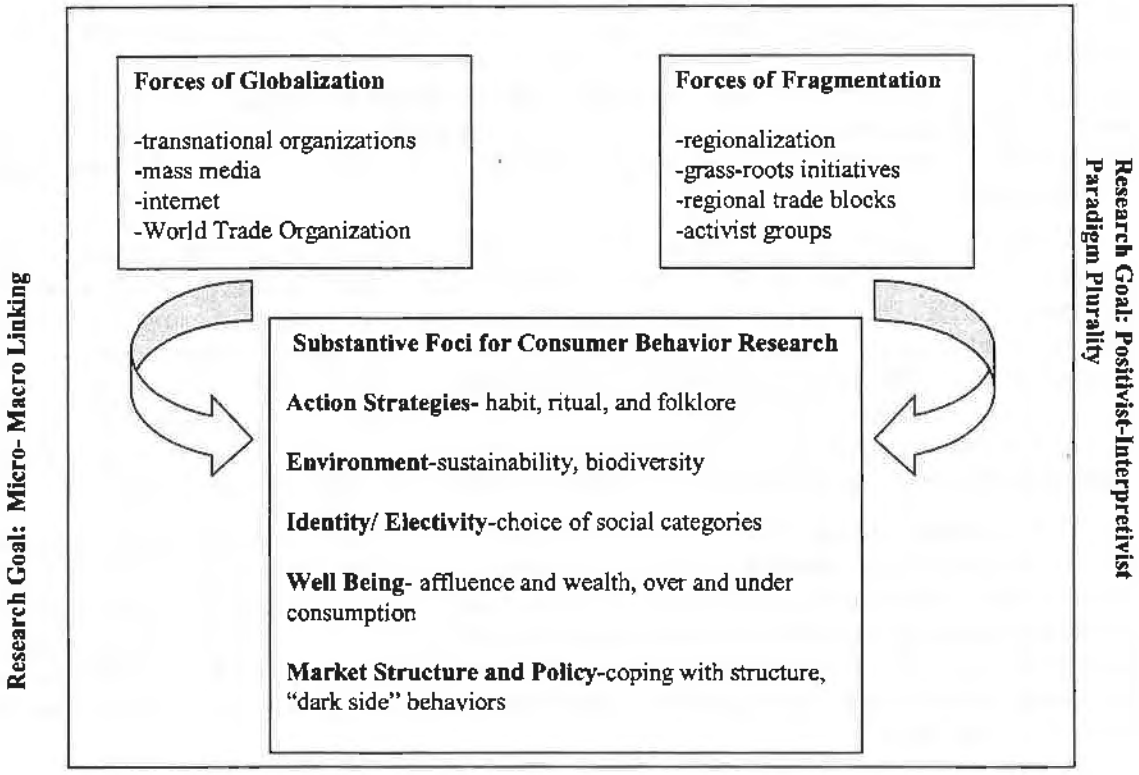

Figure 1

Globalization and Fragmentation

No matter the discipline one considers, the opposing forces of globalization and fragmentation are central t o any understanding of the future. From an historical perspective, globalization and fragmentation are not new forces but rather extensions of formative events occurring throughout the twentieth century (Clark 1997). However, the greatest expansion of transworld relations and thus globalization has occurred since 1960 (Scholte 2000) and this trend of expansion seems unabating. Globalization "denotes movements in both the *intensity* and the *extent* of international interactions: in the former sense, globalization overlaps to some degree with related ideas of integration, interdependence, multilaterism, openness, and interpenetration; in the latter, it points to the geographical spread of these tendencies..."(Clark, 1997, p. 1). The countervailing force of fragmentation is "shorthand for the opposite tendencies and has the same two dimensions; on the one hand it suggests disintegration, autarchy, unilateralism, closure, and isolation; on the other, the trend is toward nationalism or regionalism, spatial distension, separatism and heterogeneity."

Undeniably, converging tastes and preferences, increasing similarity in mass media experiences, increasing world-level communications on the Internet and increasing mobility both temporary and permanent of the world's population all point to increasing homogeneity among world peoples. This globalization in the consumer realm has been dubbed "McDonaldization." Ritzer (1996) defines McDonaldization as the "process by which the principles of the fast-food restaurant are coming to dominate more and more sectors of American society as well as the rest of the world". Barber (2000) terms the possible outcome of increasing integration and uniformity as a "McWorld" where nations are pressed into one commercially homogeneous global network. Barber also sees the antipodal force of retribalization that is opposed to every kind of interdependence with the result being that the "planet is falling precipitantly apart and coming reluctantly together at the very same moment"(p. 23). The reason for this clash lies with the nature of globalization.

time. Third, it sees culture's causal significance not in defining ends of action, but in providing cultural components that are used to construct strategies of action.

Swidler's alternative analysis also offers two models of culture, namely those of settled culture and unsettled culture. In settled periods, culture provides continuities and cultural values appear to be the organizing and anchoring patterns for action; however, this relationship is illusory (or perhaps for consumer behavior researchers, correlational). Swidler argues that in settled times, culture does independently influence action but only by providing resources from which people can construct diverse lines of action. In unsettled periods (which may be unsettled in a societal or individual sense), explicit ideologies directly govern action but structural opportunities for action determine the development of new strategies of action.

While Swidler's work has been noted by researchers in cross-cultural consumer behavior in the investigation of immigrants and acculturation during unsettled periods (e.g., Mehta and Belk 1991, Lee and Tse 1994, Tse, Wong and Tan 1988), and while the "toolkit" view of culture has been adopted recently by some consumer behavior researchers (e.g., Briley, Morris and Simonson 2000), the full weight of the implications of her perspective has not been considered. This alternative framework is important for cross-cultural consumer behavior research in several ways. First of all, it explains the "disconnect" between espoused values and actual behavior that is often found in consumer research. Second, it draws into question consumer behavior research that would allow Gutman (1982) style means-ends laddering techniques (those that examine linkages between consequences stemming from consumer choice and personal values) without consideration of the role of action strategies, skills and habits in the basic decision to purchase in the first place. As Gutman himself (1991, p.148) comments, "Being refreshed from a beverage is not very strongly connected to accomplishment, no matter how you slice-or squeeze-it." Third, it places action strategies as a central construct of interest and thereby suggests research into the processes and influences important in developing and maintaining action strategies, both old, e.g., intergenerational influence, tradition, rituals and "common sense", and new, e.g., Internet, global media, worldwide sports and entertainment events.

The study of consumer habits is the closest touch point to Swidler's action strategies. Within the information-processing paradigm, there has been cross-cultural research on simplified decision making and choice heuristics (Alden, Hoyer and Wechasara 1989) and some consideration of media habits (Green and Langgeard 1975), shopping habits (Lascu, Fernandez-Olano and Giese 1994) and habitual brand choice (Ehrenberg, Hammond and Goodhardt 1994). However, an in-depth understanding of the nature and development of habits in cross-cultural research has not been forthcoming. Macarty (1989, p.128) in commenting on theory and research on cross-cultural factors in consumer behavior stated: "Habit is a construct that has been largely ignored in consumer behavior, however, in other cultures consumption may be a consequence of habit, as well as related variables such as tradition, etc." Habit, as a construct of interest in cross-cultural research, was considered to be an antecedent to behavior by Triandis and his colleagues in 1972 and although Triandis is often cited in consumer behavior research, his framework has not sparked extensive research into consumer habits. Thus, cross-cultural habits or action strategies, ones that transcend national identity, should be of interest to cross-cultural consumer behavior research. They offer rich explanatory power for examining the transformation of national and international markets.

Environment

> Environmentalism will be one of the greatest challenges in the twenty-first century. The effect of marketing activities on environmental preservation therefore matters increasingly to many marketers, consumers and marketing policy scholars...(Shultz and Holbrook 1999, p. 218).

The above sentences open an analysis of "Marketing and the Tragedy of the Commons." Shultz and Holbrook (1999) continue in their introduction to question the value of some marketing strategies, products and advertising campaigns that purport to be "green" but may indeed be "greenwashing" with little true environmental protection or improvement forthcoming. While a handful of cross-cultural studies in environmentally oriented consumer behavior were conducted in the 1990's, they do not constitute the level of research that this topic deserves. More importantly, most of these studies are in the comparative tradition (e.g., Chan 1996, Forman and Sriram 1991) and though useful in their own right, they do not consider consumer related environmental issues in a systemic way as advocated in this framework.

In the same year as Wilkie and Moore published their analysis of marketing's contributions to society, Hill and Adrangi (1999) published their analysis of global poverty. Their analysis of UN data on human development and human poverty shows that almost one-third of the world's population live in low human development conditions and are income poor, die prematurely, and lack access to formal education (p. 144). Both sets of authors just mentioned support the notion that marketing in practice and as an academic discipline should focus on improvement of economic well-being or as the case may be, poverty reduction. It is clear that the discipline accepts this responsibility and that much of the work will be done in the areas of consumer behavior and public policy in marketing.

In addition to a focus on economic well-being, the consumer behavior discipline is also calling for an examination of marketing's role in subjective well-being. Borgmann (2000), writing on the moral complexion of consumption, finds that consumers [in rich and productive countries] have become degraded by the nature of their consumption. Reliance on devices to solve problems and the material "quick-fix" has left consumers disengaged from "focal things and practices" that once gave life meaning. Borgmann explains that prosperity can be divided into "wealth" and "affluence" with wealth being social arrangements that allow engagement with the things in life that matter and affluence being the social condition that encourages potentially unfulfilling consumption. In psychology, the same theme is found in Csikszentmihalyi's work titled "If We Are So Rich, Why Aren't We Happy?" (1999). According to Csikszentmihaliyi, material well-being has an ambiguous relationship to subjective well-being in part because individuals tend to think in terms of their "relative deprivation" and compare themselves to those who have the most in society. Thus as income disparities in developed countries widen, more populations are unhappy and as the wealthy lifestyle is communicated in worldwide media, all nations can make comparison with the very rich and become dissatisfied.

In summary, economic or material well-being and subjective well-being should be substantive foci for cross-cultural consumer behavior researchers. The study of materialism has already begun (e.g., see Ger and Belk 1990, 1996) but what is needed are studies aimed at discovering ways that material well-being and subjective well being can be market driven. Forgiving the cliché, we need win-win consumption. Consumer behavior researchers have a role to play in helping more of the world's population become free from real and psychological poverty. As Borgmann (2000) states, "extravagant consumption ties up wealth that should be used to help the poor" (p. 419). Moreover extravagant consumption does not make those extravagant consumers happier.

Market Structure and Policy

From an international marketing perspective, a great deal of consideration is given to different aspects of market structures (e.g., number and size of retailers, level of competition, role of government), in fact; a study of structure and policy at the macro level is central in any market analysis. However, much less attention is paid to consumer behavior strategies to cope with structure or policy which is at variance with their individual consumer goals. For example, the concept of outshopping, shopping outside the local market, has received very little attention in the studies reviewed here. International outshopping has been studied along the US-Mexico border using survey research (Dawson and Garland 1983) and more recently the UK-Republic of Ireland border using an ethnographic approach (Wilson 1993). Shopping forays from one country to another are often inspired by dissatisfaction with local market conditions (e.g., price and selection) and ebb and flow as relative currency values change and as economic policies such as those related to excise duties are imposed or lifted. The presence of outshopping often implies a unique consumer behavior pattern and a developed consumer infrastructure specifically accommodating to the behavior. Wilson (1993, p. 296) describes this behavior for a small Irish border town: "Newry retailers recall that throughout the early part of the decade it was not uncommon to have busloads of shoppers arrive from as far away as Cork, at the southern tip of Ireland and full eight hour round trip away, unload for a frenzied few hours of shopping, eating and drinking, and depart with shopping bags full of cigarettes, spirits, beer, and a few toys as wee gifts."

In considering the routes consumers take around market structure and policy, we are also required to look at the "dark side" of international consumer behavior including individual arbitrage and smuggling. Price related arbitrage between markets often times begins with an individual entrepreneur posing as a consumer in one country and then acting as a grey or black market trader in another country. Multinational corporations often show interest in large-scale arbitrage but suitcase entrepreneurial activity is mainly the concern of boarder

social constructionist thinking could go a long way in loosening the strong grip individual-level rational action paradigms that have dominated cross-cultural consumer behavior research in the past.

Micro-Macro Linking

Marketing, as a discipline, has always explicitly examined both micro and macro perspectives (e.g., Hunt's micro-macro dichotomy 1976) and the same is true of consumer behavior; however, linking micro and macro variables has not been a research priority. Developing a micro-macro linkage in research demands analysis as two levels (individual and societal) and equally important, some understanding of feedback or interactive relationships. Or as social science researchers phrase it, "...linkage is how to create theoretical concepts that translate or map variables at the individual level into variables characterizing social systems, and vise versa" (Gerstein 1987, p. 86). There is some precedent for the type of research being suggested. For example, a stream of studies on marketizing economies (e.g., Damjan 1993; Lofman 1993; Shama 1992), and the spread of a culture of consumption (e.g., Anderson and Wadkins 1991; Joy and Wallendorf 1996) attempt to relate micro and macro phenomenon. Perhaps one of the best examples would be the work of Penaloza (1994) on the consumer acculturation of Mexican immigrants. Penaloza ties the individual experiences of immigrants to the institutionalization of Mexican culture in the United States and explains how marketers actually participate in creating the character of a market, thus linking micro and macro analysis and contributing to our understanding of an overall system.

Micro-macro linking is relevant for all substantive foci outlined in Figure 1. The most obvious need for micro-macro linking is in examination of behavioral impacts on the environment where researchers naturally look at individual behavior and total system impact in order to yield the greatest meaning. We can also see how concepts like individual well-being relate to societal well-being. For example, the research of Shrum, Wyer and O'Guinn (1998) on the effects of television consumption on social perceptions holds implications for micro-macro linking. When consumers, due to their individual television viewing patterns, develop a social reality where they feel disadvantaged (despite this feeling stemming from a comparison to programming content rather than from comparison to other real consumers), cumulatively social well-being is eroded.

This suggested emphasis on micro-macro linkages may require consumer behavior researcher to consider new methods and new paradigms but the expansion can only be illuminating. What is being suggested is more than simple aggregation in the move from micro to macro, again referring to work in sociology (see Münch and Smelser 1987) "the logic of combination differs from that of aggregation in that whatever factors are combined are done so ... by attempting to assess variables that are qualitatively different in character but, when combined, give a more adequate explanation of some macrophenomenon" (p. 377). There are many routes to linking and combining; one would be to take the system dynamics approach as advocated earlier in the section on environment.

Conclusion

Interesting and important cross-cultural research with macro implications has been neglected in favor of safe, easily managed micro studies in many instances. We need to depart from the past. The framework offered here and developments based on it can serve us well into the future because it has many of the basic building blocks of human interaction including our action strategies, the natural environment, our identity and well-being; and the structure of markets. Most importantly, this framework should steer researchers away from "international extension" research where domestic research is taken to a new context simply by way of opportunity or convenience.

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Scientific Method and Marketing: An Analytical Framework*

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Abstract

The fundamental issues and problems underlying debates concerning the nature of scientific method are summarised and presented in terms of five basic elements of science, i.e. theory, observations, action and two kinds of reality, and the interrelations among these elements. The issues are discussed in terms of their manifestations in the social sciences and the marketing discipline in particular.

Introduction

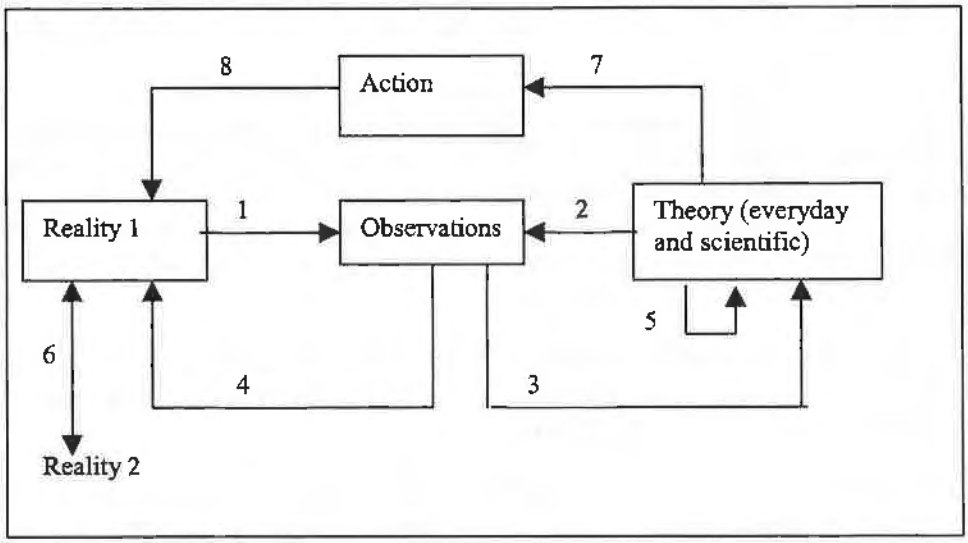
The debate concerning the scientific method and the nature of theory in marketing raged in the 1980s and 1990s with particular concern given to whether a relativist orientation had a role to play in the development of marketing theory and method (e.g. Hunt 1984, 1990, 1992, Siegel 1988, Anderson 1988). In this short paper we present the basic structure of our framework for understanding and analysing the issues underlying debate about alternative philosophies of science and indicate how some of the main issues can be linked to our framework. Our basic contention is that there is no one scientific method or one best method (although there are bad methods) but a plurality of approaches with different underlying assumptions about some of the fundamental issues confronting scientific endeavour in a particular arena. The framework has a had a long gestation and emerged as a result of years of teaching scientific method courses to research students in marketing. We both used to set a question to identify the underlying issues concerning the nature of science and to discuss their relevance to the study and practice of marketing. Here in a sense is our answer and we thank the many students who have over the years contributed to the development of our ideas.

Often the literature on scientific method is a confused assembly of different philosophical traditions presented in a historical framework organised around the "Kings and Queens of Science," usually the natural sciences, or as a series of altemative approaches. Chalmers' book *What is this thing Called Science* is an exception in that it tries to describe the various philosophies of science in terms of a fairly straightforward framework. As a result this small book has stood the test of time (Chalmers 1976, 1982, 1999). But even this tends to obscure some of the fundamental issues and questions that differentiate different schools of thought because it does not separate the issues from the philosophies in a clear way. This is the purpose of this paper.

The paper is organised as follows. First we describe our analytical framework for considering the nature of scientific method, which characterises science in terms of a process, taking place in an environment. The nature of each component of the framework, as well as the relations between them focus attention on various issues underlying the debates concerning scientific method. These are illustrated and discussed in the next sections. This is followed by a concluding section in which we focus on the future of the debate about scientific method.

** An extended version of this paper is available as a School of Marketing, UNSW Working Paper 2002.

Figure 1: The Elements of Science



Interrelations among the Elements of Science

In this section we examine the relations between the elements depicted in Figure 1, following the order given in the figure.

1. Reality -> Observation

There are a number of issues concerning this relationship: the nature of truth, measurement, the assessment of quality of observation and operationalisation.

There is a limited capacity of humans to sense and interact with reality. These relate to finite abilities of our senses to see and smell, etc. We also have a limited number of senses for example most of us cannot read minds and we have no innate sense of knowing when reality has been "correctly" perceived. This creates problems for design and interpretation of science. How do we know how a given indirect sensing of something, be it a mark on a piece of paper, the reading of an instrument, the answer to a question or an idea we have corresponds or not to the "piece" of reality we want to sense? Or whether "reality" is the observation only!

The issues that arise here relate to that of *measurement*. There are potential conflicts and tensions between our measurement theories and our substantive theories of phenomena. When we test a particular theory by making direct or indirect observations and find that the observations do not match our theory, there is a need to assess the relative strengths of the substantive theory versus the measurement theory.

In addition to the problem of our limited abilities to directly sense reality is the problem of things that cannot be, in principle, directly observed, like attitudes and beliefs, growth rates, network structure, inflation rates, market trends and so on. The existence and attributes of that aspect of reality is inferred from things that are directly or indirectly observable. This requires an interconnected set of theories to guide us in interpretation and construction of measures (discussed further below). We cannot directly observe personality so we ask people about their feelings, thoughts and modes of response. The act of constructing a score on a personality dimension presupposes the existence of theories of personality and measurement.

Moreover, we are transforming the expression and representation of an aspect of reality from one form, the way it exists in reality, to another i.e. into numbers, words, pictures, ideas, graphs etc. In so doing we are assuming that the logic of say, numbers, applies to the logic of the medium in question.

The literature on scientific method reflects the way we conceive our theories and more general theoretical or explanatory orientations. Pepper (1942), in his classic work has described the root metaphors that underlie the way we attempt to conceive the world and how it works. These include formism, mechanism, contextualism and organcism (see also Tsoukas 1994 for a discussion of the relevance of these metaphors to management). Metaphors are also effective for specific contexts, allowing us to use understanding from one setting in another. For example in marketing we have used analogies with war to develop ideas regarding competition, we discuss interfirm relations in terms of interpersonal relationships such as marriages or affairs (Levitt, 1986) or dancing (Wilkinson and Young 1996).

More generally writers such as Kuhn (1962) and Lakatos (1970) have pointed to the paradigms and research programs that can dominate particular lines of enquiry, legitimizing or not particular methodologies and theoretical orientations. In this, how and where scientists look at phenomena is circumscribed. Rival paradigms and research programs compete and may take over from each other in occupying the dominant position. The streams of research on power and conflict in interfirm relations in North America and Australia is an example, that eventually was challenged by other perspectives that saw the focus on power and conflict as a focus on sick rather than healthy relations (Morgan and Hunt 1994, Young and Wilkinson 1989).

3.) Observation -> Theory

A central issue in the debate concerning scientific method is the role of observations in generating theory. The essence of science is using a limited number of observations to make generalisations about some part of the world. Our generalisations are our theories that tell us how one thing affects another and/or under what conditions something will happen. Induction is the process of developing theory from our observations. Deduction is the process of developing theories from other theories and using our theories to inform our observations - as we have discussed. Both processes become entwined in the relationship between observations and theory.

The more observations we make that conform to our theory the more we tend to believe our theory is correct. But we can never prove a theory is true, only that it is false (Popper 1972). As the famous example goes no matter how many white swans we may observe they can never prove that all swans are white. But it only takes one observation of a black swan to refute the conjecture (Chalmers 1999). Following on from this line of reasoning it becomes important that theories or conjectures are refutable.

Unfortunately science is not so simple. It is difficult to know what is being refuted. As previous discussion indicates, theories of measurement, sampling as well as the framework of history (the evolution of research past) and associated theories are part of the observation. The refuting observation may be due to any part of this framework If the development of knowledge is considered historically, often refuting observations have not led to theory rejection (Chalmers 1999). Revision of theory in such a way as to take account of the new observation is commonplace -- particularly in the social sciences. Post hoc revision can lead to ungainly theory, but much theorising is this. Our observations are an important source of theory.

Usually, competing theories exist and the aim is to make observations or tests that are powerful in that they can discriminate between to rival theories. One result refutes one theory another refutes the other theory. Out of this competition among alternative theories better performing theories hopefully emerge. However, there is no independent truth umpire that can tell us whether we are making progress and getting closer to "ultimate truth" – whatever that is!

4.) Observations -> Reality

Science is part of reality and has it own rules of behaviour that we seek to understand. The study of scientific method is partly an attempt to study how science works but it is also a normative theory of how science should work.

7.) Theory -> Action

Scientific theory informs action, not only the activity of scientists but also the activity of others, which we may call applied science or technology. Theory that informs action includes not only scientific theory but also our theories in use (Zaltman et al 1982, Schon 1983). Some times our theories in use are informed by scientific theories – those we learned at school or during our MBA. Scientific method is both a normative (prescriptive) and positive (descriptive) theory of scientific action. This too informs our actions - our measurement and sampling theories guide the way we make observations to test our substantive theories.

Normative theory, which seeks to instruct behaviour, does not exist in quite the same way in the natural sciences as it does in the social sciences. Chemicals, atoms and ants don't come to the class to learn to be better chemicals, atoms and ants. There is no normative theory of chemistry or physics or biology, even though there are various forms of artificial life being developed that can be instructed to play by different rules. They also don't argue with your interpretation of their behaviour as managers and other people can and do do.

8.) Action -> Reality

The application of science in industry and society has transformed our world and our views of it. The material culture of the world, the world of man made objects, of technology, has transformed the way we work, act, interact and think and thereby changed the reality of the social and economic systems we seek to understand. Management in part behaves the way it does because it has been taught to behave that way in business school. In the process we subtly change the very nature of the marketing systems and practices we seek to understand and perhaps try to control.

We may interpret these impacts and changes as positive and/or negative. The progress of science has brought forth great boons to mankind in the form of control of many diseases, the prolongation of life and the enrichment of life's possibilities. It has also damaged parts of the environment and is in part responsible for the marginalisation a large number of traditional cultures. The development and use of the atomic bomb is a clear example of the dilemmas involved.

In the social and business sciences the problems are no less difficult. Through our development of theories about the way the marketing system operates we can help improve firm performance and the quality of material life in the form of valued goods and services as well as assisting towards an understanding of how to make markets operate more effectively. But to the extent transformation of marketing actions serve some sections of the community more than others conflicts of interest arise and ethical issues emerge.

Conclusions

We have portrayed science as social process that seeks to better understand the way the world in which we exist behaves and thereby to provide a better basis for action and intervention in the world. We have identified a number of central components of this process and, through our discussion of these components and the ways they interact, particularly in the social sciences; we have revealed the many issues that challenge science and scientists in their pursuit of knowledge.
What does NOT emerge is a prescription of the single or best way to advance our understanding. There is not one best scientific method, but many forms of science with valid roles to play. This plurality of science is, we believe, healthy and reflects the many different issues confronting our pursuit of knowledge and the way they are handled. We do not believe in simple taxonomies of

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tricky to define. McCormick (1994) observes that most early articles and books about spirituality and management were popular works with little theory or empirical backing. However, even then, the majority of discourses on spirituality characterized it as an experience that involves a feeling of awe, amazement and wonder, an experience of love and connection to the world, and to others.

In the early years of the spiritual movement, most authors addressed spirituality using a religious orientation. Hawley (1993) promoted the Hindu approach, Ibrahim, *et al.* (1991), Cowan (1993), Chappell (1993), Fox (1994), and others adopted the Christian perspective, Boldt (1991) and Low (1976) used the Zen Buddhist approach, while Tauber (1990) offered a Jewish perspective on spirituality. It is only recently that scholars have argued for a distinction between spirituality and religion.

In one of the first empirical studies on spirituality and management, Mitroff and Denton (1999a) offered some theoretically prescient observations: the respondents in this study differentiated strongly between spirituality and religion. While religion was viewed as a highly inappropriate topic of discourse in the workplace, spirituality was seen as a highly appropriate subject for discussion. Respondents characterized spirituality as "the basic feeling of being connected with one's complete self, others, and the entire universe." Similar observations were echoed in the work of Roof (1993). Roof's interviewees felt that religion had an institutional connotation that manifested into the practice of rituals, adhering to dogmas, attending services, and the like. Spirituality, on the other hand, dealt with life's deeper motivations and an emotional connection to God. In categorizing American spirituality, Anne Patrick compares it with two vast river systems: the classical spiritual traditions we have come to associate with institutional religion, and the second principal system linked with the love of nature, art, and beauty; with the concern for ecology, justice, and peace. Under this second system, she writes, goes everything designated as "New Age" (Roof, *et al.*1999). Mirvis (1997, p.197) makes an interesting distinction between spirituality and religion when he says, "religion is about answers (and) spirituality is about questions." A simple and fairly comprehensive definition of spirituality was provided by Eckersley (2000), "spirituality is a deeply intuitive sense of relatedness or interconnectedness to the world and the universe in which we live."

Ashmos and Duchon (2000) operationalized spirituality in the workplace context as comprising of three components: inner life, meaningful work, and community. A careful study of the various articles on spirituality leads one to conclude that a comprehensive definition of spirituality needs to incorporate three overarching ideas: a sense of inner self, the feeling of interconnectedness, and the notion of Beyond (or God). The inner life or self, discussed in many articles on spirituality, is somewhat awkward to define. It includes a sense of one's being or consciousness, and how that being relates to other beings (Bartunek and Moch 1994; McDonald 1997). For example, McDonald (1997, p.22) writes, "Each of us has a core from which our most valuable thoughts and feelings originate. When we're in touch with that center and use it to guide our behavior, we act as genuinely as we can." Roger Walsh (2001), a highly respected scientist, philosopher, and anthropologist, compares a person's life--comprising an outer self and an inner self--to an amphibian: "We have a part of our life and being in this world we see and touch, but in a deeper part at the core of our being, at the center of our minds, at the center of our awareness, we experience this other sacred realm, and we partake of it, and we are it."

The terms "connectedness" or "interconnectedness" have been used in almost all descriptions of spirituality (Ashmos and Duchon 2000; Biberman and Whitty 1997; Bullis and Glaser 1992; Mitroff and Denton 1999a; Eckersley 2000; Neck and Milliman 1994; O'Murchu 1999). Sass (2000) observes that spirituality, throughout the literature, has been depicted as an emphasis on connection and integration rather than separation. Connectedness has often been characterized as recognition of the ultimate unity of all being; a sense that there exists an energy that transcends the categories and concepts governing mundane material reality. Mitroff and Denton (1999b) underscore the notion of connectedness when they define spirituality as the basic desire to find ultimate meaning and purpose in one's life and to live an *integrated* life (emphasis added).

spirit. Anita Roddick (2001) forcefully expresses these sentiments in her new book, *Business As Unusual*:

> Corporations must start showing more developed emotions than fear and greed, and we have to find ways to halt the economic growth that alienates non-economic values. But there is more to all this than measurement, and that brings us back to the word 'reverence.' There is a spiritual dimension to life that, for me, is the real bottom-line. It underpins everything and I suggest should be incorporated into global management education if it is to be truly worthwhile. Spirituality, to me, is a very simple attitude that has nothing to do with organized religion; it means that life is sacred and awe-inspiring. In my travels around the world, I have been grounded -- as millions also have -- in the most fundamental of insights: that all life is an expression of a single spiritual unity. We are not, as humans, above anything, contrary to what Christianity tells us; we are instead part of everything. This interconnection has to be sacred, reverent and respectful of different ways of knowing and being.

Statistics from the Gallup Organization in New York supports the claims made by Maskowitz (1997), Ray and Anderson (2001), and others in relation to the upsurge in spirituality. In 1998, when Gallup asked 800 Americans whether their jobs had influenced their spiritual lives, 33% credited work with "greatly improving" or "improving" their spirituality (*Boston Globe*, 2001). Mitroff and Denton (1999a) asked respondents to rank, in order of importance, the factors resulting in job satisfaction. "The ability to realize my full potential as a person" emerged as being the most important, followed by "being associated with a good or ethical organization." "Making money" ranked fourth among the seven responses provided. Findings of this landmark study also indicated that employees who saw their organizations as spiritual also viewed them as being better than their less spiritual counterparts on almost very dimension. Respondents working for companies perceived as spiritual reported that they were able to bring more of their "complete" selves to work. They felt they could deploy more of their creativity, emotions, and intelligence in the workplace. The authors go on to assert that modern civilization might have gone too far in separating spirituality from other elements of life.

Lewis (2001) reports a dramatic increase in the number of books on "spirituality at work." This explosion has created a $2.2 billion niche market. More than ever before, companies are turning to spiritual consultants to help bridge the gap between corporate goals and the needs of employees.

Despite the overwhelming evidence on the salience of spiritual needs, the topic of spirituality has received scant attention in marketing and consumer behavior texts. There is an urgent need for marketing scholars to revisit the benefits (or utilities) inherent in a marketing mix. The concept of "spiritual utility" now needs to be incorporated in any discussion on the range of utilities in a marketing mix.

What Does Spirituality Entail?

In 1999, Zohar and Marshall developed the concept of *Spiritual Quotient* (SQ). SQ was designed to explain why people are just not satisfied with more and more money or more and more goods. SQ brought into the marketplace ideas we previously relegated to religion or dogma but now are no longer limited to these. The authors define SQ as "an intelligence with which we address and solve problems of meaning and value; the intelligence with which we place our actions and our lives in a wider, richer, meaning-giving context; the intelligence with which we can assess the course of action or one life-path is more meaningful than another." Inherent in this definition are kernels of what constitutes spirituality. The challenge for marketing scholars is to sift through loads of literature on spirituality across several disciplines and arrive at actionable concepts and ideas that would reflect spirituality in products and marketing practices.

The operationalization of spirituality would involve five components: values, meanings, actions, context, and life-path. *Values*, in the spiritual milieu, could be both instrumental values (such as honesty, integrity, non-violence) or terminal values (such as being at peace with oneself, inner growth,

Spirit Store specializes in spiritual books, mythic clothing, art, prints, posters, and more. These companies realize that the conscious use of words can make all the difference in interpretation of a concept. Leeming and Tripp (1999) offer ten tips to induce spiritual utility through meaning. They suggest that words and phrases such as "purification," "connection," and "the inner goddess," be used in promotional pieces targeted toward the female market. They also advocate the use of "generalized" symbols--prayers rugs, a lamb, or a fish--that would serve as meaning-inducing icons.

Actions: Many companies sponsor events and conferences whereby their target market can engage in actions that further their spirituality. For example, the *4th Annual Conference on Spirituality, Leadership and Management*, held in Canberra, Australia was sponsored by companies such as *Jurlique* (skin care products), the *Co-op Bookshop*, and *WellBeing* (a magazine that promotes a holistic lifestyle). In the past, *Tanqueray Gin* launched AIDS rides with proceeds topping $40 million, designed not as a charitable activity, but as a successful brand publicity event. Actions on the part of CEOs also convey spiritual utility. The group *Legatus*, for instance, comprises of a membership of 1,300 Catholic CEOs (Gunther 2001).

Context: *The Trends Report of 1997* states that 3 out of 4 consumers polled say they are likely to switch to brands associated with a good cause if price and quality are equal. The most visible example of incorporating spirituality through context is the *Body Shop*. The company expends considerable effort in promoting its causes through its website, stores, books, press releases, and annual reports. *Body Shop's* contexts feature prominently on the company's Website: "against animal testing," "support community trade," "activate self-esteem," "defend human rights," and "protect our planet" (cf. http://bodyshop.com/global/).

Life-Path: Spiritual organizations and social action groups that advocate a very specific and often dogmatic way of living typically offer spiritual utility through life-path. The Mormon Church, Hare Krishnas, Brahma Kumaris, and several sects and cults, often headed by contemporary religious leaders or gurus, use life-path as the vehicle for delivering spiritual utility. Usually, these providers offer spiritual utility to the exclusion of all other utilities.

Managerial Implications

The need for spiritual utility is vast across all domains of a society. Companies need to seriously investigate the spirituality phenomenon if they are to harness this rapidly growing movement that shows no signs of abating. Spirituality could be viewed both as a demand factor as well as a supply factor. The demand aspects of spirituality would translate into marketing practices such as product positioning and segmentation. Supply aspects would include spirituality as an organizing principle of production. This paper has suggested how spirituality as a demand factor would operate through values, meanings, actions, contexts, and life-path. Except for life-path, all other tools discussed in the preceding section could be effectively used by any organization interested in providing spiritual utility.

A careful understanding of the target market is essential before a deciding on the appropriate tools to be used. This would involve market research, both qualitative and quantitative. Marketers need to ensure that the segments they aim at targeting, do, in fact, regard spiritual utility as salient. The avenues sought by consumers to manifest their spirituality also need to be explored on a segment-by-segment basis. Meanings and contexts need to be carefully chosen with the help of research findings so as to avoid unintended alienation of customers. In this regard, techniques used in motivational research could potentially yield invaluable insights in understanding the spiritual ethos of consumers.

Another caveat when offering spiritual utility relates to internal consistency. The *Body Shop*, for instance, got into trouble over animal testing claims when it was discovered that some of the company's suppliers did engage in the practice of testing products on animals. The claim of "protecting our planet" would carry little credence if the company primarily relies on plastic for its

the utilities offered to consumers should be an interesting exercise. How does the spiritual quotient of leaders affect an organization's delivery of spiritual utility?

This paper dwells almost exclusively on how spirituality can be a part of the utility mix in a product. Relating this concept to other related areas such as advertising, personal selling, and sales promotion will help broaden the application areas for spirituality in marketing. All in all, there is certainly no dearth of topics to research relating spirituality to marketing.

Conclusion

Spirituality is a phenomenon being increasingly investigated by psychologists, philosophers, and management scholars. Pervasiveness and importance of the spirituality construct has prompted the *Academy of Management* to start a special interest group called *Management, Spirituality, and Religion*. While sizeable research and popular literature on the topic is being generated in the field of management, marketing scholars have let the spirituality phenomenon go unnoticed.

This paper has provided a framework whereby practitioners and researchers can begin to understand and apply spirituality in marketing. Examples of companies offering spiritual utility demonstrate that spirituality is good business for the organization. This paper looked at an array of vehicles for the delivery of spiritual utility. Successful use of these tools is predicated on systematic consumer research. Marketing scholars arrived late in recognizing the salience of spirituality. Urgent research attention is now needed to catch up with our peers in related disciplines. Scholars in human resources and management seem to have already embraced 'new paradigm thinking' which focuses on intangibles and identifying and guiding how we can develop and contribute to the current state of affairs in a sustainable, holistic manner (Giacalone and Eylon 2000). It is time that marketing scholars contributed their ideas to this exciting dialogue. The study of spirituality could be the vital first step in this endeavor.

This "call to spirituality" is in line with the recent thinking of a few marketing scholars. Firat and Dholakia (1998) argue compellingly that the contemporary postmodern era is marked by the recognition that marketing is more than a business activity. It is a central signifying social process, the dominant mode of discourse. We have little systematic understanding of how the spirituality phenomenon relates to the discourse. We need to move beyond sales and profits in our study of marketing systems. To quote Holbrook (1999), "If we merely aim toward the bottom line…we aim too low. Ultimately--as businesses will someday learn when they pay as much attention to stakeholders concerned with ecology or social welfare or morality as they do to those devoted to profits or a financial return on their investment or net present value–we must aim higher than that. Figuratively and gloriously, we must aim toward Heaven." This article is but a short contemplative prayer for accomplishing just that.

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Marketing and Pleasure, Buddhism and Happiness

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Abstract

Renowned American Psychologist Mihaly Csikszentmihalyi (1999) questions, 'if we are so rich, why aren't we happy'? Csikszentmihalyi takes the opportunity in his paper to promote his work on 'flow' as a means by which happiness can be achieved. Serving only to introduce this paper, from a Buddhist perspective, this appears to confuse as so many of us are prone to do between pleasure on the one hand and happiness on the other. This paper introduces Buddhist teachings in an attempt to develop our understanding of happiness and its link to quality of life (QOL). Implications for marketers are offered.

Introduction

The importance of happiness as an indicator of increased quality of life (QOL) and subjective well-being (SWB) is well documented in the literature (e.g., Sirgy 1997, Kahneman, Diener and Schwarz 1999). What is less apparent is evidence of any clear distinction made between the concepts of happiness and pleasure. The importance of this was highlighted to this author during a recent five-week retreat at a Buddhist monastery in Nepal. Living the simple life of a monk and being immersed in Buddhist teachings provided a unique perspective on contemporary marketing issues. Thus, rather than reviewing the more contemporary western literature on happiness, this paper explores happiness from a Buddhist perspective in an attempt to not only identify differences between 'pleasure' and 'happiness' but also, to explore ways in which Buddhist teachings might assist researchers broaden their understanding of a number of concepts herein presented as related. Readers looking for a more in-depth coverage as discussed from a predominantly western viewpoint should direct their attention in addition to dedicated journals and also to Veenhovens' (1997) exhaustive review of the field.

The 'four truths of the noble ones', hereinafter referred to as the 'four noble truths', impermanence, and the concept of 'attachment', all central to Buddhist teachings on happiness and suffering are discussed. Furthermore, an attempt to link happiness, suffering, cognitive dissonance (Festinger 1957) and assimilation-contrast (Hovland, Harvey and Sherif 1957) theory is made. Buddhist teachings have been extensively documented over the last two and a half thousand years. The coverage given to the concepts discussed within this paper should only be treated as introductory and at best, should be read as the author's simplistic interpretation of concepts the true understanding of which far exceed this author's wisdom.

Happiness and Pleasure

In a series of interviews given by Tenzin Gyatso, His Holiness the Dalai Lama (HHDL) to Howard Cutler M.D, His Holiness observed, "sometimes people confuse happiness with pleasure". He elaborates providing as an example the statement and implied question posed to him during one of his talks in India that, "our happiest moments come during sexual activity, so through sex one can become happiest." The individual continued by asking His Holiness whether he agreed with this view. His Holiness responded, "From my point of view, the highest happiness is when one reaches liberation, at which point there is no more suffering. True happiness relates more to the mind and heart, that is genuine lasting happiness." Thus, lasting happiness and liberation are treated synonymously. 'Lasting', considered in terms of 'impermanence', is central to the Buddha's teachings. It simply recognises that no worldly phenomena exist in an infinite way. Thus, nothing lasts, and the time gap

concerned with feelings of pleasure and pain, of interest and boredom, of joy and sorrow, and of satisfaction and dissatisfaction'.

His Holiness (HH, 1982) argues that 'temporary pleasures comprise the comforts and enjoyments which people crave, such as good dwellings, lovely furniture, delicious food, good company, and pleasant conversation and so on'. In other words, temporary pleasures involve the objects through which individuals attempt to seek happiness. In an attempt to offer some form of crude clarification, this author's interpretation of what HH is saying is that true (ultimate) happiness can not be found in the things of this life, in external objects constructed to cause pleasure, joy, interest and satisfaction as outlined above. These objects, and the importance placed upon them, is falsely directed in that when they are consumed with an attached mindset, they can only bring about suffering. By way of example, we strive in our lifetime to achieve happiness and we chase happiness in the form of perhaps a good education, a good job, appropriate financial rewards and what this leads to, i.e., a big house in a good suburb, a nice car etc. We envisage that once we've attained these goals, we'll be happy. Buddhist philosophy argues that this is never the case. This is so because, once we have attained our goals, our mind becomes occupied with the obsession of retaining them and, as a consequence, enters a new state of suffering. The state of suffering associated with the fear of loss (Ven. Dundrub 2001). True happiness or what was referred to previously as 'liberation', can only be achieved when the mind is no longer attached to the things of this world. Until such time, the mind spoken about here is one that suffers and, a suffering mind does not represent a happy mind in the ultimate joy sense as presented by His Holiness. Liberation and happiness therefore have to do with the nature of the mind. Buddhist philosophy proposes that all sentient (living) beings possess 'Buddha mind', albeit that this 'Buddha mind' remains latent, obscured by the sufferings associated with attachment to the things of this life. 'Buddha mind' embodies the perfection of the mind in an absolute sense. A mind that is all knowing, capable of ultimate happiness. However, it is suggested that as long as we pursue happiness in the objects and events of this world, any associated pleasure will be short-lived and suffering will result. The news is not all doom and gloom though. The third noble truth proposes that there is a solution to this dilemma, a way to free the mind of craving and attachment. The way out, the solution is considered in the content of the fourth noble truth – the need for mind training as a path to happiness. Before examining aspects of mind training in greater detail, the following paragraphs explore the concept of 'attachment' in greater depth. A link to 'materialism' is also offered in the following discussion.

Attachment and Materialism

Of the three poisonous mental attitudes (ignorance, anger and attachment) (Pabonka Rinpoche, 1991), attachment is perhaps the most problematic. Ignorance leads to attachment, and attachment to suffering and anger. Attachment is defined in this paper as 'a mental state that views happiness as inextricably linked to objects and other phenomena that it is believed will bring pleasure in this world'. The more we accumulate the happier we become, identifies a mind driven by attachment. Attachment involves an exaggerated desire not to be separated from the object or phenomena in question. Thus, objects and phenomena appear to take on the property of being more attractive than they are in reality, thereby inducing a false clinging that sees pleasure, safety and comfort tied in to these objects and phenomena. Attachment exaggerates good qualities, or superimposes non-existent good qualities upon these objects and phenomena (Das 1997).

Discussing materialism, Zinkhan (1994) notes, 'we live in a materialistic culture, and materialism encourages customers to buy and consume. Materialism leads to the idea that more is better'. Laying some of the blame here on advertisings' encouragement of over-consumption, distinction is made between 'terminal materialism'[2] on the one hand and 'instrumental materialism' on the other. Terminal materialism refers to the runaway habit of possession, where consumption becomes an end in itself, feeding upon its own autonomous necessity to process more things, to control more status, and to use more energy. Consumers, dependent on a market economy and smitten by terminal

[2] The author gratefully acknowledges the kind comments of one reviewer for highlighting the connection between 'attachment' and 'terminal materialism'.

downplay the relevance or importance of such evidence to their personal situation, avoid subsequent medical reports on the topic, and/or exaggerate the pleasures and positive consequences of smoking (e.g., how it helps them relax or control their weight) (Festinger 1957).

Attitudinally, the notion of 'downplaying the apparent inherent risks associated with purchase' or 'exaggerating perceived positive aspects of consumption' is discussed within Hovland et al's (1957) assimilation-contrast theory. Hovland et al. suggest that when perceptions of an outcome differ only marginally from those desired or expected, a tendency exists for people to displace their perceptions towards their desires and/or expectations (assimilation effect). However, there comes a point either side of this range where people can no longer effect displacement, but instead, begin to exaggerate the increasingly large variation between perceptions and expectations (contrast effect). Assimilation-contrast serves to reduce dissonance by cognitive means.

Similarly, dissonance can be reduced with a change in consumption behaviour. For example, in the smoking example cited above, behaviour change could relate to the number of cigarettes smoked and/or the brand and/or product purchased and indeed, any combination of the above.

Precisely how dissonance is reduced in any particular situation depends on the individuals' resistance to change of the various cognitions involved. The following overview is offered to link the above discussion on cognitive dissonance to the content of this paper.

When incompatibility exists between two or more attitudes, behaviours, outcomes and/or any combination thereof; dissonance results. Thus, incompatibility between a desired outcome and perceived outcome results in a state of dissonance. In this sense, Buddhist doctrine would argue that every consumption experience results in a degree of dissonance. This is explained by the Buddhist belief that no worldly consumption experience can lead to happiness rather, they all lead to further suffering, which is arguably not the desired nor the expected outcome. To recap, such suffering is caused by a mind falsely directed by attachment. Attachment introduces dissonance between the desired end state of 'happiness' and the resultant end state of 'suffering'. If disparity between desired happiness and resultant suffering induce dissonance, the question that begs address is whether it is possible to find happiness in the object and phenomena of this world without experiencing dissonance?[3] Introducing the notion that a major cause of suffering is attachment and craving, it would be logical to explore whether consumption for the sake of consumption, i.e., consumption without attachment were possible? If it were possible, it could be argued that consumption (viewed in a non-attached way) and pleasure are not entirely independent. The instrumental issue here is 'attachment' to a belief held toward the outcome. For reasons that lie beyond this paper, Buddhist doctrine would refute such a position. However, to introduce a sense of balance in the discussion presented here, though clearly deserving empirical attention, it could conceptually be argued that pleasure without attachment is possible. At this stage of the paper therefore, assuming the above, it may be more useful to identify the meaning of the discussion thus far for the marketing agent (firm or individual). The following section investigates the content of the above and in doing so brings the discussion in this paper back to a marketing context.

Marketing

The paper has thus far argued from a Buddhist perspective that, a) all beings seek happiness, b) human reliance on consumption for happiness can only bring about suffering, c) suffering results when the mind clings to the belief that happiness and consumption are in a sense, positively perfectly correlated, d) Suffering as discussed above is similar to cognitive dissonance and assimilation-contrast theory.

Zinkhan (1994) has argued that advertising has the potential to play multiple roles in modern life. Traditional advertising however, has often been used to promote terminal materialism. That is, commercial messages are often used to promote and increase consumption. The author highlights that advertising is also about symbols, values and imagery. Adopting a macromarketing perspective, he reminds us that advertising has an important symbolic role to play in that it can potentially bind societies together. Not only is the message presented one of reducing communication that promotes terminal materialism, but also; he emphasises the need for other societal institutions (governments,

[3] The author gratefully acknowledges the kind comments of one reviewer for highlighting this point.

integrated with personal value systems thereby serving to reduce dissonance associated with inconsistency noted in attitudes, activities and outcomes.

> 'He who has conquered himself is a far greater hero than he who has defeated a thousand times a thousand men' (Dhammapada – Das 1997, p. 104).

Focussing on the consumer of course does not preclude the need for goods and service providers to effect change too. The competitive mind imprisoned in a paradigm, the focus of which is terminal materialism, is a sad reflection of the short-sightedness evident in the marketplace today. A business model developed upon sound ethical and sustainable principles is surely not beyond the mental capacity of contemporary strategists? Such a model does not preclude competition, the generation of equitable wealth, nor does it remove pleasure from life. It merely requires that reconnection to the true nature of the mind, the Buddha mind, be made. Neither too is such thinking the exclusive domain of Buddhists, nor any religion per say, rather; it reflects the thoughts of all individuals concerned with the state of the world today.

Conclusions

The famous Buddhist philosopher Nagarjuna said that:

> 'Contentment is true wealth. Success will not be found through the gratification of desire, but in the end of desire – which is contentment. Wealthy is he who enjoys what he has'.

This paper has perhaps raised more questions than it has provided clear answers. With this paper, the author has attempted to introduce Buddhist thinking as a useful means by which important QOL concepts may be further developed and, integrated into macromarketing thinking. The content of this paper implicitly considers the role of marketers as significant and in some respects, as that of a 'manager of happiness'. The author uses the term here loosely, and recognises that the focus relates predominantly to consumption and life issues. A grand and dubious task perhaps but, the sentiment associated with this revelation perhaps underemphasises the impact that marketers have made in the past and, can make in the future. As a starting point, happiness can be managed by offering appropriate goods and services into the marketplace. Appropriate implies among others, that they serve a useful consumer and societal function, and are both ethical and sustainable. It could also be argued that they necessarily need to be within the reach of all thereby assisting in the diminishment of greed and jealousy, the sources of much global conflict. The last of these may admittedly be a little more difficult to achieve but as a macromarketer, this is positioned as a worthy goal to aim toward. In addition, not over-promoting the rewards (implied or explicit) associated with the consumption of all goods and services is likewise, a primary role for advertisers. As consumer educators, there is much that the marketer can do to offer greater balance in terms of consumption and the mind. This paper will hopefully serve both a basis and, a source of inspiration for other researchers to give further consideration to the content matter introduced herein.

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Consumer Animosity and Ethnocentrism in Bosnia and Herzegovina: Case of Developing Country in Post-War Time

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Abstract

This study tested animosity and ethnocentrism in Bosnia and Herzegovina in regards to products from Serbia, Croatian and Western European countries. Bosnia and Herzegovina is developing country that experienced four-years war with its neighbors Serbia and Croatia. The results of this study mainly confirm previous findings for developing countries: high level of ethnocentrism that reduces willingness to buy imports. Surprisingly, we have discovered that high level of admiration for lifestyle in the economically developed countries doesn't have any influence on willingness to buy imports. Also, there is a presence of political animosity towards Serbia and economic animosity toward Western European countries. Support evidence for animosity towards Croatia was not found.

Introduction

Ten years ago academic researches on Country-of-origin (COO) effects suggested that COO effect operates differently than suggested in the literature, which is largely based on developed country data. By that date highly ethnocentric consumers from developed countries were orientated towards buying domestic products but that was not the case with developing countries. Researchers suggested that consumers in developing countries used COO as determining the brands desirability for status enhancing reasons. High level of admiration for lifestyles in economically developed countries such as USA or Western European countries caused the consumers to buy product form those countries rather than domestic. Also in 1998 Klein, Ettenson and Morris have discovered that Country-of-origin effect and animosity toward ex or present enemy influence willingness to buy imports independently of judgments about the quality of those brands.

Bosnia and Herzegovina is developing country and it is also going through the transition. Six years ago four-year war ended. The war ruined economy and high number of imports known to domestic consumers and existing admiration toward a life style of the consumers from economically developed countries have directed Bosnian citizens to consume mainly foreign products.

Until 1992 Bosnia and Herzegovina was part of socialist Yugoslavia together with five other republics: Slovenia, Serbia, Croatia, Macedonia and Montenegro. At the beginning of 1992 people of Bosnia and Herzegovina voted independence and shortly after the war started. The neighboring countries, first Serbia, and latter Croatia occupied parts of Bosnian territory. In autumn of 1995 war ended with Dayton peace agreement.

Scores of the studies have already documented the ways in which consumers use brands country of origin (COO) as a cue in inferring its quality and acceptability (Baughn and Yaprak 1993, Bilkey and Nes 1982). However, most analyses of COO effect have only used data from US or UK consumers (Heslop and Papadopoulos, 1993).

Much of the initial research in this area sought to understand risk-reducing biases used by Western consumers when evaluating products from less developed and therefore risky countries or regions. Schooler and Sunoo (1969) for example studied biases among US consumers against countries in Asia or Africa, Only recently has the literature begun to examine COO effect in developing countries.

In general, research in marketing still investigate and understand less the behavior of consumers in developing countries. The literature does provide some insight and various modes to explain how attributes are evaluated and integrated into overall product judgments and purchase decisions (Betman 1979, Einhorn 1970, Green and Srinivasan 1990, Lynch 1985). Furthermore, some product attributes, such as price and brand name, are likely to act as cues or signals of the quality of other attributes (Aaker 1991, Carpenter 1987, Doods, Monroe and Grewal 1991, Jacoby, Olson and Haddock 1971). The country associated with the product also is thought to influence consumers' quality judgments. Research on evaluations of foreign products has found that inferences about the producing country affect perceptions of a product quality (Bilkey and Nes 1982, Han 1988, Hong and Wyer 1989, Maheswaran 1994, Papadopoulos and Heslop 1993). Although attribute judgments generally are assumed to influence purchase, most researchers on consumers' evaluations of foreign products have not measured purchase intentions or decisions directly. A recent meta-analytic review of the foreign product literature shows that a large majority of studies use quality judgments, attribute ratings, or both as their dependent measures (Liefeld 1993). It is possible, however, that a product origin (signaled by the place of manufacture and/or brand name) will affect consumers buying decisions directly and independently of product judgments. For example, Klein, Ettenson and Morris (1998) found among Chinese consumers an effect for country-specific animosity that reduces brands purchase from Japan, independent of judgments about the quality of those brands. Reason was the massacre of 300,000 people in Chinese city of Nanjing during the II world war. An interesting question is whether animosity has the same influence under less extreme conditions. For example study conducted between Dutch consumers (Nijssen, Douglas, Breser and Nobel 1995) supports these findings. Findings showed animosity resulting from German occupation during II World War that affects willingness of Dutch consumers to purchase German products. For instance Hirschman (1981) observed Jewish consumers avoidance of purchase of German-made products. Similarly, the boycott of French products by Australian and New Zealand consumers, due to the nuclear tests by France in Southern Pacific was also observed.

A series of international studies conducted by Richard Ettenson and Jill Klein examine U.S and foreign markets regarding overseas consumers animosity toward current of previous enemies and its effects on their attitudes toward and purchase of imports. These findings suggest that animosity have a significant impact in consumers buying decisions and can negatively affect the purchase of products in foreign markets regardless of product quality. (www.t-bird.edu). These findings show that it is possible that Chinese consumers may avoid the purchase of the USA-made products because of the bombing (1999) of Chinese embassy in Belgrade, Yugoslavia although they regard USA-made products to be of high quality.

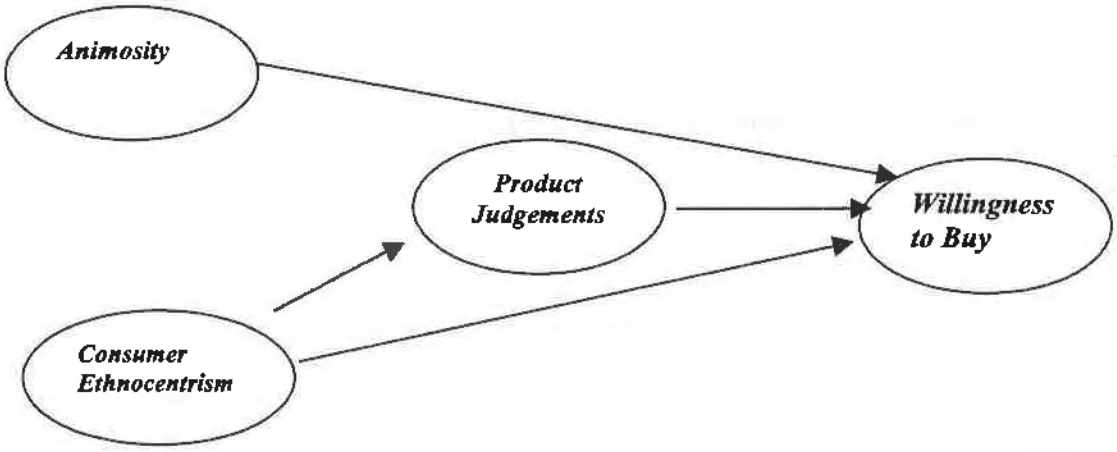
Ethnocentrism and animosity in developing countries

Ethnocentrism

Country-of-origin research studies have identified the challenges to be overcome in order to reduce negative attitudes and emotions between nations: The first challenge is to reduce the negative effects of (a) consumers' ethnocentrism. The second challenge is to reduce the negative effects of (b) animosity.

and target foreign markets and identify ways to modify their marketing strategies in regions where animosity might present an informal but significant barrier to trade.

Figure 1. The Animosity Model Of Foreign Purchase



Distinction between Animosity and Consumer Ethnocentrism

It is well documented in markets all over the world that some consumers have a predilection toward imported goods, whereas other prefers domestic alternatives. Perhaps the most widely used construct to understand this phenomenon is consumers' ethnocentrism, developed by Shimp and Sharma (1987) and measured by their CETSCALE. Consumers' ethnocentrism is defined as people viewing their own group as superior in comparison to the others, and as offering protection against apparent threats from out-group (Brislin 1993). Studies of consumer ethnocentrism generally have found that scores on the CETSCALE are related inversely to willingness to purchase imports, perceptions of the quality of imported goods, cultural openness, education, and income (Netemeyer, Durvasula and Lichtenstein 1991, Sharma and Shimp 1987). Consumer ethnocentric tendencies play a significant role when products are perceived to be unnecessary and when consumers believe that either their personal or national well-being is threatened by imports.

The CETSCALE measures beliefs about buying foreign product is general, whereas animosity is, by its definition, a country-specific orientated construct. Although animosity and consumer ethnocentrism can be related, animosity is conceptually and theoretically country-related. Consumers scoring low on the CETSCALE might find it perfectly acceptable to buy foreign products in general, but might eschew products form specific nations toward which they feel animosity. For example Shimp and Sharma 1987 find that higher CETSCALE scores among American consumers were predictably related to both a preference for U.S. made goods and aversion toward imports. As Shimp and Sharma suggest, the CETSCALE could become part of firm's tracking studies of consumer attitudes both domestically and in overseas markets. However knowing that the target consumers (either domestically or internationally), score low on the CETSCALE may be of limited practical value and even misleading if the firm's home country is both apparent to consumers and viewed negatively. In order to overcome this problem, marketing managers should focus their attention to precise information that provides specific insight regarding consumers' aversion toward a particular targeted country.

Moreover, consumer ethnocentrism and animosity may have different implications for perceptions of product quality. In Netemeyer, Durvasula and Lichtenstein (1991) four-nations validation study, the

1991, Netemeyer, Durvasula and Lichstein 1991) and tested outside US. The first animosity test was conducted in People's Republic of China toward Japan (Klein, Ettenson and Morris, 1998).

Croatia is better developed country then Bosnia and Herzegovina, but is still closer to Bosnia then to EU countries as per level of economic development. Serbia is at the similar level of development as Bosnia. Like Bosnia and Herzegovina, both countries are exporting majority of their products to the market of former Yugoslavia. Bosnia is one of the greatest export markets for all republics of former Yugoslavia, since it does not have much of own production, and the import is fully free. This research measures the animosity of Bosnian consumers toward the products from Serbia, Croatia and Western Europe, regardless of the product quality.

H3a: Consumer's animosity, both political and economic, has negative influence on willingness/readiness to buy imported products and

H3b: Consumer's animosity will affect the purchase, regardless of attitude toward the product quality.

Sample

Participants in the sample were the students of the third and fourth year at the Faculty of Economics, University of Sarajevo. Sarajevo is capital of Bosnia and Herzegovina, with population of 350,000 citizens, 67,2 % of which is domicile population and the rest of the population are displaced persons, which means newly settled people. Due to the strong presence of international organizations and institutions, between 5-10% of population of Sarajevo consist from foreigners, living permanently in the city. Thanks to that fact, and the fact that local production is weak and import is on free regime, the greatest number of imported products are available in Sarajevo. Almost all global brands and well-known producers are present at the market in Sarajevo.

The survey sample consists of 300 students of age from 18 to 25 (see Table 2 for full review), 40.33 % of which is male and 59.67 % female.

Although the "students versus consumers" type of discussion may be found in any consumer's behavior and marketing related publication, there is a general opinion that when the researcher is interested in evaluating the effects of certain occurrence, the consumers are better choice, but when he or she is interested in applicability of a theory, as in our case of research on ethnocentrism and animosity, the students are better sample (Calder, Philips and Taybut 1981).

Methodology

Questioned persons were asked to provide a valid answer that reflects an honest attitude of a respondent in relation to offered statements. The answer was expressed on the scale from 1 to 7, where 1 indicates that the respondent absolutely disagrees with the assertion, and 7 indicates that he/she agrees with it. Circling number 4 indicates perplexity. Therefore, the Lickert scale of from 1 to 7 was used.

The questionnaire has had six parts, plus the part with demographic data. The first part referred to the degree of ethnocentrism of Bosnian consumers and in this part CETSCALE (Shimp and Sharma 1987) was used. All 17 assertions were included because this type of research had never been conducted in Bosnia and Herzegovina before, and we thought they were all relevant. The second part of the questionnaire referred to the preference to purchase the imported product with questions like "I am not interested in possessing a product from Croatia". The third part was directed to the consumer's orientation, which means striving to copy/imitate people from developed vs. socialistic countries, as well as to the degree to which the participants identify their lifestyle with possession of a certain product. In the fourth part, the participants were asked to answer a range of questions that were refined and adjusted for this questionnaire, and that were considering animosity of consumers toward Serbia, Croatia and Western Europe. Economic and political (created by war) animosity was measured. Of six

are highly ethnocentrically orientated, above-mentioned results indicate that they, however, do not mind possessing foreign products and that they have nothing against import in general. In the other part of the questionnaire that deals with preference regarding buying imported vs. domestic products 19 out of 20 assertions are lower than 4.5, which supports the first hypothesis "Ethnocentrism has negative influence on willingness to buy imported products in Bosnia and Herzegovina". Further interpretation of these results, for the assertion saying that "Whenever is available, I rather buy product from B&H", which has average result of 4.98, is another proof of high ethnocentrism, as well as average results of Likert scale on the issue regarding preference of buying West-European, Serbian or Croatian products in regard to Bosnian products (3.21; 2.03; 2.70 – respectively).

In order to test the second hypothesis, based on the attitudes, which refer to the assertion "Positive influence on buying imported products results from the admiration to specific lifestyle", we observed linkage between the results reached in the third part (animosity of consumers) and the first part of the questionnaire (CETSCALE) on the hypothesis H2a. Based on those results, it can be concluded that Bosnian consumers admire lifestyle in developed countries (result 5.09) but do not pay attention whether bought products make them look better in the eyes of their friends, and that they do not copy persons by buying same products (see Annex 1.). Although Bosnian consumers admire lifestyle of persons living in developed countries (if we consider results of CETSCALE, which indicate high ethnocentric orientation of Bosnian consumers, i.e. unwillingness to buy imported products), hypothesis H2a is not valid.

While testing H2a hypothesis in part IV of the questionnaire, "General impression about products", participants were asked to evaluate products from Serbia, Croatia and West-European countries. Since Western Europe is the only area significantly more developed than Bosnia and Herzegovina, only the evaluations of its products can be considered. Therefore, participants evaluated those products as highly qualitative – 5.23; with high level of technological progress – 5.56; good design – 5.62; reliable and durable – 5.10; and more innovative than the products made in Bosnia and Herzegovina – 4.94. Referring to the above-mentioned results, it can be concluded that hypothesis H2b is valid. As opposed to that, quality, innovativeness, technological progress, design, etc. of the products from Serbia and Croatia were evaluated low and very low (all results are lower than 3.95). We also have to mention that Bosnian consumers consider products from Croatia better than products from Serbia. For example, technological progress of the products made in Croatia is evaluated with 3.46, as opposed to technological progress of the products made in Serbia – 2.22; design of Croatian products was evaluated with 3.85 as opposed to 2.41 for Serbian (see Annex 1.).

Hypothesis H3a states that: "Consumer's animosity, political or economical, has negative influence on willingness to buy imported products". Animosity research data were obtained from the fourth part of questionnaire (refined part Ettenson, Morris and Klein 1998.). The animosity level was measured by Likert scale. Less than 4.5 indicated low animosities and more than 4.5 indicated high animosities. Bosnian consumers feel higher political animosity toward Serbia (4.57), and low toward Croatia (3.08) and Western European countries (2.91). As far as economic animosity, they feel higher animosity toward Western Europe (4.58) and low toward Serbia (3.76) and Croatia (4.03). The results of economic animosity confirm Ettenson, Morris and Klein's conclusions that small and economically unstable countries feel threatened by great and economically developed countries. Comparing results obtained from CETSCALE and during animosity measuring, we can conclude that Bosnian consumers, apart from being highly ethnocentrically oriented, and not showing a willingness to buy imported products, are having a feeling of animosity toward some countries, such as political animosity toward Serbia and economic animosity toward Western European countries. By measuring the results obtained from the second part of questionnaire "Preference to purchase imported vs. domestic product" we can say that Bosnian consumers already expressed their attitude that they are not willing to buy products imported from Western Europe, Croatia and Serbia i.e. all results were lower than 4.5. Comparing these results to the results of animosity, we can make a conclusion that animosity negatively influences on willingness for purchasing imported products and that hypothesis H3 is valid.

Table 5. Hypothesis accuracy overview

Hypothesis	Accuracy
H1 – Ethnocentrism has negative impact on willingness to buy foreign products	T
H2a – A consumer's admiration for life style of the people in developed countries will have positive impact on willingness to buy foreign goods	F
H2b – Bosnian consumers will rate products from EDC more positively (i.e. Western Europe) than the product form countries similar to them, such as Serbia and Croatia	T
H3a – Animosity economic and political has a direct negative impact on willingness to buy foreign products	T
H3b – Political animosity will influence willingness to buy foreign product independently of quality judgment	T
H3b – Economic animosity will influence willingness to buy foreign product independently of quality judgment	T

Conclusions and Implications

Firstly we have to underline that this is the first time that this type of survey has been conducted in Bosnia and Herzegovina. Besides identifying consumer behavior factors unknown until now, such as the influence of ethnocentrism and animosity to purchase imported goods, our research also reflects Bosnian consumers in a new and not previously researched light. This is the first time we measured the level of ethnocentrism and animosity of consumers and found out how they react to products from foreign and neighboring countries.

The aim of the research was to determine the level of ethnocentrism and animosity in markets in Bosnia and Herzegovina. Obtained results enable better understanding of consumers by foreign and more importantly, local marketing managers. The research proves set hypothesis of ethnocentrism (Shimp and Sharma 1987) and animosity (Ettenson, Klein and Morris 1998) and it helps to understand the consumer behavior in developing countries.

Our research confirms previously noted implications related to ethnocentrism of consumers, actually that the ethnocentrism in Bosnia and Herzegovina has a negative influence on the willingness to purchase imported products.

Products from developed countries of Western Europe scored high for quality, functionality, etc. Importers of products from these countries should find appropriate marketing strategies that would bring their products closer to local consumers. Strategy that was very successful globally for overcoming ethnocentrism and animosity is a strategy of hybrid products (products produced in a home country under the license from a foreign country). The example is Coca-Cola, which is the best selling non-alcoholic drink in the Bosnia and Herzegovina market. Although Coca-Cola is foreign company, through local factory in vicinity of Sarajevo it gains a status of a local product and overpasses the barrier of an imported product or a product from Western Countries for which the B&H would feel animosity. It is shown that the production of hybrid products can be fruitful and successful in situations where ethnocentrism and animosity have a negative effect on the will/readiness to shop.

B&H consumers still do not have a tendency to purchase products from countries similar to it, i.e. from those on the similar level of development, such as Serbia in particular. They mark products from those countries worse than domestic ones. Reasons should be searched for in present politics of animosity towards the mention countries, especially towards Serbia.

Following conclusion is related to a shopping area, which is still not researched thoroughly, and that is purchase of products from countries whose lifestyle we admire in developing countries. For example, it is proven that there is a will in India to purchase imported products coming from countries whose

Present situation in Bosnia and Herzegovina market is appropriate for encouragement of purchase of local products and implementation of campaign such as "buy domestic products". Local manufactures should use advantages of buying local products as appeals of type to promote increase of employment, enforcement of economy, etc. when they are advertising their products.

For the end, we would add that this research opens the door for other research related to this subject in Bosnia and Herzegovina. It would be interesting and educational to determine which groups of consumers feel reluctance towards certain countries, and which do not, and determine which groups have a strong feeling of ethnocentrism, and which ones have a low one. Other interesting possibility for research is economic animosity consumers feel towards countries of Western Europe, what caused this, ways to decrease this feeling of animosity from the importer's point of view and a possibility of taking advantage of this situation from the point of view of local companies. Proven political animosity towards Serbia also show that politics of certain governments towards neighboring countries can have a negative effect on the business of their companies for many years.

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Attachment 1. The questionnaire and the scores

I CETSCALE	Score
Bosnians should always buy Bosnia made products instead of imports	5.65
Only those products that are unavailable in the BIH should be imported	5.50
Buy domestic product. Keep B&H working	6.51
B&H products first, last and foremost.	4.56
Purchasing foreign-made products is non-Bosnian.	3.71
It is not right to purchase foreign products because it puts Bosnian out of jobs.	4.60
A real Bosnian should always buy Bosnian made products	3.88
We should purchase products manufactured in Bosnia instead of letting other countries get rich of us.	5.18
It is always best to purchase Bosnian products	4.09
There should be very little trading or purchase of goods from other countries unless out of necessity	4.97
Bosnians should not buy foreign products, because it hurts Bosnia economy and causes unemployment	4.72
Curbs should be put on all imports	3.93
It may cost me in a long run but I prefer to support Bosnian products	4.76
Foreigners should not be allowed to put their products on our market	2.97
Foreign products should be taxed heavily to reduce their entry into B&H	4.67
We should buy form foreign countries only those product that we can not obtain within our own country	4.91
Bosnia consumers who purchase product made in other countries are responsible for putting their fellow Bosnians out of job.	4.14
II Willingness to buy domestic vs. foreign product	
I would rather buy foreign product, than one made in B&H.	3.19
I would rather buy Western European product than one made in B&H.	3.21
I would rather buy Croatian product than one made in B&H.	2.70
I would rather buy Serbian product than one made in B&H.	2.03
When ever possible, I avoid buying products made in B&H.	2.10
When ever possible, I avoid buying products made in Serbia.	4.38
When ever possible, I avoid buying products made in Croatia.	3.92
When ever possible, I avoid buying products made in Western Europe.	3.46
When ever available I would prefer to buy product made in B&H.	4.98
When ever available I would prefer to buy product made in Western Europe	3.44
When ever available I would prefer to buy product made in Croatia	2.76
When ever available I would prefer to buy product made in Serbia.	2.20
If two products were the same I would pay more for the product from BIH.	4.18
If two products were the same I would pay more for the product made in Croatia.	2.01
If two products were the same I would pay more for the product made in Serbia.	1.64
If two products were the same I would pay more for the product made in Western Europe.	2.81
I do not like the idea of owning Bosnian products.	2.57
I do not like the idea of owning Croatian products.	3.36
I do not like the idea of owning Serbian products.	3.66
I do not like the idea of owning Western European products.	3.26

The citizens of Croatia are diligent and honest.	3.71
The citizens of Croatia are nice.	3.88
Croatia is honest and reliable partner.	3.76
Croatia is peace loving.	3.48
Croatian political system resembles ours.	3.93
Serbia is renown for good brands.	2.32
The citizens of Serbia are diligent and honest.	2.71
The citizens of Serbia are nice.	2.79
Serbia is honest and reliable partner.	2.63
Serbia is peace loving.	2.12
Serbian political system resembles ours.	2.75

VI General impression about products	Score
The products made in Western Europe are high in quality.	5.23
The products made in Western Europe are highly technologically advanced	5.56
The products made in Western Europe are carefully designed	5.62
The products made in Western Europe are reliable and durable.	5.10
The products made in Western Europe are more innovative than products made in B&H.	5.67
The products made in Western Europe are more functional than products made in B&H.	4.94
The products made in Western Europe are more expensive than product made in B&H.	5.19
The product made in Serbia are usually luxuries	3.70
The product made in Serbia are usually luxuries	4.02
The products made in Croatia are high in quality	3.63
The products made in Western Europe are highly technologically advanced	3.46
The products made in Western Europe are carefully designed	3.85
The products made in Croatia are reliable and durable.	3.57
The products made in Croatia are more innovative than products made in B&H.	3.95
The products made in Croatia are more functional than products made in B&H.	3.73
The products made in Croatia are more expensive than product made in B&H.	4.36
The product made in Croatia are usually necessities	3.34
The product made in Croatia are usually luxuries	3.08
The products made in Serbia are high in quality.	2.34
The products made in Western Europe are highly technologically advanced	2.22
The products made in Western Europe are carefully designed	2.41
The products made in Serbia are reliable and durable.	2.40
The products made in Serbia are more innovative than products made in B&H.	2.29
The products made in Serbia are more functional than products made in B&H.	2.33
The products made in Serbia are more expensive than product made in B&H.	2.80
The product made in Serbia are usually necessities	2.72
The product made in Serbia are usually luxuries	2.37

changes in each can be more readily measured and can be represented in two-dimensional space (price and quality).

Quality. In a previously published study, Carsky, Dickinson and Canedy (1998) examined changes in quality for selected U.S. consumer goods. That study found a general increase in the substantive quality of the products examined. The term substantive quality describes quality in the engineering tradition, or where quality is "conformance to requirements" (Crosby 1979, 15) or "measured quality" (Geistfeld 1988, 144). It refers to "objective" quality, which can serve as an umbrella term to incorporate Holbrook's (1994) intrinsic, mechanistic, production, and reliability-based definitions; Garvin's (1988) product based; and Steenkamp's (1989) production management. According to Zeithaml (1977), objective quality "refers to measurable and verifiable superiority on some predetermined ideal standard or standards. . . . Ratings from sources such as *Consumer Reports* are used to operationalize the construct" (p. 4). Consumers' Union (CU), publisher of *Consumer Reports*, is the most widely recognized source for objective and reliable data on consumer product quality. CU accepts no free samples for testing. It relies on anonymous shoppers to purchase sample products from retail stores. Products are tested to measure performance in accordance with "everyday use by an average consumer." Evaluative criteria are established along with importance ratings for each product. Where standardized tests are available (e.g., ASTM tests), those are used; otherwise, use and wear tests are developed. Test results are summarized and reported by brand name in *Consumer Reports* magazine and other selected media (Garman 1991, 209).

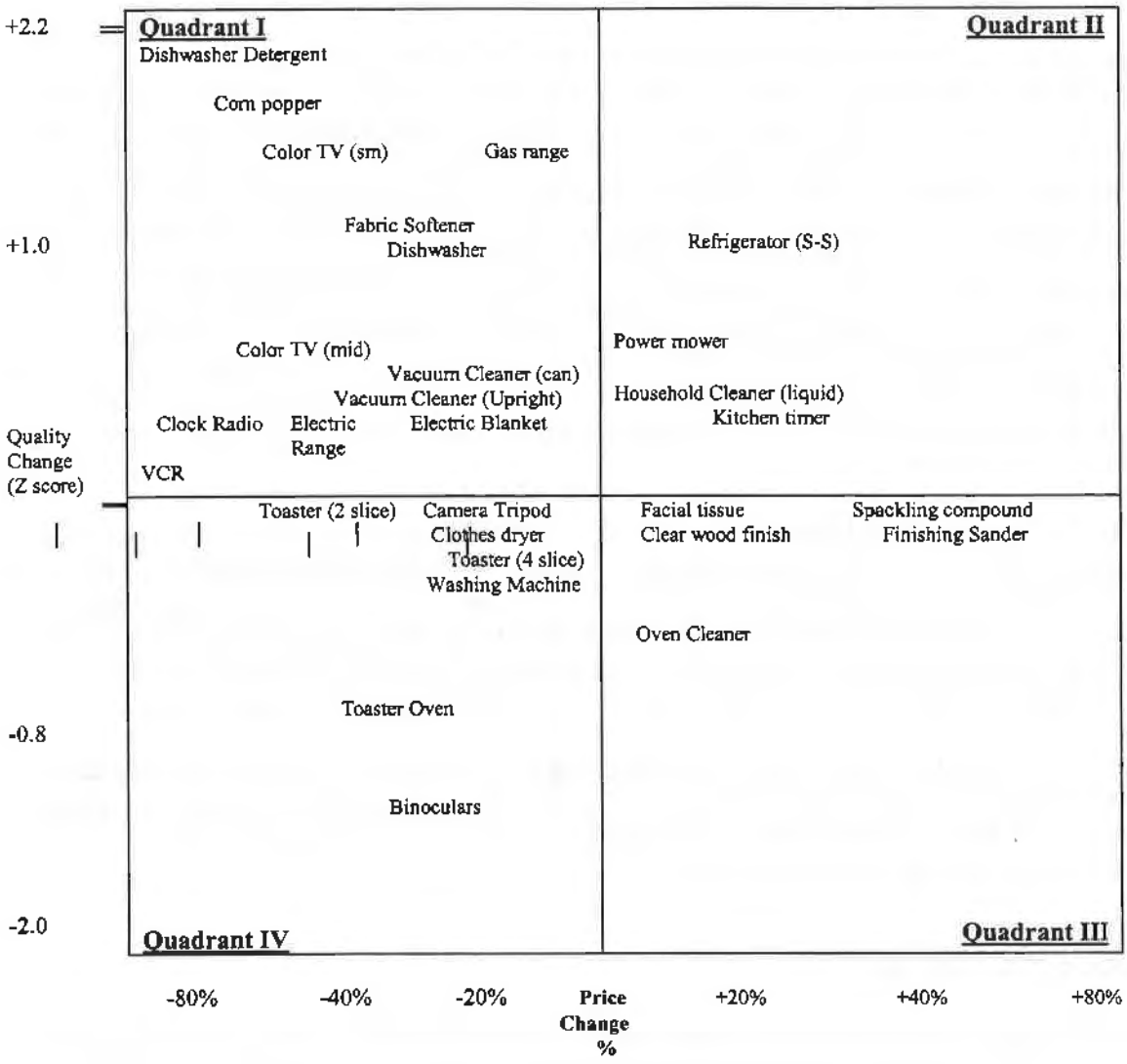
The sample selection for the quality study followed that used by Hjorth-Andersen (1984) in examining quality and efficiency in markets for consumer products using data from 1978 to 1980. Hjorth-Andersen's sample was based on *Consumer Reports* product test results between 1978 and 1980. It included all tests except foodstuffs, automobiles, tests in which the number of variants was less than five, and tests in which the number of variants was less than five, and tests in which the number of product characteristics was less than three (Hjorth-Andersen 1984, 709). Product test restyles were obtained from the issues of *Consumer Reports*. The ordinal ratings for each characteristic were scored *excellent = 5, very good = 4, good = 3, fair = 2, poor = 1.* The means of the individual characteristics' ratings on each product were converted to z-scores for the analysis. This data set of *Consumer Reports* tests results from the 1978 to 1980 issues formed the baseline for investigating the change in quality variation over time. Changes in quality over time were examined by comparing ratings in 1988 to 1990 to those between the base period of 1978 to 1980.

Of the 47 products studied, more than fifty percent showed an increase in substantive quality. Also, for most products, the variability of quality ratings among brands within a category declined. From this, Carsky, Dickinson and Canedy conclude: "Variability in product quality has decreased and substantive quality has increased in most product categories including durable and nondurable search and experience goods. We found clear evidence that quality differences have decreased, even among new entrants to the marketplace. These findings have implications for both consumers and marketing practitioners. Consumers' search is simplified, and in many situations it is no longer necessary to focus on quality differences. The elements of price, retailer services, and convenience become more important," (1998, p. 140).

Price. The present study extends the earlier by examining changes in the prices of these same products at the same time points. Together, the price and quality data form a picture of changes in marketplace value for consumers. Two possible influences on price dynamics are apparent. First, since the variability of quality decreased, greater emphasis on price competition may occur in an effort to differentiate. Second, since overall quality levels increased, prices may be increased to take advantage of consumers' expected correlation between price and quality (Buzzell and Gale 1987).

Price data were available for 29 of the 44 product categories examined in the original study for which complete quality data were reported. Price data were obtained from the same issues of *Consumer*

Figure 1: Price, Quality Evolution



product declines at a constant rate with each doubling of cumulative output so that the log of current average cost per unit is a linear function of the log of cumulative volume (Boston Consulting 1972, Henderson 1979, 1984a, Kotler 1985). The slope of the experience curve indicates the amount of cost reduction associated with each doubling of production volume. For instance, a slope of 20% indicates that cost should drop by 20% with every doubling of cumulative output. The experience curve covers all costs ranging from capital, research and development, marketing, production to administrative costs (Boston Consulting 1972, 1975). Also subject to the experience curve are labor, advertising, overhead, distribution and development.

Although the experience curve effect has been demonstrated to be relevant to numerous product categories it need not be all industries or at all times. The effect has been seen as more likely to be observed for capital intensive and high value added industries (Jacobson and Aaker 1985).

Because of substantial cost reductions early in the PLC, there exists the *possibility* of significant price reductions. This is particularly true when the pioneering firm has initiated the market with a skimming strategy (Redmond 1988). When this occurs, the high initial price comes under pressure as new entrants seek to gain share by lowering price, thus increasing consumer value. On the other hand, when the pioneering firm has pursued a penetration pricing strategy there is little room for further price reductions, as cost reductions serve to turn the business from a loss-making to a profit-making proposition. In these cases there was good consumer value from the start, but the level of value (with respect to price) does not register gains over time.

In addition to the value proposition between manufacturers and consumers, there are implications of the manufacturer's experience curve for retailing firms, particularly for large retail firms because of their larger potential power. Since the costs of manufacturers in real (inflation deflated) terms should keep on going down, retailers should be cognizant of the potential cost reductions that should be at least partly passed on to them. The longer the relationship between the retailer and the supplier, the more important should be the supplier cost reductions. An aggressive retailer should set about getting its share of the supplier cost reductions.

Also, the retailer may want to consider the anticipated future price reductions of the supplier in establishing pricing at retail. This type of thinking, as we will suggest in the next section, may be integral to what has come to be termed cost driven marketing (Dickinson and Cooper 1992). An estimate of future supplier costs may be important in making the decision about whether or not to go into private brands. Thus the projected cost reductions of private brand supplier A might have to compared with the anticipated cost reductions of private brand supplier B.

Strategically, the experience curve impact may influence power within the channel particularly if the changes in manufacturer costs are large. If power between a retailer and a supplier is determined by the ratio of the respective losses to the buyer and the seller of discontinuing or not entering into a relationship, then, ceteris paribus, given a particular price structure at the supplier and the retail level, the changes in the respective curves will influence the power (Dickinson 1967). Granting ceteris paribus, if the impact of cost reductions is greater at the supplier level than the retail level, the supplier will have more to lose than formerly by a discontinuation of the relationship. Different rates of change for the retailer and supplier experience curves can be destabilizing.

Of relevance for the present study is that these two types of programs emphasize different aspects of quality. Statistical process control focuses attention on reducing defects, an outcome which is not heavily weighted in the *Consumer Reports* tests. Quality function deployment starts with customer-defined elements of product quality, an outcome which is much more closely related to the *Consumer Reports* tests. Hence the roughly equal split between increases and decreases in quality in Figure 1 may represent a roughly equal split among firms adopting statistical process control and quality function deployment.

Quality improvement programs also aim to reduce production costs. Cost reductions, if attained, introduce the *possibility* of price reductions while maintaining profit levels. However, the PIMS studies suggest that higher quality is often associated with higher rather than lower price (Buzzell and Gale 1987). It is thought that consumers seek out higher quality products and are less price sensitive in buying quality. Hence the distribution of price changes in Figure 1 may represent a distribution of firms between those using quality programs to increase profits by raising price and firms using quality to reduce both costs and prices.

Also of note is the popularity of business process reengineering. Sluggish productivity gains in the 1980's lead management consultants (Hammer and Champy etc.) to suggest changing the structure of the organization away from functional area and to process. And indeed this has been a great revolution. Many annual reports focus on the success of process. The organizing thrust can be seen as the computer. Thus in this manner we get the benefits of the computer whatever new problems might be created. Other facets of reengineering emphasize teams and less hierarchy. Reengineering is not just any restructuring – it is restructuring with a focus on process.

As with the quality movement, reengineering has been attempted unevenly across industries and with unequal success where attempted. Consequently quality levels and price levels do not move uniformly across markets, and consumer value increases in many markets but not all.

Overall, an increasing emphasis on quality should push markets toward either Quadrant I or Quadrant II. Adherence to the PIMS approach may favor Quadrant II in the sense that PIMS indicates that lowered price sensitivity by customers is an outcome of increased perceived quality.

P1. 4 Retail Power. Relative to manufacturers, retailers in the U.S. might have gained in power and influence in consumer markets. Implications for consumer value are numerous. As noted above, retailers are active in cost reduction strategies and may pass these savings to consumers in the form of price decreases. However, price is not the exclusive focus of competitive strategy that it has sometimes been in the past (Svensson 2001). Consumers' expectation for redress of dissatis factor has exerted pressure on retailers to provide them with better products. Large retailers such as Wal-Mart have put substantial pressure on manufacturers for quality (Kotler, Jatusripitak, and Maesincee 1997). Increasing acceptance of private labels has lessened retailer dependence on national brands and thus altered the relative negotiating power between the two parties. Value-minded consumers have caused a rise in sales of private labels since the late 1970's. The effect is to increase store loyalty at some loss to brand loyalty.

Increased retail power also appears to affect manufacturer's promotion allocations. The ratio of sales promotion to advertising has increased. Indeed dollars to sales

External Factors

P3.1 Government Safety/Quality Standards. A final possibility is that improvements in value, especially on the quality aspect, are due not to sellers or buyers but to third parties. Government agencies and private associations are instances of third parties who can and do exercise influence quality standards. Some of these establish minimum acceptable levels of safety in product design and are capable of enforcement through product recalls. Examples include automobile defects, child seats and food products. Other governmental interventions are aimed at providing consumers with improved information with which to assess the quality of products. Food labeling is an example, as are actions such as required energy labels on appliances have contributed to increased quality in consumer goods.

Private associations also play a role with respect to product quality. Certain industry-specific associations work similarly to those government agencies which establish minimum quality levels and safety standards. Compliance, however, is generally voluntary. Other types of associations establish standards of uniformity in design so that the products of different industries can be used together. For example, ANSI establishes specifications for pipe threads. Others work to improve overall quality, such as ISO. MACAP (Major Appliance Consumer Action Panel) was dissolved several years ago. Consumers simply do not have complaints about appliances at this time.

As with the propositions above, the influence of third parties on quality and value is nonuniform across markets. This is clearly the case with industry-specific associations, but also applies to government agencies. Fuel economy standards, for example, are higher for passenger cars than for the seemingly ubiquitous SUVs. Overall, government standards should increase quality, favoring outcomes in Quadrants I and II.

Conclusions

Competitive markets are subject to a range of potential influences which may impact the value which consumers receive in the marketplace. The data examined here show some tendency for evolution in a direction which benefits consumers. This is not, however, taken as a market-wide equivalent of Smith's invisible hand argument. Markets do not automatically tend toward higher levels of consumer benefits (Scherer 1980). Much appears to depend upon what consumers seek in the marketplace. If consumers seek value and suppliers see this as a viable way of achieving their own interests, increased value is a likely result. It consumers seek status through purchased objects, then sizzle is likely to outweigh steak, and less value is a likely result.

Much also appears to depend on the conduct of producers and intermediaries. Vigorous competition depends to a large extent on the ambition of some to grow faster than others. A change in managerial orientation away from growth and toward margins may result in reduced consumer value. Trends in market value are an important issue in assessing overall consumer welfare. Individual consumers can take action to increase their own attained value through the use of coupons, specials and their own analyses of quality (Carsky, Dickinson and Smith 1995). The importance of consumer value as analyzed here is that it represents a market-wide level of value. That is, it reflects a level of value delivered to all comers. In this light, consumer value is analogous to the concept of consumer surplus: the benefit of an increase in consumer value is automatically gained by all consumers, even those who would have settled for less.

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1961; Paldam and Svendsen 2000; Portes 1998; Putnam 1993; Uzzi 1997; Wallace and Shmulyar 1999; Woolcock 1998). This study is intended to shed light on how they function in the marketplace and contribute to the viability and development of a downtown retail area.

Data Collection

This study used an omnibus strategy, which combines direct participation, observation, interviews of respondents and informants, photography, and document analysis (Denzin 1978, p. 183.) Its relatively holistic approach reflected the assumption that community among retailers and customers is best understood as a complex system that is greater than the sum of its parts. The setting was a downtown retail area, with 27 block sides and 90 small stores, in a U. S. Midwestern city of about 90,000 people.

One co-author spent an average of two to three days per week gathering data, from August through November 2001. She recorded fieldnotes in over 40 hours of participant-observer activity, as a clerk in one store and observer in other stores (Emerson, Fretz, and Shaw 1995). In addition, she conducted eight semi-structured, taped interviews (averaging one to two and a half hours) with four owners and four customers, who were identified by owners as experienced and knowledgeable experts (Lincoln and Guba 1985). These individuals were chosen to offer insights on the "complicated character, organization, and logic of culture" (McCracken 1988, p. 17) from informants with a sufficient degree of enculturation and current involvement (Spradley 1979). Interview guides were developed along a funneled sequence (Gordon 1980) and subsequent specification of categories and relationships followed Strauss and Corbin (1990). She also conducted informal interviews with 30 other owners, employees and customers. Finally, she took 72 photographs in and outside establishments and informants' homes and collected a variety pamphlets and flyers in the local businesses.

Data were analyzed using an ethnography of communication model (Hymes 1976). Patterns and relationships among identified themes were triangulated across research methods and data sources and the other co-author acted as an independent auditor, to assess validity of findings (Lofland and Lofland 1995; Miles and Huberman 1984).

Findings

Communal Interconnectedness: Networks, Reciprocity, and Exchange of Information

Our findings indicate many reflections of the previously noted aspects of communal influences and social capital among retailers and customers. For example, communal interconnectedness, network relationships, reciprocity, and a rich exchange of information are evidenced in multiple ways. There are interlocking customer-to-retailer, retailer-to retailer, and customer-to-customer networks in which both retailers and customers act as bridges (Granovetter 1985). Merchants and customers report interacting with one another for commercial and social purposes. Customers report that they make referrals to one another about stores and products. Communication networks among merchants and customers are also evident. Many customers rely on retailers to relay information to other retailers and customers (on store policies, local events, and complementary stores in other towns) and to city authorities (on downtown parking and infrastructure). Moreover, customers form friendships with those they meet at downtown stores and events and correspond with patrons from other cities.

Reciprocity among merchants and customers takes many forms. Besides jointly advertising and sharing orders for goods and supplies, sending customers to other stores, and warning one another about suspicious customers, merchants help one another with chores, cover for one another when they leave their stores, offer parking to others stores' patrons, and take in other stores' customers before they open for the day. Merchants and customers also help one another (including those they have not previously met), often without the expectation of direct reciprocity. They give travel tips, translate foreign language materials (e.g., from lovers and adoption agencies), and support others' volunteer work

Implications and Extensions

Our findings suggest that communal influences and social capital among retailers and customers are evidenced in varied ways, which may seem counterintuitive from the perspectives of conventional notions of individual self-interest or dyadic relationships between retailers and customers. In general, their effects are positive and they contribute to the downtown areas viability.

Yet, there are also indications of dysfunctional and negative effects. For example, some merchants and customers recognize these benefits but also note that their immersion in this perceived community leads to a shared intimacy that results in a regrettable loss of privacy and blurring of commercial and social boundaries in their lives. In some cases, they also have mixed feelings or guilt about patronizing stores outside the area or putting pressure on their peers and employees to do the same. In addition, some customers feel compromised by their commitment to the downtown. For example, they think that they get worse service than other customers if stores are busy because they are known to be loyal, tolerant patrons. Some merchants perceive undue pressure to meet increasing expectations for collaboration with other stores and levels of service to customers who feel socially and emotionally tied to the downtown. The added customers and activity from further downtown development may pose challenges to the intimacies, collaboration, and communal responsiveness observed in this study.

Meanwhile, our observations suggest the need to extend Alderson's (1965) conceptions of organized behavior systems and relationships between retailers and consumers. Future research should address the communal interconnectedness and networks among marketers and customers in retail and other settings, possible non-uniformity in the operation and effects of communal influences and social capital, other forms of collective participation by marketers and customers, and the evolution of communal sentiments over time.

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by many mail-order operations and by e-commerce leaders such as Amazon.com may reduce consumer skepticism in the short run. However, the lack of Western consumer expertise in identifying counterfeit items may provide opportunities for those with access to "quality" counterfeit goods.

Traditionally consumers in environments flooded with fake branded goods have used non-product cues such as price or the type of outlet selling the item to identify counterfeits. The perception that there is a simple dichotomy (authentic brand vs. obvious fake) is questionable in today's global economy. The outsourcing of production to developing economies has provided these countries an access to improved manufacturing processes and access (and familiarity) to the Western brands. Further, technology advances have decreased the startup costs for counterfeiters greatly. Given the costs associated with establishing brand equity, borrowing others' equity apparently is an attractive alternative.

Lai and Zaichkowsky (1999) list four variants of Intellectual Property Rights (IPR) infringements: counterfeiting, piracy, imitation brands, and gray marketing actions in which manufacturers produce overruns of branded items and distribute them through unauthorized channels. Gentry et al. (2001) offered a more extensive list of "fake" items, as shown in Figure 1. This paper will focus on the columns at the far right, which in themselves present a continuum in terms of quality.

Figure 1: Genuine-Counterfeit

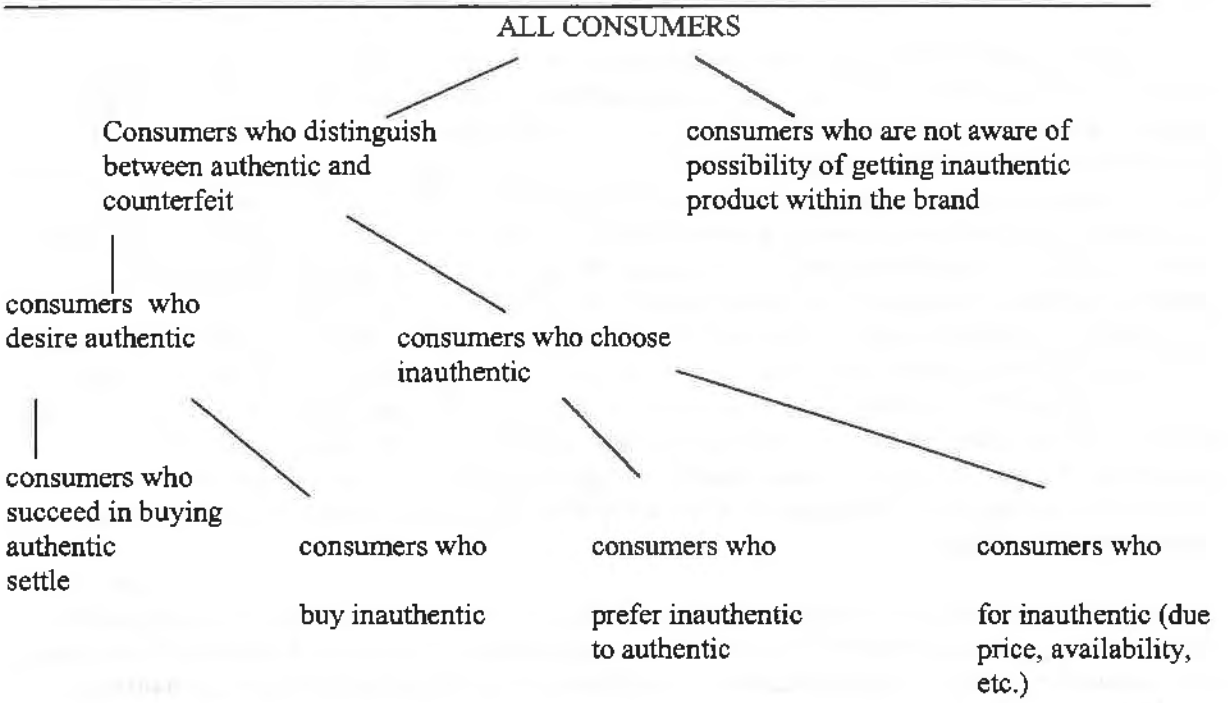
Genuine item	Second	Overrun	Legitimate copycat	High quality counterfeit	Low quality counterfeit
Original product with full warranty	Manufacturer authorised products with defects or out of date	Manufacturer unauthorised locally produced to original standards	Retailers such as the Limited copy designs from fashion houses	Not produced to original standards yet similar on key attributes	Significantly different from original on several key attributes

Another benefit that the paper offers is increased insight into a fairly ubiquitous market practice, the sale of illegal goods. While much of the literature on counterfeiting takes a "deceit" frame of reference, we acknowledge that, even though the products involved are illegal, both vendors and buyers see the process as being legitimate. They participate knowingly and volitionally in part because of greater choice opportunities (gradations in counterfeit quality allow vendors to select the gradation most appropriate for the consumer). On the surface, these processes would seem to offer greater democratization to the market place, but we still observe the "class" system that brands impose on consumers. For example, even the accessibility to affordable counterfeits may involve a reality check: "none of my friends would believe that I can afford the real thing."

Micro Perspective

Product quality variance has reduced greatly in North America (Carsky, Dickinson, and Canady 1998), and brand name has become an exceptionally strong cue for quality. The consumer search literature has strong roots in economics. It is interesting to note that early economic models assumed that consumers had or could easily obtain perfect information and, therefore, knew the most efficient brands and stores (Goldman and Johansson 1978; Stigler 1961). While such unrealistic assumptions have been discarded for more complex and realistic models, the consumer search process is essentially assumed to be one involving two steps: (1) the determination of the preferred brand(s)

Figure 2
Consumer Reactions To A Counterfeit Environment



members of the cohort and reasoned criteria for evaluating counterfeits. As the purchase of counterfeits rises among peers, a decision to purchase a counterfeit may be a sensible and guilt-free alternative. As the purchase of counterfeits becomes more common, consumers develop relevant parameters for the evaluation of counterfeits. Unlike evaluating the purchase of a counterfeit as being a compromise or the result of being deceived, consumers appear to evaluate the value-for-money of a counterfeit vis-à-vis the reduced value (durability/reliability) against the reduced price of a counterfeit. Thus, there may be a conscious comparison of a counterfeit with a genuine item. The predominantly Western notion that the genuine article is the norm and the counterfeit is deception may not be valid in a marketplace where counterfeits abound and where consumers have begun to build norms for comparison of counterfeits with genuine items (Gentry et al. 2001).

The micro perspective provides the rich insight that search, at least in an environment with abundant counterfeits, is more complex than that usually noted in western societies. The micro perspective has dominated North American research on counterfeiting, focusing on price/quality relationships. Empirical research in the area (Cordell et al. 1996) has found that the expected performance of a counterfeit relative to its genuine counterpart is an important influence on a consumer's willingness to purchase a counterfeit product, thus concluding that the purchase of known counterfeits is driven by consumer pragmatism. We step back from the micro perspective in the next section to question whether consumers are so pragmatic.

A More Macro Perspective: The Search For Authentic Counterfeits

An interesting approach to studying counterfeits or "fake experiences" from a macro perspective is through an examination of the behavior and motivations of tourists. Tourism is the largest global industry (Belk 1997), accounting for more than ten percent of the world's economy (Belk and Costa 1995). Tourism saw phenomenal growth in recent years (prior to September 11, 2001) for a variety of reasons such as increased affluence, improved infrastructure, and better access to exotic locations. We argue that the tourist may have non-functional reasons for actively seeking

the concern about authenticity in tourism " . . . seems to be a particular occupational hazard among modern intellectuals" (Redfoot 1984, p. 306).

Cohen (2002) discusses and offers support for the notion that authentic experiences are not now, and have never been, the sole purpose of travel. Many travelers of old tried to insulate themselves from the "picturesque" local people. This was in part because they were more interested in pleasure, relaxation, and/or status, but also because of a simple lack of interest in and even disdain for "natives".

Eco (1983) offers the most critical description of the contemporary tourist, as he seems to particularly loathe the American postmodern tourist attraction. He describes this hyper-real tourist attraction, "where the American imagination demands the real thing and, to attain it, must fabricate the absolute fake . . ." (p. 8), both with respect to culture and nature. Firat and Venkatesh (1995) explain that the hyperreal consumption of "native" culture aims to produce a sense of authentic identity. It is not a great logical leap to conclude that such tourists would like to purchase a symbol of this "absolutely fake" experience that itself may be clearly fake. Thus, in the construction of the "authentic" self-identity the fake item becomes an "authentic counterfeit."

This perspective differs from the micro perspective discussed earlier, and from prior empirical work. For example, Wilke and Zaichkowsky (1999) note that people want goods simply because they are exclusive and that, if people wearing the genuine item are asked if it is fake, the question does not enhance the owning of the real thing. On the other hand, there may well be instances when the people are wearing fakes, and they are pleased to have the opportunity to share their narratives. Also, Grossman and Shapiro (1988, p. 82) state that "the counterfeiting of a status good ... deceives not the individual who purchases the product, but rather the observer who sees the good being consumed is duly (but mistakenly) impressed." This interpretation incorporates the prestige motive mentioned earlier, but possibly incorrectly. We argue that the tourist is not trying to deceive his/her peers, but rather is obtaining a symbol that lets others note that he/she has had this prestigious tourist experience.

In addition, the tourist may well purchase the fakes to satisfy a novelty motivation. Most tourists already have functional products to fulfill the product's purpose, but few people have a "Dolex" watch. We suggest that this aspect of purchasing a counterfeit involves the playfulness dimension discussed by Holt (1995). Wee, Tan, and Cheok (1995) found that novelty seeking consumers are more likely to intend to purchase counterfeits, as these are viewed as a low-cost means of satisfying their curiosity and need for experimentation.

Recent work by Nia and Zaichkowsky (2000) support this "fun" perspective. Their respondents indicated that luxury products are fun and worth the price, whether they were genuine or counterfeit. Over 70% of their respondents indicated that the value, satisfaction, and status of genuine luxury brands were not decreased by the wide availability of counterfeits. Further, the majority disagreed that the availability of counterfeits negatively impacts their purchase intentions for genuine luxury brands. These results argue against the search continuum suggested in our micro perspective; rather, they suggest that there is a separation of counterfeit from genuine in the consumer's mind and infer that the purchase of a fake has unique "fun" attributes. This is in accord with Rice's (1996) fashion tip that counterfeits make great gifts, not because they are affordable but because they are "uniquely fun." We attempted to develop this Macro perspective further by collecting data from vendors and tourists in night markets in Singapore.

Method

An interpretive ethnographic approach was utilized through participant observation, in-depth semi-structured and informal interviews in a naturalistic counterfeit goods retail environment, given

analysis (Kassarjian 1977), as well as qualitative interpretative approaches (Arnould and Wallendorf 1994; Belk et al. 1988). For this research, several analytical techniques were employed, and they included triangulation of interpretations, identification of patterns or themes, and memoing.

Interpretation and Analysis

The Tourists Quest for 'Authentic' Experience

The data indicate that tourists generally seek 'authentic' experiences in their travels and view the purchase of counterfeit products as symbolizing an authentic experience. Tourists appeared to differentiate between an authentic experience and a (staged) "touristy" experience and indicated that, while they had a desire to seek the authentic experience, they would also visit the 'touristy' places as part of a holistic travel experience. Experiences symbolic or integral to the local culture, customs, and history were regarded as authentic and the ones that have been (artificially) put in place to appease the tourists were considered "touristy" ones.

> When I travel, I hope to experience both authentic places like historical sites or the authentic culture of the people as well as the 'touristy' types - despite the 'fakiness' [Canada, Chinese, Female, late 20s]

This is congruent with Belk's (1997, p. 30) observation: "For like sightseeing and what passes for local cuisine, no recreational trip by an educated middle-class consumer is complete without museum-going and shopping to help authenticate the experience. Kelly (1987) found that often the museum experience goes no further than the gift shop. Belk (1997, pp. 30-31) observed wryly that "the prestigious sense of having 'been there' and 'done that' is truncated into 'having bought the souvenirs.'" While one typically thinks of authentic local fare as constituting a souvenir, when some markets are classified as bargain hunters' paradises and develop a reputation for high-quality fakes, then counterfeits begin to seen as "unique" and "fun" souvenirs.

The notion that tourists aim to communicate their 'authentic' experience through the purchase of counterfeit products becomes further evident when consumption of counterfeits is perceived to be an integral part of the tourist's perspective of the native culture.

> Hey, you cannot go to Thailand without coming back with some fake products. ***Why is that so?*** Thailand is one of the counterfeiting hubs of Asia where there are all kinds of products that you don't even have in Singapore or Malaysia such as ties, dress and sports shoes. Counterfeiting is socially accepted in Thailand and they target mainly tourists. For my wife and I, visiting Thailand means buying fake products. I guess it is part of the tourists' culture. Similarly, when we went to Korea we bought about 6 pairs of Nike sports shoes. South Korea is well known in selling counterfeit Nike shoes. My friend told me that these shoes are basically excess stocks from the factory. No wonder the quality is not very different from the original which sells for US$150 [Malaysia, Chinese, Male late 30s]

In their quest for 'authentic' experiences, some informants had even singled out some of these more obvious socially tolerant societies for counterfeit products such as Thailand, Malaysia, Hong Kong, China and Indonesia. On the other hand, these informants felt that countries such as Singapore, South Korea and Japan are somewhat less associated with counterfeiting although such products are ever present in shops. This may be due to the stringently enforced laws in these countries that curb or suppress the prevalence of such activities. In markets were enforcement is vigorous, one needs to be an insider to have access to high-quality counterfeits. A casual tourist may not readily see them in the open marketplace.

When I travel, I would get reasonably good T-shirts for my grandchildren. They particularly like the surf brands like Quiksilver. The quality of the T-shirts is pretty good. ***Would you buy those that do not resemble the original?*** Honestly, I can't tell the exact replicas from those that are not. I just buy those that have nice designs and have a comfortable feel. I am sure my grandchildren would wear them … kids would wear anything. [New Zealand, Caucasian, Male 50s]

Well, I wouldn't buy it [fake watch] for myself. Besides you don't know how long they would last. I rather get an original … whatever the brand may be .. so that I can tell the actual time. I would however get a couple for my friends. ***Why is that so?*** Well, it would be fun and saves me that trouble of having to pick some expensive 'real' stuff [smiles]. [United States, Caucasian, Male, late 20s]

We have just bought some watches for our friends in Japan. As most of our friends are couples, it just makes sense to get a pair of men's and ladies' watches for them. [Japan, Japanese, Female, 20s] …. Yes, these watches are inexpensive. I am sure our friends would be shocked to receive the gifts. They would be shocked that we can afford not one but two Rolex watches initially, but I guess eventually they will find out. ***Do you think that would wear it?*** It doesn't matter if they will or not. [Japan, Japanese, Male, 20s; husband to Female above]

While the first two quotes raise the issue that the gift recipient might think that the good is genuine, there is no concern about repercussions should the recipient realize that it is not. The last quote indicates that the givers are trying to make certain that the recipients see the goods as fakes, by buying two rather than just one. In most cases, we suggest that the gifts are intended to symbolize the tourist's experience more than to provide the recipient with a functional product.

Evidence for Rational Search As Well

While the interviews yielded data to support the notion that "authentic counterfeits" exist, it must be noted that the context of the interview format (asking tourists and vendors about the search for fake luxury goods) was biased in favor of finding such evidence. On the other hand, there was also much evidence that the tourists appeared to be rational in terms of making price/quality tradeoffs. It is possible that such rationalizations may have been post hoc justifications to appear intelligent to the interviewer. Yet, in the context of similar findings in studies that investigated the search process (Gentry et al. 2001); it is possible to propose the possibility that not all such rationalizations are purely post hoc.

Some tourists not only did not want "authentic counterfeits," but they did not want counterfeits at all because of *quality* concerns. These informants indicated in their responses that they would avoid purchasing counterfeit products - not so much because people would be deceived into thinking these products are real, but they themselves would be deceived into thinking that the products would perform as they should, at least for a reasonable period of time. In other words, when the ludic dimension was absent, no value was seen in the purchase of the counterfeit because of an association with poor quality. As mentioned earlier, while the "insiders" had access to reliable information on what was a high-quality counterfeit and where to find it, a tourist typically lacked such knowledge and felt vulnerable to unscrupulous sellers.

I would avoid buying fake products because they are of poor quality. VCDs [Video Compact Discs] with poor visual and audio quality, computer software with missing DLL [Dynamic Link Library] files, watches that die on you after 18 hours if you don't wear it before, and the

lasts me a couple of years. Now that's good value for money! [United States, Caucasian, Male, late 20s]

I once bought a Boy London watch from Thailand. It looked exactly like the original and lasted me about 2 years. ***Was the watch you got keeping accurate time?*** Yes, It was. These fake watches normally do. However, when it stopped recently, I didn't get it repaired. It is not worth my time and money … I guess that's why you buy fake products in the first place. I am here to get a new one. [Hong Kong, Chinese, Male, early 30s]

There are some pretty good fake products out there that resemble their genuine counterparts [in terms of product features]. For example, the [fake] Fendi ladies wallet I got from Hong Kong two years ago is made from real leather. It is not like the average PVC stuff we used to see. In fact I have just bought myself a couple of Burberry and Gucci wallets as well. On the other hand, if there is a great difference in terms of quality and performance of the product I would prefer to get the original. I have to take each item for its own merit. [England, Caucasian, Female, 30s]

I am honestly not fully aware of all the models of a particular brand of handbags or ladies wallets. Just as long it feels and looks good. I am normally more trusting when I buy these fake products from Singapore and Hong Kong where people are more fashion conscious. I am sure the manufacturers would try and copy the latest designs. I would be more careful in places like Shenzhen in China. [Japan, Japanese, Female, 30s]

The fake products are no longer as cheap as before. Mainly because they are of better quality. I have just bought this Louis Vuitton wallet from one of the stores for $40 … It must be pretty difficult to tell when there are so many fake products in Asia, it is difficult to tell which ones are real and which ones are fake. So it is okay for me to carry a fake wallet. ***How long do you think it will last?*** Probably a year and a half to two years. But that's okay considering how much I am paying for this wallet. [India, Indian, Male, early 30s]

I usually buy [fake] watches because I like variety. It would be hard for me to afford this range of watches if I had to buy the originals. They are quite cheap and can go with any of my clothing. ***Which brand of counterfeit watches do you go for?*** I would buy the more trendy ones such as Calvin Klein, Swatch and even the Nike ones. ***Why?*** Well, they are more colorful and youthful. [Japan, Japanese, Female, late 20s]

Thus, while there is evidence that tourists want to purchase (and enjoy the process of buying) a counterfeit for novelty motivations, there is even stronger evidence that tourists see counterfeits as providing challenging price/quality tradeoffs (Gentry et al. 2001).

Given the competitive nature of such markets, it was not surprising that vendors should recognize such patterns in purchase processes and gear their vending approaches accordingly.

We carry a wide range of wallets including Dunhill, Calvin Klein, Louis Vuitton, Gucci, and Prada. People generally get sick of one type of wallet and prefer to have a few to change about to suit the occasion. [Vendor 6: China, Chinese, Male, 30s]

There was not a *universal* tendency to embrace counterfeit products and to see the only associated risk as the possibility that one might end up with a poor quality item. There appeared to be two other reasons why a counterfeit may not be purchased. First, some informants saw counterfeits as objects that would be inconsistent with their perceived self-images. They did not purchase them, but not because a purchase of a fake violated any personal beliefs. On the contrary, even when there was a desire to purchase one, the resistance arose out of a conviction that no one

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nations will have to find structures for social and economic interaction that will allow for compromise and accommodate the needs of multiple interests (Shultz and Pecotich 1997, p.55).

So far the transitional progress of these "eastern block" nations has been uneven. In some cases the standards of living and increased economic growth has occurred while others have remained centrally planned economies that show slow economic growth and relatively low standard of living. New institutional arrangements are of key importance for successful transformation. A market economy requires not only liberal regulation and private ownership, but also adequate institutions. For this reason transition should be executed gradually, since institution building is a measured process based upon new organizational structures, new laws, and the changing behavior of the economic entities. (Kolodko 2000). This point is emphasized by Shultz and Pecotich (1997, p.56) who advocate "gradualism, or constrained capitalism," where reform of the state corporations is gradual enabling them to function comparably to private enterprises while encouraging the development of private businesses and a consumer culture.

In this study we focus on Belarus, an eastern block nation, with the major purpose of providing a *preliminary* evaluation of its economic progress from the Macromarketing point of view. In doing so we will synthesize the research findings and academic, government, business and institutional literature on Belarus in order to examine the past and present trade patterns and so to provide an insight on important issues during the economic and social transformation. This evaluation will be provided within a conceptual framework developed by Shultz and Pecotich (1997) and Pecotich and Shultz (1998,a, b) that describes the network of systems that is hypothesized to affect Belarusian progress, and so to determine the factors that will stimulate competitiveness and economic development; and finally, from this reasoned basis to recommend implications for Belarusian strategic action.

Statement of the Problem

Since the Gorbachev *perestroika* reforms of 1985-91 and the collapse of the communist system in the Soviet Union in December 1991 the successor states have been faced with instability, and the necessity for often-painful reform. As should have been expected the reformers were poorly prepared and in the resulting "therapy," political reform outstripped economic reform (e.g. the form of privatisation), so that, rather than being gradual and ordered, the process was chaotic and more akin to "shock therapy" (Kolodko 1999). The costs of reform were exacerbated by the collapse of the institutions needed to enforce law and order and to carry out manageable transition (Popov 2001).

Belarus has found itself in a similar situation. During the Communist period Belarus had enjoyed the reputation as "the assembly shop of the Soviet Union" when it supplied the demand for assembled finished products from the other Soviet republics that often supplied the components for these products. The restructuring tasks were, therefore, easier to perform because the labor used in the assembly of components has been less specifically trained and so easier to re-deploy (Nuti 2000). Critical for the defense of Russia's western flank and influenced by the high proportion of Russian nationals as well as a strongly established trading relationship, Belarus has been dominated by the Soviet Union (Europa publications 2001).

Although the future is likely to be similar to the past, it should not repeat the past, and to ensure the welfare of its people Belarus must move outside the shadow of historical Soviet ties, and while maintaining the positive aspects of those bonds move forward and create its own unique place in the community of nations. For this to be achieved it is necessary that an examination of the past and present situation be carried out for it is only after an understanding of the current position that prescriptions for sound strategic action can be developed (e.g., Jain 1984, 1990, and Jouch and Glueck 1989). Our focus is, therefore, on providing a preliminary understanding of the macromarketing environment of Belarus and from this basis indicate future strategic directions.

Procedure

The fist step for this study was to aggregate as much as possible relevant qualitative information. Articles, working papers, publications by major international institutions and individual works on transition economies in general were examined followed by accumulation of data related to Belarus. Second, quantitative data was obtained – mainly from statistics published by the Ministry of Statistics and Analysis of the Republic of Belarus, IMF publications such as Direction of Trade statistics and Europa publications. These trade data for Belarus with its largest trading partners for the period 1994-2000 were entered into a spreadsheet package (Microsoft Excel 2000) for manipulation. Graphs and charts of the trade data were produced that should help to create a visual picture of the direction of trade of Belarus.

Literature Review and Analysis

The Natural Environment

According to Shultz and Pecotich (1997, p.57), "geographic attributes, natural resources, and weather patterns fundamentally determine policy and resulting market and consumer outcomes". The condition of the environment, efficient use of natural resources are important factors that affect the ability of the Republic to enhance and to sustain life quality. Favourable geographic position is a preconditions for development of trade. Belarus, often called "the Western Gate of the Soviet Union" aptly reflects its geo-strategic significance (Zaprudnik 2001). It is situated in the centre of Europe. The distances from Minsk, the capital of Belarus, to other important centers is comparatively not great (e.g. to Berlin 1,128 km, to Brussels - 1,905 km, to Warsaw - 543 and 690 to Moscow) (STACCIS). The country is crossed by one of the main European highways and is one of the shortest routes from Russia to Western Europe and to the Black and Baltic Seas. This continues to be an important advantage for the development of international transport and economic ties with the neighbouring states as well as countries in Europe and Asia (United Nations in Belarus, 2001).

The Republic of Belarus is a land-locked and surrounded by Lithuania and Latvia to the Northwest, Ukraine to the South, Russian Federation to the North and East, and by Poland to the West. The borders have no natural barriers. The location and favourable geographic conditions have had a major impact on
the development of the close ties with its neighbours. The surface of the country is generally flat, with some hills. Its flat relief is generally favourable for human settlement, agricultural and industrial development, and road construction. At January 1, 2001, Belarus' total land area consisted of 20,760 thousand hectares, of which 51.84% was agricultural, 37.35% was forest, 3.9% belonged to nature reserves and health resorts, and only 1.59%was occupied by transport; and industry (Statistical Yearbook of the Republic of Belarus 2001). Agriculture has therefore had a major impact on trade.

"The condition of the environment presents serious problems in most of the nations and affects their ability to enhance and sustain life quality" (Shultz and Pecotich 1997, p.58). The most notorious legacy of pollution is the 1986 accident at the Chernobyl nuclear power plant in Ukraine. About seventy percent of the radiation was carried by the wind to Belarus, where it contaminated at least 20 to 25 percent of the country and about 22 percent of the population. In its scale, complexity, and long-term consequences, it is the most severe catastrophe in the world history of atomic energy use (Belarus Guide, 2000). A 1994 UN environmental and economic series report states that approximately 20 percent of agricultural land and 20 percent of the forest land has been taken out of production as a result of the Chernobyl accident. In addition to the radiation-contaminated land, water, plants, and livestock, there has been an increase in human birth defects and cancer and declining birth rate for which the accident is believed to be partly responsible (Encyclopedia Britannica, 2000). For example, the total fertility rate was 2.014 in 1980-1981 and decreased to 1.310 by 2000. Although, the government has increased spending to deal with the consequences of this disaster the progress has been slow.

vested in the Government – the Council of Ministers of the Republic. As of January 1, 2001, there were 18 political parties, 39 trade unions, 19 national public unions, and 45 total youth public unions (data of the Ministry of Justice of the Republic of Belarus).

Historically Belarus has been a subject to many territorial disputes. The Belarusian state was created in 1918, when the German army occupied most of the region, and an independent Belarusian Democratic Republic was declared. The Belarussian Soviet Socialist Republic (BSSR) was announced on January 1, 1919, when the German troops withdrew. In February 1919 the BSSR was merged with Lithuania and Latvia in a Soviet Republic known as "Litbel". In April of the same year Polish armed forces entered Lithuania and Belarus. As a result, both were declared part of Poland. The BSSR was re-established in August 1920, when Bolsheviks recaptured Minsk in July. Further divisions took place when the Treaty of Riga of 1921 granted Western Belarus to Poland. In December 1922, BSSR with Ukraine and Transcaucasia joined with Russia to form the Union of Soviet Socialist Republics (USSR) (The Europa World Year Book 2001, p.649). Since the proclamation of the USSR, the authorities in Moscow controlled Belarusian affairs although there was a degree of autonomy. Belarusian identity was promoted in the early period, and Lenin supported the retention of ethnic differences between the nations. At that time there was a "significant cultural and linguistic development, with the use of the Belarusian language officially encouraged" (The Europa World Year Book 2001, p.649). During the period between the wars a gradual development of an indigenous socio-economic structure occurred in Belarus with its own capital and commercial center in Minsk. The future of the Belarusian language came under threat with the imposition of compulsory study of the Russian language in the 1938 Soviet education law.

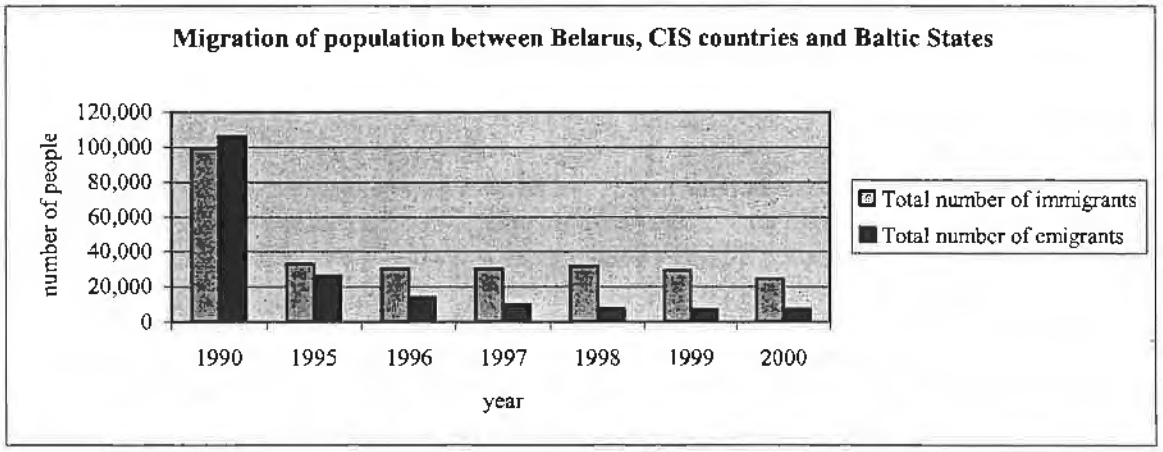
This period of liberalization ended in 1929 when Stalin came to power. During this period nationalism was discouraged in the Soviet Union and the BSSR continued to be closely monitored. The repression of the 1930s took many lives of intellectuals and dissidents. This was followed by the losses of World War II when 2.2 million people died (25 per cent of the population) and 80 per cent of the housing was damaged, as well as the destruction of most of its industrial capacity and transport. The immediate post-war period was directed on the rehabilitation of the infrastructure. Labour shortages led to an influx of Russian immigrants to Belarus, thus the use of Belarusian language was not encouraged. The process of 'Russification' continued in 1960-1970s, and the use of the Belarusian language continued to decline. (The Europa World Year Book 2001). Despite the tragic consequences of the war and late industrialization, Belarus became one of the most prosperous republics in the Soviet Union. This prosperity was one of the reasons why the Communist Party of Belarus (CPB) was initially able to resist the implementation of the economic and political reform in the period of *perestroika* in 1985. However, by 1987 cultural and ecological issues (Chernobyl disaster occurred in April 1986) have imposed pressure on the CPB. Led by the intellectuals and writers, Belarusian Popular Front was established that promoted more critical attitudes particularly in relation to Soviet identity. In April 1991 a series of strikes took place in Minsk with economic and political demands, including the resignation of government. Some economic concessions were made but the political demands were rejected. In June the opposition "Communists for Democracy" was formed, led by Alexander Lukashenko (The Europa World Year Book 2001).

Following the August 1991 coup d'état in Moscow and declarations of independence by Estonia, Latvia, and Ukraine, the Supreme Soviet in Minsk declared the independence of Belarus on August 25, 1991. On 19 September the Supreme Council voted to rename the BSSR the Republic of Belarus and elected Stanislav Shushkevich as its Chairman. On 8 December Shushkevich with Russian and Ukranian Presidents have signed the Minsk Agreement to establish the Commonwealth of Independent States (CIS). In 1992 Belarus experienced relative domestic stability, due to the republic's more favourable social and economic policies, and homogeneity of the population. With political independence Belarus has shown determination to put forward the "ideology of national revival" and ethnic identity including the use of the Belarusian language. In February 1994 in Minsk, allegations of corruption again the premier Vyacheslau Kebich and other authorities, and the worsening of the economic situation led to a strike. As a result, an agreement was made that the presidential election

The socio-economic situation worsened after the break up of the Soviet Union and occurrence of the Chernobyl disaster in 1986. Throughout that period a 'depopulation' phenomenon was occurring as people left Belarus. For example, about 1.5 million people moved during the two years following the Chernobyl explosion (Tikhanova 1996) as people sought to minimise their exposure to radioactive fallout. The flood of immigrants to Belarus from the other CIS countries and Baltic States has been decreasing (See Figure 1). In 2000, the migration increase amounted to 12,100 persons and as compared to 1999 decreased by 31 per cent. Following tradition, migration mainly takes place between Belarus, Russia, Ukraine and Kazakhstan. Immigrants from these countries account for 90 per cent of the number of arrivals to the Republic from CIS countries and Baltic States (Ministry of Foreign Affairs of the Republic of Belarus). From 1970 to 2001 the population numbers have continued to decrease in rural areas (Figure 2).

Migration trends in Belarus are forcing the government firstly, to improve the normative and legal infrastructure for regulating large population flows; secondly, to control the uneven growth of urban areas and attracting people to depressed rural areas. State regulation is especially needed in those zones that are

Figure 1



Source: *Statistical Yearbook of the Republic of Belarus 2001*

developing nascent economic markets. Farmers, for instance, require state subsidies to begin cultivating land on the outskirts of urban areas. Similarly, entrepreneurs that are seeking new business opportunities in small urban centers need federal support, via tax incentives and direct transfers, for the renewal and modernization of the local social infrastructure.

Prior to independence, the BSSR had been a predominantly agricultural area, with diversified and extensive industrial base with many assembly industries. After World War II Belarus had been developing more dynamically compared to the rest of the republics. Supported by the Soviet Government, urbanization and industrialization have been developing at a very fast rate. As a result, by the 1980s, Belarus had turned into one of the most advanced regions of the former Soviet Union. Progress had also been made in the agricultural, construction and other sectors of economy. Belarus had a GDP per capita above most of other CIS countries and the population had a higher living standards that the other regions. As a result of its industrial development Belarus had became strongly dependent on trade particularly with other republics of the USSR (Bakanova and de Souza, 2001). For example, Belarus was strongly dependent upon energy and raw materials previously supplied by other republics, and its role was to produce finished goods. In addition, historically and culturally Belarus had very close ties with Russia. Altering these centuries old traditions will take a long time. Even though the re-direction of Belarusian trade from Russia towards the West is very important its' structural dependence on Russia's imports and exports can hold back this process significantly.

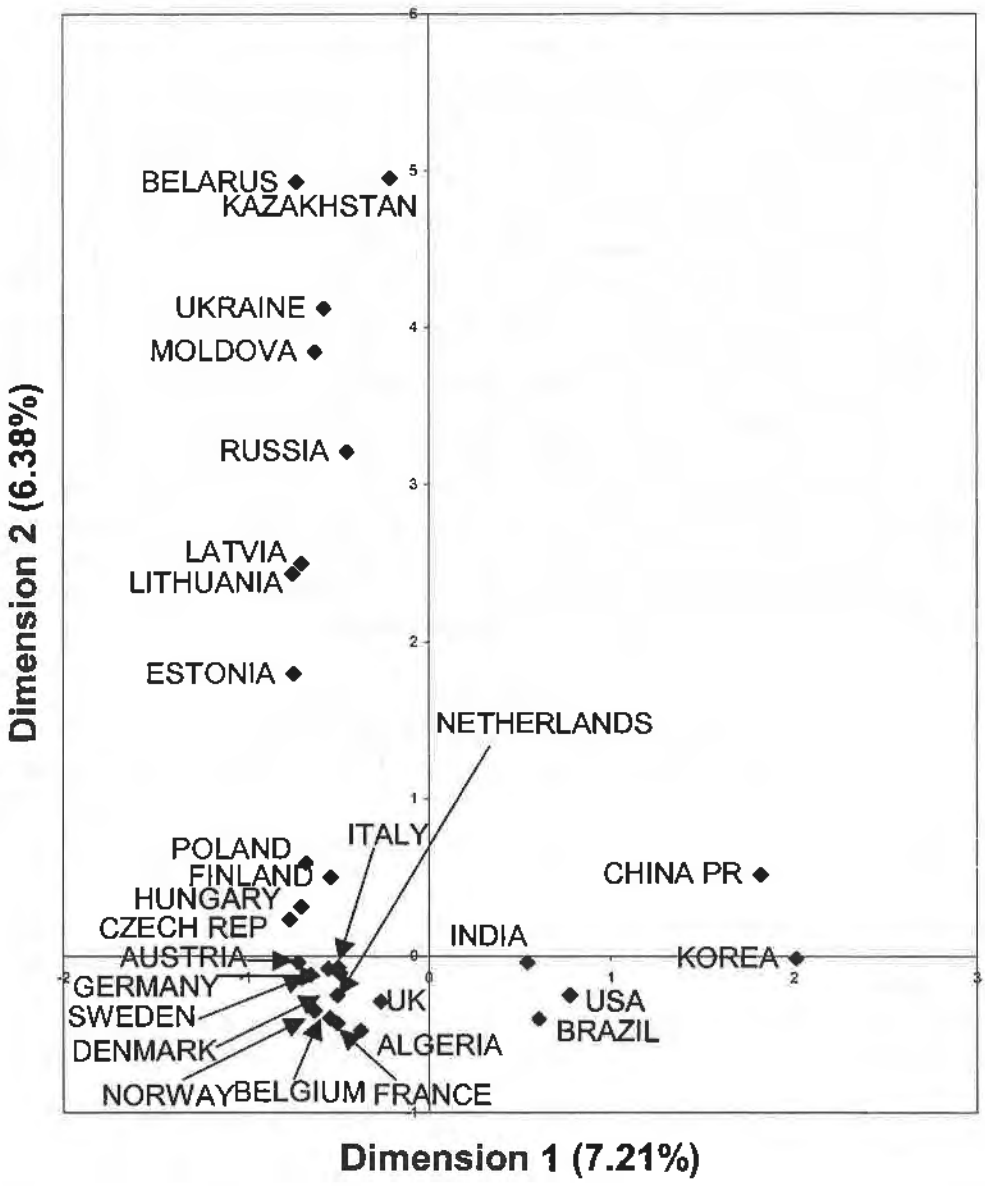


Figure 1. Correspondence analysis of export data

To further clarify the trade situation a table showing the exports between Belarus and each of its trading partners was created (i.e., showing the exports from Belarus to each of its trading partners, and showing the exports of each of the trading partners to Belarus and to each of Belarus's other trading partners). Greenacre's (2000) correspondence analysis method for square asymmetric matrices was used to analyse the trading patterns. Although the first two dimensions explain only 14% of the variance, they provide a compelling summary of Belarus's position in world trade. The interpretation of this map is as follows: the closer two countries are together, the greater the level of trade is between the countries than we would expect given the total levels of exports and imports for the countries. So, while Russia is by far Belarus's main trading partner, Belarus is closer to Kazakhstan, as the amount of trade between the two countries is much greater than you would anticipate given their general levels of trade. This map reveals that Belarus can be seen to be at the end of an Eastern bloc trade cul de sac. Eight-four percent of its exports go to other countries in the former eastern Block; by contrast, the next most dependent countries on the Eastern block are Moldova (59%), the Ukraine (56%) and Kazakhstan (43%).

Traditionally, to be Belarusian meant to be a Belarusian-speaker. In Belarus, as in Eastern Europe generally, the notion of nationality has been based on ethnicity. According to the outstanding Belarusologist, Yaukhim Karski (1861-1931), the Belarusian language was historically an inseparable indicator of the Belarusian nationality. The conceptual fusion of language and nationality is still brimming with political implications. As one critic of the present-day abandonment of Belarusian in official usage says, - "If the entire official documentation in our country is conducted exclusively in the language of a neighbouring state, i. e., in Russian, then perhaps we the Belarusians are not citizens of Belarus, but of boundless Russia?" (Zaprudnik 2000, parah.19). Further, Zaprudnik (2000) states that Belarusian population favours Russian for three main reasons: decades of Russian being an official language, weak national self-awareness and "intensive government propaganda." About 80 per cent of the population speak Russian fluently, 90% can speak Belarusian and around 30 per cent of ethnic Russians can speak Belarusian (Euromonitor 2000). Those who speak Belarusian usually use the Russified Narkomovka version. The original Taraskevitza version is often taken by the authorities to be expressing dissent. Some newspapers and radio stations that were using that version have been closed down. English is the language of international business. Doing business through interpreters is often the only alternative although the younger generation have a command of English language. The cultural policy in the Republic of Belarus should promote free development of the Belarusian national culture, and also cultures of diverse nations and nationalities living in the territory of Belarus. It should promote adaptation of Belarusian society to running in Europe transformation processes, so entering of Belarus in community of the European nations.

The multi-ethnic structure of the population and qualitative imbalances among various ethnic groups may potentially lead to ethnic problems. But never in the history of Belarus have ethnic problems developed into open clashes. If any, ethnic tensions have been limited, and were always caused by factors other than ethnic differences. The friendly attitude of Belarusians to other nationalities is apparent not only in the abstract, but also on the everyday level. Cross-marriages are common. One-fifth of all families are ethnically mixed. All of this is evidence of relatively low importance attached by Belarusians to their ethnic identity, as well as an indicator of social cohesion in inter-ethnic relations. However, this apparent stability and ethnic peace do not necessarily mean that social cohesion is firmly in place. Under certain conditions, ethnic tensions may intensify, despite Belarus' international reputation for stability and tolerance. It is symptomatic that 8.7% of participants of the opinion poll conducted in 1995 by the Institute of Sociology of the Academy of Sciences indicated that serious ethnic clashes could be likely. Another 48.7% foresee minor ethnic clashes happening in the future (United Nations in Belarus 2001).

The Knowledge System

According to Shultz and Pecotich (1997, p.61) "the knowledge system is the source of collective wisdom that ensures the transfer of experience and provides the foundation for innovation and change." The components of the systems are the extent to which knowledge is documented, the degree of its independence, and the degree it is applicable to market development. A documented basis of expertise such as library and university development facilitates the establishment of the recorded knowledge. Belarusian State libraries include National Library of Belarus, Central Science Library and Belarusian State University Library. The European Humanity University (EHU) Library is considered one of the best libraries among the private higher educational establishments in Belarus. It possesses a rich stock of volumes and reference materials for teaching and research, including unique collection of literature in foreign languages on the humanities and social sciences. At present, the local network links 200 computers, located in the EHU's five computer labs, library, departments, centers, and other units and provides access to information resources and databases within both the EHU network and on the internet. The Internet facilities of the EHU provide access to internet resources and e-mail accounts for the EHU faculty, staff members and students of the EHU. The number of public libraries have decreased since 1990 by about 1,000 to 5,200 in the year 2000. The major decrease was observed in the rural areas. The statistics on public libraries' activities show that the total numbers of books and magazines in urban areas have remained the same since 1995, whereas in the rural areas the numbers have decreased.

new conditions due to deeply ingrained market mechanisms, customer choice and preference behavior, and established rules of the game" (Czinkota 1997, p.74). Market orientation doesn't grow overnight - it requires knowledge and experience. Formal education and training are the important needs of Belarusian managers. Universities now provide courses with market-oriented business subjects but still lack qualified and experienced personnel. For example, a comment on the home-page of the Belarusian State Economic University is: "The university is a bit weaker in the sphere of marketing that it should be mostly due to the shortage of qualified lecturers. Still, we see that it is fastly improving the situation by the means of running international projects priority investing into the marketing department and so on."

Executives will have to adapt their practices to the new environment of competition, efficiency, innovation and conditions of uncertainty. Currently, most understand that to improve they need business knowledge and training. The demand for market-oriented employees in Belarus is increasing. Czinkota (1997, pp.78-79) on the Russian example has identified three sources of demand. First, there is a growing demand of service companies to train their employees (especially financial institutions). Second, increasing levels of privatisation also demand a need for training in a competitive market-based environment. Another source of demand comes from individuals who wish to become entrepreneurs. They wish to learn about Western business practices for themselves – to make their business ventures profitable, or create joint ventures with the foreign partners. However, finance for such training is not available.

Investment in human capital is a major necessity for development. This requires the transfer of Western market-oriented knowledge and skills to Belarus. However, there are amny problems, for example, Western practitioners teach general knowledge but managers are more interested in practical methods useful under current conditions (Kenny and Trick 1995). Professionals from abroad have to deal with different economic system and develop plans that would suit Belarusian environment – teach in a different way and adapt different teaching approaches. As Shultz and Pecotich (1997) suggest, one of the solutions is to obtain marketing skills and expertise by bringing nationals educated in the West. These individuals will be familiar with the existing ideology and mentality of Belarusian managers, and have the ability to transfer their skills in the understandable manner. Some major organisations have also started to train their staff abroad. For example, as part of partnership development with international institutions and training centers, the National Bank of the Republic Belarus sends its employees abroad for training (National Bank of the Republic of Belarus, 1999).

The Marketing System

The Western marketing concept holds that "achieving organisational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do" (Kotler 1998, p.19). However, the so-called "selling concept", that focuses on the organisation's existing products and has little concern about what consumers buy and why they buy it dominates Belarus. The recorded economic growth in the Republic, according to many international observers was due to the increased production, whereas most of the products have been stored in the inventory because there was not market for them. Basic reforms in business ideology and practice are a necessity because without institutional changes progress will be difficult to achieve.

The population of Belarus is aging, and the elderly population represents a future sector of growth. Most have no private provision for retirement. Yet, the situation is changing as older consumers start to show interest in investing excess income and realise that they need to save to maintain their standard of living. In the future, elderly population will be better prepared, and the market for products targeted at this age group will expand (Euromonitor 2000). In 1998, 53 per cent of the workforce was female (Euromonitor 2000) with the children at kindergartens or with the extended family. Women in Belarus live very busy lifestyles, and constantly are seeking ways to be efficient and improve their quality of life. Products that are of high interest include disposable nappies, baby food, vitamins and mineral supplements as well as snack foods and drinks. While there is a low birthrate in Belarus, the

relations, or general management. They generally suffer from a Soviet "top-down" approach and perpetuate habits and practices in the old style. Independent Belarusian broadcasters are struggling to survive. While independent television companies struggle to comply with onerous regulations and laws, state television stations operate with relatively few such restrictions. The government stations are fully subsidized, but they sell ads at very low rates per minute and pull advertising prices down. Belarusian media outlets know little about their audiences, because of poor media market research. Moreover, outlets have little, if any experience in using market research to improve the editorial quality of their publications and broadcasts or to develop effective advertising and marketing strategies. (IREX 2000).

Interestingly Belarus actually advertises that it is not a market economy (Nuti 2000). For example, 1999, on arrival at Minsk (capital city) international airport, visitors were handed a "Welcome to Minsk" pamphlets that inform them that Belarus is an economy without market-clearing prices:

> Minsk is a very "cheap" city. Low prices for most types of food products and public transportation are regulated by the state. This leads to the limitation and shortage of many cheap products. Do not be surprised if you are not able to buy a greater quantity of a product than the amount fixed in the store.

Thus the black market flourishes and in addition, state price controls are often responsible for the shortages of foodstuffs and other products that disappear via cross-border trade. The government attempts to punish "those responsible" for these shortages (Nuti 2000, p.59).

Conclusions

We have attempted to provide a preliminary description of the Belarus situation from a Macromarkting systemic percpective. The positive and negative factors were determined that affect the development of Belarus during its economic and social transformation. The positive factors include Belarus' favourable geopolitical location and proximity to the Western and Russian market, its close relations with Russia, Ukraine, Baltic States and Poland. It is a stable nation not involved in war or other conflict. Although poorly endowed with natural resources it has a relatively good infrastructure of rails, roads, and with highly educated people and skilled labour force. The negative factors include long history of central planning and no experience in being an independent state, weak economic and national self-awareness of Belarusians, obsolete physical capital, distorted production structure and poorly developed marketing system. However it is a small open economy with a bright future if political and ideological obstacles can be overcome.

For this to be achieved it is necessary to realize that to ensure the competitiveness of enterprise consumer needs must form a focus of organizational objectives and transformation of structures meet market demand must take place. Restructuring is a constant process of adjusting to new economic situation and to market demands. There is therefore a need to become aware of the needs of specific markets and consumers and to step up marketing activities, to cut down costs of production and to update pricing. This should be done in accordance with the realistic assessment of the needs of the markets and consumers. Marketing activities in Belarus are generally undeveloped but it should be recognised that simply improving practices my not improve the economic situation. Other endemic problems that require attention include production efficiency, dealing with overstocking and financial difficulties. The experience suggest that an integrated approach taking into account all the systems collectively and individually is critical for future development (Vyshedko 1998).

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Clearly, these four industries are not representative of all industry. There are no high-tech industries represented. There is no heavy industry either. In this latter case, automobile manufacturing for example, most firms are foreign subsidiaries of multinational firms who, in some cases, have had a century of experience in operating in foreign countries. There are clearly skills required to succeed in such enterprise, but that is not the focus of this study.

Information on the industry, its global context, and specific public policies directed at it needed to be collected before individual firms were studied. This was accomplished by secondary research before beginning the field research and by interviewing "industry experts" in each subject industry. Within each of the four industries, two firms were selected for in-depth case analysis through personal interviews. These firms are survivors if not successes. Failed enterprises were not considered. For the firm interviews, all respondents were the managing director and, for the smaller firms, the majority owner.

Just as all industry could not be represented in this project, so too, not all firm histories could be represented. The authors developed, based on the literature of firm history and structure in evolving economies, a 4 by 3 typology of industry types that might be useful to control and study in this research. One dimension was the history of the firm with regard to the socialist structure: state owned enterprise (SOE); privatized SOE; firm private under socialism; start-up after socialism. The second dimension was its present affiliation: unaffiliated; in a host country conglomerate group; affiliated with a foreign entrant. As shown in the table, only 4 of the 12 cells in this typology are represented.

	UNAFFILIATED	**IN HOST GROUP**	**FOREIGN AFFIL.**
SOE	Wine 2		
PRIVATIZED SOE			Power 1; Power 2; AdAg 1
PRIVATE UNDER SOCIALISM			
START-UP	Wine 1; AdAg 2		Pension 1; Pension 2

Finding With Respect To The Research Questions

The research questions I want to discuss today are addressed both to the industry and to the specific firms selected for case development.

What specific public policy elements and their timing have the greatest impact on the ability of business enterprises to be responsive and successful in the new environment?

In answering this question it will be helpful to refer to the table listing the institutional reforms required for the reduction of market distortions. Without doubt, the one thing that is clear in these interviews is law and order reforms exist, are enforced, and corruption is virtually nonexistent. The Business Environment and Enterprise Performance Survey (1999) rated Hungary first among all transition economies in the former Soviet bloc in terms of overall public and private governance. As an extraneous example, in September of 2001 two contractors were found guilty and remanded to jail for some money laundering on a motorway construction project.

A parallel conclusion can be reached with regard to institutional reforms. Corporation law, bankruptcy law, the court system, and the commercial code, after just over ten years from the end of

bankruptcy laws
establishment of legal persons
collective bargaining
worker and employee rights

Trade Reforms:
reduce trade barriers
encourage exports
encourage FDI and inflows of technology and human capital

Banking System Reforms:
independent central bank
regulation of bank operations to ensure transparency and sound lending practices
separation of bank from enterprise management

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have to be awarded an "A" grade. Emphasis is given to timing because the first law permitting some forms of semi-private enterprise was passed in 1982, and Ogilvy & Mather and the banks were moving toward private operation before the old regime collapsed. It is difficult to measure just what impact these early reforms had on the rate of economic growth during the 1990's, but they certainly were an important stimulant.

Trade and Banking Reforms: Wine is the only industry in the sample with a potential export market. Government encouragement to develop this market has been there, while subsidization of export development has been minimal. The producers themselves certainly recognize export market importance and work for their development.

With regard to the encouragement for and success of attracting foreign direct investment, Hungary is without peer. For much of the 1990's Hungarian FDI was greater than that into the remainder of Central Europe combined. FDI plays a role in each of the four industries studied.

The "take-over" of Hungarian industry by multinationals, mainly European, is exemplified best in banking. Banking reform has been difficult in Central Europe. In addition to bailouts and takeovers, there have occasionally been some hands in the till. One winery, Hilltop Neszmely had HUF 13 million disappear from its bank account in 1995. It required two years to recover the money. But they did get it back. Of the Hungarian commercial banks in 1988, only the largest, OTP, remains under private Hungarian control. The fifth largest, Postabank, is state owned and in serious trouble. The other five of the largest seven are owned by Germans, Dutch, Italians, French, and GE Capital. While privatization of banking has been a problem, this kind of foreign dominance can be found throughout all Hungarian industry. Our sample is not unrepresentative in this respect. In this industry refinement of reforms, as well as the reforms themselves, have been largely successful.

What was the impact of reforms and improvements in education and training systems on the ability of business enterprises to be responsive and successful in the new environment?

In the area of education and training, Hungary has done an excellent job. The education system at all levels was strong before WWII and remained so during the communist years. Of course, education behind the iron curtain always compared favorably to that in the west. Education may be a necessary precondition, but it is not sufficient (Easterly 2001).

For one thing, physical and human capital must both be growing. For example, Hungarian laboratory sciences certainly suffered from lack of the most modern equipment and isolation from some western literature. Fortunately, the quality of the scientists permitted the catch-up to be rapid. In management education, it is useful to compare the transition rate to that of Western Europe after WWII. In that case, it took about thirty years for post-graduate management education to approach US

whether the percentage of ownership matter or not. In the unregulated advertising agency environment, complete ownership may be preferable.

So which of purchase, joint venture, or de novo start-up has the greatest impact on responsiveness and success? The answer must be that one cannot generalize across this sample except to say that a controlling interest is probably best if the entry involves fixed investments.

Does effectiveness in the development of new technologies, value-adding product and service innovations, and supply chain efficiencies for domestic markets lead to more rapid development of products and services for export markets?

A major change in the distribution of Hungarian export markets was accomplished during the 1990s. In 1989, 45.2 % went to COMECON, 8.4 % to developing countries, 44.2 % to western developed countries. In 1999, 12.4 % went to Central and Eastern European countries, 3.2 % to developing countries, 83.8 % to western developed countries with the bulk of the latter to the EU (*The Hungarian Economy).*

In the sample, only the wine industry is relevant for this research question. In this industry, there appear to be three types of producers that need to be analyzed differently in answering this research question. The first type is the foreign producers who have entered into Hungarian productions mainly, if not exclusively, to make wine for consumption in their home market. Since the ability of these foreign firms to own vineyards in Hungary is limited, they are clearly interested in this output as a way to satisfy potential demand they believe they could meet were it not for wine production restrictions within the EU. With the exception of tokaj, much of this wine is being exported as must or in bulk. While these firms may have introduced some production efficiencies, they have little or no interest in domestic markets. For them, there is no link between domestic and export market development.

The second type is the Hungarian producers who have concentrated on foreign markets before as well as after the end of the communist regime. All market both domestically and outside the country and have tried to develop wines that they believe will have market appeal in overseas markets. Only one has been innovative in its offerings on the domestic market. None tried to develop the domestic premium market. Thus for this group as well, there is no link between domestic and export market development.

The third type is the boutique wineries. They have adopted modern production technologies and value-adding product innovation. At least some have been innovative domestically through the activities of the Hungarian College of Wine, public and private export promotion programs and related organizations. Channels of distribution, both domestic and export, have remained a problem. With this group, there is a positive relationship between domestic innovation and export market innovation. However, their development of export markets to date cannot be described as "rapid."

Do firms located in geographic clusters employing the same or complementary skills and technologies experience greater cost economies, quicker learning and knowledge sharing, product and process innovations, and faster growth than those located outside the cluster?

The motivation for this research question came from our review of the Dynamic Capabilities literature that suggests firms in rapidly changing environments benefit from networks where they not only come into contact with potentially useful innovations but also may share in the costs and risks of exploration. These networks are facilitated if the firms involved are in geographic clusters such as Silicon Valley. It is clear that such clusters facilitate the transfer of knowledge, shorten supply chains, may be a source of competitive advantage, and create homogeneity of perceptions within the cluster that differ from those outside the cluster. This research question was inquiring as to whether this same network phenomenon would apply to the rapidly changing environments of transition economies.

Chief executives interviewed spent somewhat less time on governance and somewhat more time on operations than is true in the west. The small size of governance boards facilitates this and allows more time to be spent on both operations and strategy development.

The clustering of major business decision making and government in the Budapest area, while not desirable for equalizing prosperity in all regions of the country, probably has facilitated the rate of transition and economic growth.

In a large sample study of 3,300 firms in 25 transition countries including Russia, Carlin, Fries, Schaffer, and Seabright (2001) attempted to answer the same underlying question asked here. What factors make for successful firms in these transition economies? They were able to identify in their sample two positive factors: some degree of market power that leads to innovation and growth; public policies that promote a healthy business climate. A tendency for government to bail out weak enterprises was a significant negative factor. The nature of ownership had no relationship on success.

Our results differ somewhat but are not strongly contradictory. The findings agree that resolute public policies promoting reducing market distortions (our preconditions) is the most important factor. They did not have a separate measure for a wise privatization strategy that avoided vouchers and encouraged FDI.

The market power variable is interesting and one not discussed earlier. Carlin et al. found the best results in those firms facing 1 to 3 competitors, i.e., not monopolists and not those with 4 our more competitors. In our industries there are 28 surviving advertising agencies and even more wineries. However in power generation and pension funds, the structures appear to be moving toward an equilibrium of about 5 firms. So, we find a desirable structure, from a welfare point of view, to have one more firm than Carlin et al. found as a desirable structure from the firm's point of view. For a small country, numbers in this range seem to offer an effective level of workable competition.

The Hungarian results are also consistent with Carlin et al. with regard to government bailouts. The weakest privatized industry was banking, where bailouts were necessary. One of the weakest performers in our sample was Tokaj Ker., still owned by the government. The cause and effect question, however, remains unanswered. Is the company weak because it wasn't privatized or is it still in state hands because it was so weak?

Finally, our results do differ from those of Carlin et al. with regard to ownership. It is quite clear in the Hungarian situation that foreign ownership is an important ingredient of success. The prevalence of foreign ownership derives from a forceful public policy encouraging foreign involvement in the revitalization of Hungarian enterprise.

But this is too simple an explanation. Why did Hungary get the right public policies in place in the late 1980s and early 1990s when their neighbors failed to do so? One might argue that the possibility of first NATO and, more importantly, EU membership was the spur. But the Czech Republic and Poland had the same spur. In the present period, i.e., 1996 to 2002, the EU lever is very powerful indeed. The EU requirements are specific; some are easy, others hard. Why is Hungary moving so effectively (probably more effectively than these two neighbors) toward meeting them? The EU spur is not an adequate explanation. One could convincingly argue that the pace and success rate from 1996 to 2002 when the EU pressure is great is not much different from the pace and success rate from 1989 to 1995 when the EU relationship was less clear. While there can be little doubt that the Hungarian people are strongly in favor of joining and the major political parties have a mandate to make it happen, the EU spur does not explain why transition policies and implementation went so well in the years before 1996.

While there may be danger of circularity in this argument, we believe the answer lies in the people – their homogeneity, and their culture. Put another way, did the transition policies and their

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*Professor Carman acknowledges with appreciation travel support from the University of California, Berkeley and the National Research Council Program on Governance in Post-Communist Societies. The National Academy of Sciences, National Research Council, and United States State Department do not necessarily accept the findings, conclusions or recommendations herein.

Market Orientation at the Firm Level

Market orientation has been characterized as a culture of the organization that produces superior value for customers and outstanding performance for the firm (e.g., Day and Nedungadi, 1994; Narver and Slater, 1990; Slater and Narver, 1995 & 2000). Market orientation has also been described as the implementation of the marketing concept, that is, a set of activities designed to satisfy customer needs better than competitors are able to satisfy customer needs (Deshpande and Farley, 1998; Kohli and Jaworski, 1990; Jaworski and Kohli, 1993 & 1996; Wrenn, 1997). Whether the focus of market orientation is on the organization's culture or on implementation of the marketing concept, there is general agreement regarding the elements of market orientation. Those elements include on-going and systematic information collection regarding customers and competitors, cross-functional sharing of information and coordination of activities, and rapid responsiveness to competitor actions and changing market needs. When these elements are effectively implemented, performance of the firm should be improved. How does a strong market orientation improve the performance of the firm? Market orientation is a dynamic process as well as a single construct with multiple dimensions. The logic is that a market orientation produces competitive advantages in the form of a rapid response to the market's needs and does this faster than competitors. Being responsive means responding to customer complaints, responding to anticipated changing market needs, and responding to anticipated competitor actions in a direction that will drive long term profitability. Being able to respond to the market and satisfy customer needs better than competitors should form the foundation for success by producing greater customer loyalty, growth in customers and increased profitability.

A number of researchers have examined the link between market orientation and different dimensions of a firm's performance. In particular, at least five areas of organizational performance have been explored in the literature.

Growth and Profitability. Several studies have supported a link between market orientation and profitability, and market orientation and sales growth across a wide range of industries and types of businesses (Jaworski and Kohli, 1993; Slater and Narver, 1995; Baker and Sinkula, 1997; Balakrishnan, 1996; Wood, Bhuian and Kiecker, 2000; Slater and Narver, 1994 & 2000; Pelham, 1997 & 1999).

Innovation. The link between market orientation and innovation appears to be a more complex relationship with some studies showing a relationship (Slater and Narver, 2000; Baker and Sinkula, 1997; Atuahene, 1996; Day, 1994; Han, Kim and Srivastava, 1998; Hurley and Hult, 1998; Li and Calantone, 1998) and some arguing that there is a very weak link if at all (Bennett and Cooper, 1981; Christensen and Bower, 1996; Leonard-Barton, 1992; Tauber, 1974; Lawton and Parasuraman, 1980; Zahra, Nash and Brickford, 1995). Lukas and Ferrell (2000) suggest that this relationship may be contingent on the type of innovation the firm is pursuing. Troy, Szymanski and Varadarajan (2001) provide empirical support for their model linking the type of market information the firm collects and the strength of the innovation process of the firm.

Exporting. Very little research has explored the effect of market orientation, as a specific construct, on export performance of firms. However, researchers have generally supported a positive relationship between firms who are more oriented toward export markets and are more customer-focused and higher export performance (e.g., Cavusgil and Zou, 1994; Katsikeas, Leonidou and Morgan, 2000). In addition, Aulakh, Kotabe and Teegen (2000) have found a positive relationship between pursuing a cost leadership strategy and export performance, and pursuing a differentiation strategy and export performance. These authors also report an inverted "U" relationship between export market diversification and export performance, suggesting an optimal number of export countries. This may indicate that the pursuit of export markets is enhanced (or limited) by knowledge of those markets.

Facilitator of Strategy Effectiveness. A limited number of articles have explored the relationship between market orientation of a firm and the effectiveness of different types of strategies. Developing a conceptual argument Tadepalli and Avila (1999) suggest that market oriented firms have a culture with the resources that will facilitate the implementation of a firm's strategy. In a study of small manufacturing firms, Pelham (1999) found that firms with higher market orientation appeared to show higher levels of profitability from differentiation strategies as compared to cost leadership strategies.

Industry Market Orientation

Firms within an industry vary in their degree of market orientation. Day (1999) has suggested that industries, as an aggregate of firms, also vary in the extent to which they are market oriented. "In some industries, a market orientation is as natural as breathing. In others, it is a sharp departure from their history and instincts" (Day, 1999 p. 5). Those industries for which market orientation is a natural part of management thinking should benefit from an aggregate increase in market orientation across all firms within the industry. Those industries for which market orientation is less than a natural part of strategic thinking in firms should also benefit from an aggregate increase in market orientation.

If industries as a whole can become more (or less) market oriented, the question turns to how growth for the industry will occur under such conditions. Sources of growth in individual firms may come from

- Attracting more customers in the existing market from local competitors or from importers
- Growing the current market through more effective marketing of current products or services
- Growing the domestic market through innovation
- Growing in international markets through exporting
- A combination of two or more sources of growth

Assuming growth at the industry level occurs in much the same manner, economic policy would be targeted at a particular industry to facilitate growth without trying to inhibit intra-industry competition. Given the relationship between growth from various sources and market orientation at the firm level, one focus for designing economic policy for industries would be to encourage development of industry wide market orientation. As an industry collectively becomes more market oriented, it should reap the benefits of that market orientation.

One of the goals of economic policy in transition economies is to encourage growth in specific industries through development of competitive strengths. If Industry Market Orientation is a competitive strength, then how can it be developed? Two levels of analysis are required to answer this question. The first level is to explore the nature of the construct of Industry Market Orientation. The second level of analysis is to explore the various forms of economic policy as it might affect Industry Market Orientation. This paper focuses on the first level of analysis and explores Industry Market Orientation (IMO) as a construct with two dimensions, horizontal and vertical. The second level of analysis is at this point beyond the scope of this paper to develop.

Horizontal IMO aggregates the market orientation of competing firms within the same level of an industry (e.g., manufacturing) within a geographic boundary such as a country or a region. The three components of market orientation (market information generation, cross-functional sharing of information, rapid response to market information) would be assessed for each competitor and aggregated. Possible methods of aggregation could include an overall market orientation score for each competitor and then combining those scores for an overall horizontal IMO score. This measure could be useful in assessing and targeting specific industries for economic policy. Alternatively, each component of market orientation could be combined across competitors, yielding information about industry-wide market information generation, sharing and response elements. This latter approach could be useful in focusing the design of economic policy directed toward that industry.

The vertical IMO dimension is based on the empirically supported assumption that the market orientations of both downstream and upstream members of a supply chain are important determinants of performance throughout the marketing channel (e.g., Martin and Grbac, 2002; Siguaw, Simpson and Baker, 1998; Tellefsen, 1999). Welch et al. (1998) and Wilkinson, Mattson and Easton (2000) discuss the importance of primary and ancillary network relationships within value delivery systems in developing strengths and capabilities in foreign markets. Tellefsen (1999) discusses a similar concept that he refers to as constituent market orientation. He suggests the manufacturer must be oriented toward all primary constituents. We are extending this concept to the assessment of the market orientation of those constituents. For example, for a given manufacturer, an assessment of the market orientation of primary suppliers for that manufacturer, an assessment of the manufacturer's market orientation, and an assessment of the manufacturer's primary buyers' market orientation would be combined into a single market orientation "score". Because firms in smaller transition economies frequently must rely on foreign suppliers or foreign customers, vertical IMO assessment should

involving cooperation (e.g., market information sharing, new product development alliances, export alliances) and competition between competitors at the same level. Although not focused on increasing horizontal IMO, one example of such a policy might be the export grouping scheme described by Welch et al. (2000). The second part of the task is to strengthen the vertical IMO through networks involving relationships between channel members. This latter task would include providing information vertically, encouraging the sharing of market information with channel members, building trust and encouraging the development of relationships with domestic channel members when possible. Fundamental to driving economic policy for the strengthening of economic development in transition economies is the presence of several market democracy factors such as a multi-party political system, a free market system, respect for human rights, and the rule of law (Macesich, 1991). Appendices 2 and 3 display the types of ties in the horizontal and vertical networks and the influence of economic policy on these ties.

Conclusion and Policy Implications

Market orientation is a strong cultural parameter of an organization that influences the performance of the organization directly through the use of cross-functionally shared market information and indirectly as a resource for the development of competitive strengths that enhance the firm's performance. We have suggested extending this concept to an industry to assist policymakers with designing policies oriented toward economic growth. Industry Market Orientation has two dimensions, horizontal and vertical. These dimensions vary in the institutional activities they include. Consideration of an industry as a combination of horizontal and vertical networks helps to clarify the institutional activities in each dimension for policymakers. This is especially true for policymakers in transition economies where turbulence has become a fairly standard element of the economy, because the networks emphasize learning and relationships as central to effective business practice.

An interesting area for further inquiry would be to explore the different kinds of economic policies, how they might work to affect both dimensions of IMO, and the pros and cons of these different policies. Although it is beyond the scope of this paper, we offer some possible implications for policy development based on a consideration of IMO from a network perspective include the following. Although these are not new policy concepts, they are easily derived from thinking through the nature of relationships in a network to determine possible actions to increase Industry Market Orientation and are provided as an example for the value of this approach.

1. Develop a central market information "warehouse" to which all competitors in an industry would have access. This warehouse might contain information about potential customer markets as well as information about suppliers or competitors from other countries.

2. Provide incentives and information for competitors to collectively grow the domestic market. The logic is that cooperatively engaging in some marketing activities (advertising, product improvements and standardization of product technology) may have the effect of significantly growing a market.

3. Provide incentives and information for competitors to collectively export to other markets.

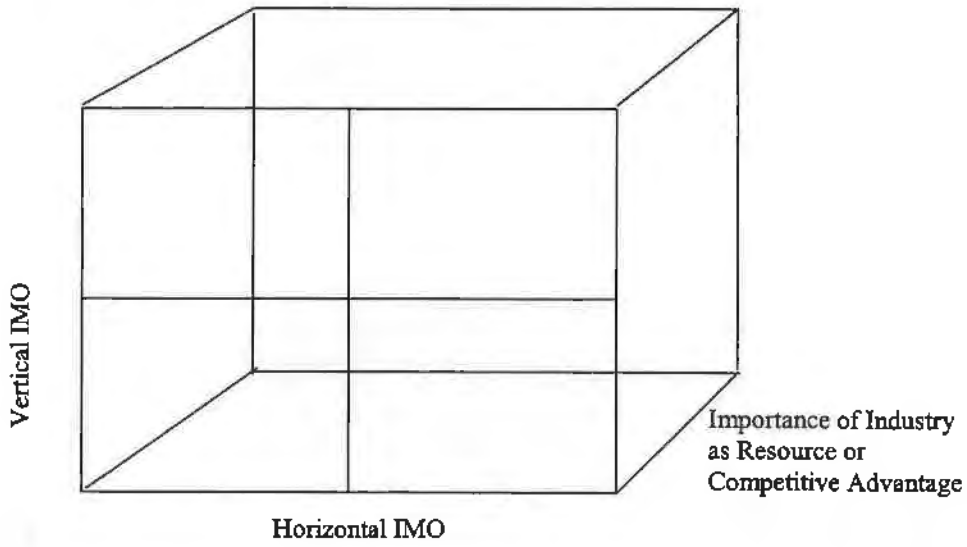
4. Provide information and appropriate mechanisms for competing firms to form alliances for the purpose of innovation development.

5. If appropriate, provide incentives to buyers for building relationships with suppliers within their own country. This would be especially important for those supplier industries that represent a significant portion of the economy or represent a significant potential competitive advantage for that country. This is a difficult area of policy and would have to be done in a way that maintains the integrity of open trade policies.

6. Develop a "Best Practices" Center that would provide information pertaining to best practices across organizational functions. Networks of organizations can become much more effective

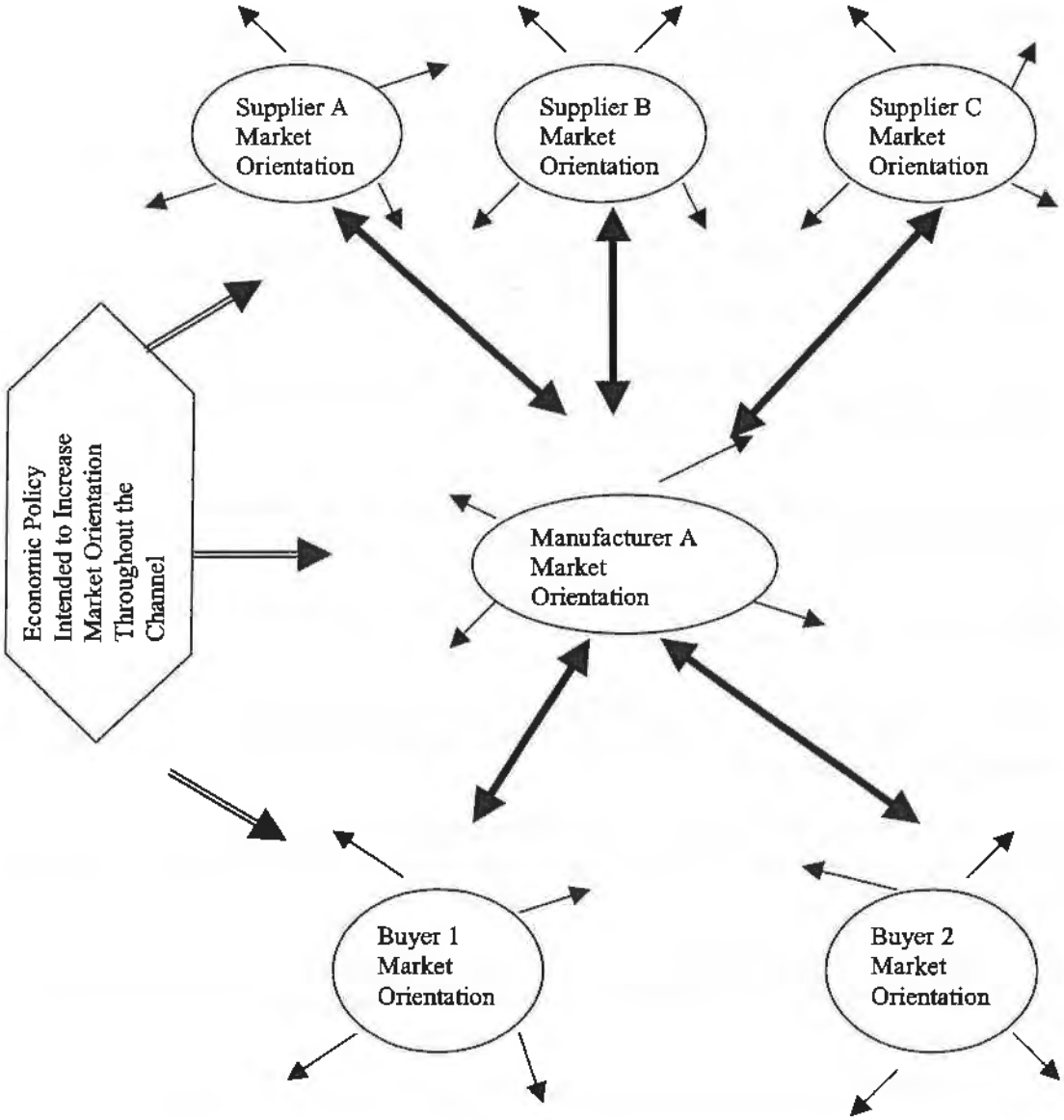
Appendix 1

The Portfolio Cube for Industries



Appendix 3

A Single Snpplier – Manufacturer – End Buyer Example of Vertical IMO as a Network for the Purpose of a Policymaker Designing Policy.



Reflects the market sensing activities of each company in the chain

Reflects the potential relationship bond between different channel members that includes trust, sharing market information and process information

Reflects the efforts of a policymaker to increase the market orientation of all channel members through such mechanisms as information databases and incentives

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Definition of the term "quality of life"

The term of "quality of life" was a frequent subject of scientific discussions during the 1970ies in the developed western countries. This term was used to show the results of total economic growth, successfulness and competitive ability of the national economy, and also included dimensions of social life of people. These social components of quality of life have been shaped by qualitative growth and post-material categories of value. Namely, in the presence of an extremely effective psychology of consumption a number of people began to realise that an increased material consumption above their good supply of material goods does not contribute to greater happiness of an individual and that acquisition of goods only for their possession, and not for their use, does not make any sense. In such conditions the state felt responsible for setting up an adequate framework, defining the conditions of life in which all its citizens will be able to have an equivalent quality of life. The question was raised then, and is still raised today: do all the people living in one country have the same concept of quality of life and is quality of life commensurately dispersed throughout the country? Many different definitions that have tried to explain this combined indicator of life with respect to the questions raised and the initial understanding of quality of life appeared in the scientific circles.

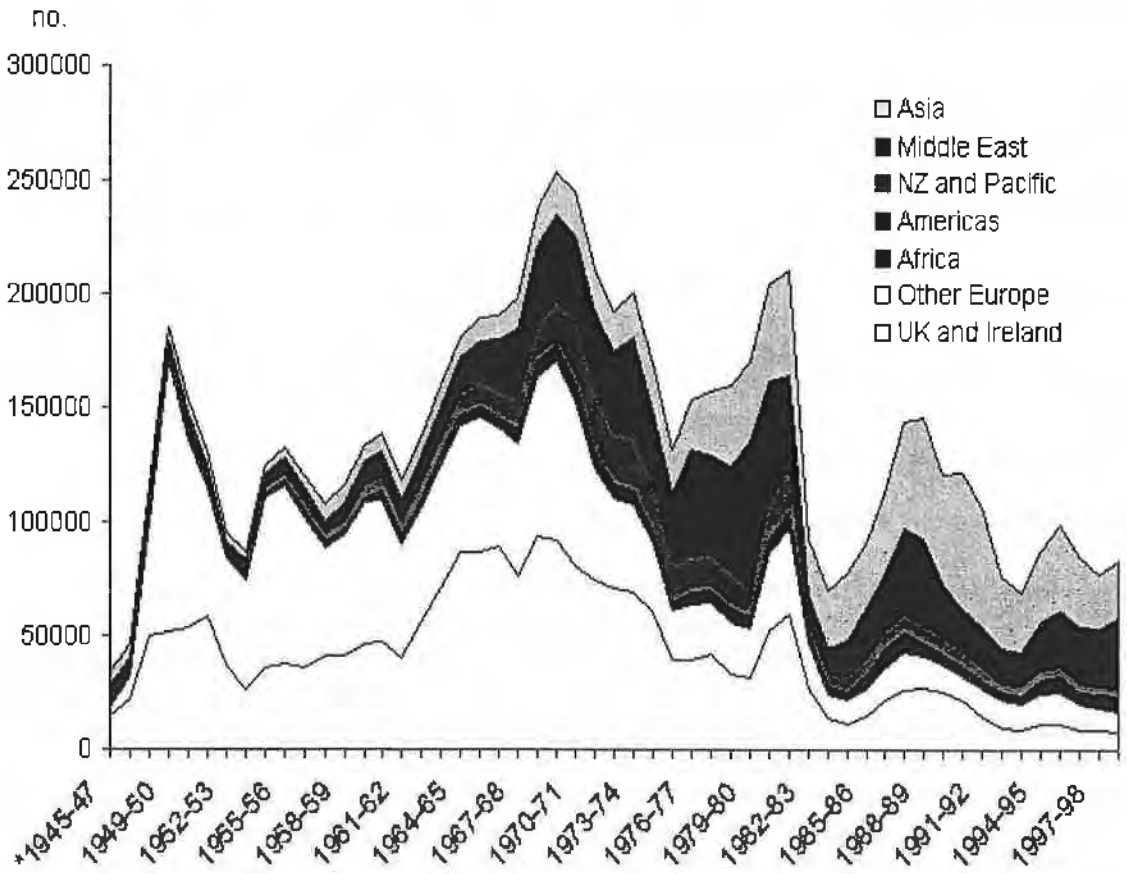
As in most cases when trying to give a scientific explanation of new occurrences in a certain area of human life we are confronted with different approaches and definitions, so was the case with the definition of the term "quality of life". This is a complex construct that cannot be explained by a single scientific discipline, but it requires a multidisciplinary explanation, and therefore several definitions of a narrower and wider understanding of this term have appeared in the scientific world. If this paper were aimed only at the discussion about the term of quality of life then review of multidisciplinary aspects of the definition of life would be necessary. However since this is not the aim of the paper there was no need to outlay the common traits and the differences between the various definitions. For purely pragmatic reasons we have opted for the definition on whose bases we shall explain and evaluate the effects of influencing factors on the processes of circulation of people between the two countries under observation - Australia and Croatia. According to Cummins[1] quality of life is: "Quality of life is both objective and subjective, each axis being the aggregate of seven domains: material well-being, health, productivity, intimacy, safety, community and emotional well-being".

It derives from the definition that quality of life is a multi-dimensional figure that has an objective and a subjective dimension. In order to determine the attained level of QOL and in order for it to be compared between different countries its relevant dimensions should be measured with adequate methods and techniques, strongly insisted upon by the definition's author. Anyway, QOL is a complex multi-dimensional construct described by many objective and subjective variables of human living. QOL is numbered among the very important so-called "soft" factors of attraction of people towards certain countries. The variables of dimensions and characteristics of QOL are today a frequent data of official state statistics of several countries to which we are referring to in this work. Considering that in our introduction we have mentioned the tendency to employ marketing to the area of attainment of a higher level of quality of life we shall also provide here the definition of marketing of the quality of life to help in explaining the problems discussed in this work. The American author Sirgy[2] et al. define marketing of the quality of life as a "business mechanism that plans, prices, promotes, and distributes economic goods to consumers in ways that maximise consumer well being. Consumer well being, in this context, has been defined in terms of the five previously mentioned dimensions of well being: acquisition, possession, consumption, maintenance, and disposition of economic goods." The definition of marketing activities focuses on economic goods and subjective elements of satisfaction of human needs such as satisfaction are directly brought into relation with the quality of life, which, in our opinion, is not in line with the post-material presuppositions on human life and satisfaction of needs. The material basis is certainly an important element of the quality of life

[1] Robert A. Cummins: (1997) Comprehensive Quality of Life Scale, Deankin University, Melbourne, page 6.
[2] Sirgy, M.J. et al.: (2000) Developing a Measure of Consumer Well Being, Marketing Contributions to Democratization and Socioeconomic Development, Macromarketing 2000, Lovran, Croatia, page 372.

attracted, regardless of the restrictive measures of the migration policies of that time, additional groups of Croats to Australia. During that time they settled, in addition to Perth, in other big cities such as Melbourne, Sydney, Adelaide and Brisbane.
The third wave of emigration to Australia followed after the Second World War and reached its peak between the sixties and the eighties of the last century when in ex-Yugoslavia movements of its citizens towards foreign countries were liberalised. This was also a time when other European nations also circulated towards Australia with greater intensity because Australia had become the leading world immigration area. The dynamics of the migration movements from Europe towards Australia to which Croats participated in significant numbers is partly visible from the data given in Graph no. 1

Graph No.1 : SETTLER ARRIVALS BY REGION OF LAST RESIDENCE, Australia - 1947 to 1999 (a)



Source: DIMA Australian Immigration Consolidated Statistics, various issues; ABS Migration, Australia (3412.0), various issues.

Cumulatively, during all periods of immigration of Croatian nationals to Australia it is estimated that between 100.000 and 300.000 Croatian nationals arrived to Australia and live there, among which, according to the 1991 census 63.084[6] speak Croatian at home. In addition to the immigrated Croats, a great number of them were born in Australia, and therefore their total number is certainly bigger than the number resulting from the census. Statistical data for 1999[7] indicate that these are 208.400 people from Former Yugoslav Republics in Australia, among which Croats are the most numerous. Even though in the third wave of emigration of Croats from their home country Australia became the most

[6] Škvorc, B.: (1998) A few notes on the number of Croats, Croatian language, schools and Croatian media in Australia, Društvena istraživanja Zagreb, br. 1-2 /1998,
[7] ABS: (2001) Main countries of birth of the population 1901-1999, 2001Year Book Australia.

Comparisons of elements and dimensions of quality of life of the Croats

The quality of life of the Croatian population in Australia as far as we know (except partly)[10] was not specifically researched, while that of Croats in Croatia was the subject of a limited number of researches. In order to be able to arrive to certain deductions within the aim of this work, we shall begin from the assumption that the quality of life of Australian Croats is identical with the average Australian quality of life, and that as such it can be compared with the quality of life in the Republic of Croatia. We are, at that, aware of the scientific critique that can be directed at such a research basis. It is generally known, namely, that Croats born in Croatia and emigrating to Australia, depending on the phase of their life and family cycle in which they were in at the time of immigration, carried with them their cultural heritage, personal scales of value, norms of behaviour, habits – all stable variables according to which their perception of quality of life and lifestyle probably differed from other numerous nations and cultures of Australia that create the statistical average of the quality of life. Quality of life should also be methodologically reviewed from the aspects of:

- lifestyle and personal characteristics,
- degree of education and perception of the scales of value,
- age and phase of family cycle,
- situation in which a person finds himself/herself,
- level of satisfaction of needs,
- belonging to different social levels,
- memberships in different formal and non-formal groups,
- Croatian culture i.e. subculture

which are all influential groups of variables for the perception of the quality of life. However, when lacking necessary data for comparison of identical elements of quality of life, comparing with the average figures of Australians can also provide useful knowledge about the level of quality of life of Croats in Australia.

Objective indicators of quality of life of Croatians

The objective indicators of quality of life describe the living conditions of people in a certain space, which in our case refers to the countries of Croatia and Australia. In order to express these conditions we have opted for several groups of variables whose relations are presented in the tables below.

[10] Vuletic, G. and Cummins, R.: Subjective quality of life and health of Croatian immigrants in Australia, Abstract

Table no. 3: Comparison of other objective indicators of life in Australia and Croatia in the year 1999

No	Variables	Australia	Croatia	Index
II.	**Health**			
1.	Doctor - visit / 1000 population	227	3.492	15383,26
2.	Hospital days / 1000 population	350	1.758	502,29
3.	Life expectancy at birth total population - years	79,87*	73,90*	92,53
4.	Death rate / 1000 population	7,18*	11,41*	158,91
II.	**Productivity**			
1.	Hours actuality worked average annual	...	1.716*	...
2.	Persons employed /1000 population	253	221	87,35
III.	**Safety and Intimacy**			
1.	Population growth rate	0,99***	1,48***	149,49
2.	Number of persons in households-average	2,6**	3,1x	...
3.	Unemployment rate %	6,4**	22**	343,75
4.	Hospital beds / 1000 population	3,93	5,59	142,23
5.	Medical doctors /1000 population	2,58	1,68	65,12
6.	Recipients of social welfare/1000 Population		33	
7.	Number of retirement income recipients /1000 population	85	209	245,88
8.	Convicted persons/ 1000 population	62,3	3,39	5,44
9.	Jail sentences/ 1000 population	1,1	0,10	9,09
10.	Number of students/1000 population	36**	20	55,55

Source: Authors processing of statistical data provided by AusStat and Croatian State Institute for Statistics.

Note: X = 1997, * = 1998, **=2000, ***=2001.

The majority of indicators given in the table speak about serious advantages and attractiveness of Australia with respect to Croatia. This advantage is especially expressed in the level of unemployment that is one of the prime movers of the process of circulation of people between countries, i.e. migration of people for economic reasons. Significant differences between countries can be seen in the number of medical visits on 1000 inhabitants (which can be explained with habits acquired in the socialist system in Croatia and the opportunities that were at that time offered to the people), as well as the number of retirement income recipients – also a consequence of the earlier retirement fund management. Both variables certainly influence the subjective evaluation of the quality of life and attractiveness of the countries compared.

The age and the educational structure of the inhabitants of the country observed are an important indicator of quality of living in a certain country. According to data from July 2001[11] the three following age groups had the following percentage in the total number of inhabitants:

[11] CIA, The World Factbook 2001

According to the results of the researches in Croatia[13] which according to their nature are close to the attempts of this work, it is believed that quality of life is composed of material elements, general satisfaction, safety, health and family, social awareness and hedonistic aspects of living. Scientist in Australia have reached similar results when ranking elements of quality of life within several researches on samples of respondents of different magnitude. The derived results of the research of the elements of quality of life rank as shown in Table no. 4.

Table no. 4.: Comparison of the elements of the subjective dimension of quality of life in Australia and Croatia

Elements of quality	Australia - rank	Croatia - rank
Intimacy	1	6
Health	2	4
Emotion	3	2
Safety	4	3
Productivity	5	...
Material	6	1
Community	7	5

Source: Authors data processing from the source: Andragoški centar Zagreb, Theleme 1991/37, page. 39 and Comprehensive Quality of Life Scale Adult, Study A6, Deakin University, 1997, page 42.

The differences in perceiving of the importance of single elements are obvious. There is no correspondence between any of the elements, and in the material aspect of the quality the difference is diametrically opposing. This is a distinct proof of the material deficits felt by the Croats in Croatia. Rankings deriving from the statements about the satisfaction with the researched elements differ with respect to the estimated importance of the elements, and therefore the rankings of the product of multiplication of importance and satisfaction – the frequently used indicator of quality – also differ. Even though we are not in possession of symmetrical data for Croatia, our intent is to illustrate in the Graph no. 2 the existing differences of subjective ranking by providing Australian data. The subjective dissatisfaction of the Australians with health and health services is obvious, even though the compared material conditions in their health sector are better than in Croatia. The measurement scales employed in the data sources used in this work provided quality data about the subjective dimension of the elements. If the measurements were to determine also the relations of the population towards the categories of ideal and minimum acceptable levels of satisfaction with quality variables the knowledge in this area could in the future be expanded. Human determinants such as age, sex and level of education have a significant influence on the valuation of the subjective level of quality of life. In the age group of 26 to 55 years of age in Croatia the respondents have put in the first place the material well-being, followed by health, family and marriage. The group of people with university education in Croatia put on top of their list social aspects of life such as freedom, friendship, human relations, work conditions and activities during leisure time. The second place is taken by one's own personality. On all other lower levels of education material well-being and family prevail.
The male population holds social and working conditions to be the most important, followed by material security, while the most important elements for the female population are material well-being, personality and emotions.
The World Database of Happiness[14] registered with an 8 point scale verbal Delighted Terrible life for Australia in the year 1995, the average value of 5,74. Some data about the subjective valuations of

[13] Sučić, S.: (1991) Empirical contribution to the determination of the quality of life, Andragoški centar Zagreb, Theleme,37/1991, pages 38-39.
[14] Erasmus, University Rotterdam, O-DT/u/sq/v/8/b

macromarketing in these endeavours. Macromarketing can be used on the levels of state, region, city and municipality. Macromarketing should with its applied activities harmonise the macro environment of a country with the commercial environment and in this manner help in the achieving of a higher level of quality of life of all her inhabitants. The conditions of life of Croats in their home state, but also in some aspects of life in Australia are such that by leading of a more active macromarketing policy on the level of both states their quality of life could improve. In this manner special cultural values of the society in which they live could be attained. From a series of informal conversations with Australian Croats we found out that they originally thought about their migration to Australia as a temporary solution in a circulatory process, which later, due to great distances and the fact that an independent Croatian state did not exist at the time became a permanent solution i.e. emigration. Many of those who were born in Croatia still have an intense desire to return, even in their later years. The longing to return to Croatia in Croats of the so-called third age group (over 65 years of age) is still present. However, it is not possible to quantify this need without special researches. From the calculated trends of mobility of the third age it is known that this age group of Croats in Australia will increase in numbers. According to the researches of the Australian institute the number of people belonging to this group should in the future change as in the following Table:

Table 5: Persons aged 65 and over from culturally and linguistically diverse backgrounds, country of birth (a) by sex and age, Australia, 1996 to 2026

Country of birth	Sex	Year	65–69	70–74	75–79	80–84	85+	Total 65+
			Number					
Croatia	Female	1996	1.399	966	484	349	221	3.419
		2001	2.320	1.324	863	397	347	5.251
		2006	3.013	2.183	1.189	703	439	7.527
		2011	2.748	2.838	1.965	981	700	9.232
		2016	3.208	2.585	2.557	1.628	1.043	11.021
		2021	2.533	3.033	2.334	2.122	1.690	11.712
		2026	1.998	2.400	2.757	1.951	2.379	11.485
	Male	1996	1.830	826	323	168	134	3.281
		2001	3.209	1.617	673	242	153	5.894
		2006	4.369	2.858	1.344	497	208	9.276
		2011	3.361	3.901	2.388	1.007	383	11.040
		2016	2.956	3.027	3.271	1.770	770	11.794
		2021	1.998	2.676	2.565	2.445	1.374	11.058
		2026	1.823	1.821	2.281	1.941	2.028	9.894
	Persons	1996	3.229	1.792	807	517	355	6.700
		2001	5.529	2.941	1.536	639	500	11.145
		2006	7.382	5.041	2.533	1.200	647	16.803
		2011	6.109	6.739	4.353	1.988	1.083	20.272
		2016	6.164	5.612	5.828	3.398	1.813	22.815
		2021	4.531	5.709	4.899	4.567	3.064	22.770
		2026	3.821	4.221	5.038	3.892	4.407	21.379

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that recognises influences within the global system, and provides a supportive environment for all. Together businesses and academicians can ask the questions, participate in discussion, and develop potential solutions, as we realise how we can help make the world a better place all – ideally one free of poverty.

In the sections to come, we will discuss our leadership role, followed by a variety of development issues to generate discussion. The development issues include whether change is necessary, the need for knowledge, providing an environment of support and not dominance, and interdependency between parts of the global system. The final section will address the need to explore these issues prior to deciding on our approach towards supporting the development of other countries.

We Have a Leadership Role

Many societal marketing ideas are not only being accepted as important, but acted on in practice. For example CEO of Hubbard Foods Ltd, Dick Hubbard, recently released his first triple bottom line report (Hubbard 2001). The triple bottom line report recognises that an economic focus in business is important, but not enough. Accordingly, it not only measures financial performance, but also social and environmental performance. Businesses are recognising that with growth comes the opportunity to reach out with the power to have a positive impact on society in a number of different ways. This discussion is not about ignoring any concerns about business growth and the financial bottom line. From the point of view of a business from a developed country that is operating in a developing country, cost and profit levels are important. This discussion does, however, support the need to moderate those goals with other equally (or more) important societal goals. That is, incorporate consideration of global societal marketing issues in the decision-making processes.

Societal issues are being recognised and addressed from a number of perspectives. For example, on a personal level some individuals are focusing on simplification, rather than always upsizing and accumulating (see In Business 1998). Consumers are also supporting the societal marketing trend with such increasing force that businesses can also include this as a brand equity issue among the many other benefits (see Hoeffler and Keller 2002). Fortunately, with this trend of considering the broader needs of society, the even broader needs of the global society is being given serious consideration.

The goal, then, is to discover what we, in the developed world, can do to have more of a positive impact and less of a negative impact on business development in developing countries. This will ideally lead to a contribution towards solving poverty, solving the problem of unmet needs, and solving the problem of improving quality of life for all and not just a few.

By providing the time and space to consider these issues on an ongoing basis, including at conferences such as this Macromarketing Conference, we will open up the way for important discoveries to be made. And as discoveries are made, we must choose approaches that lead to a greater understanding of how developed countries can provide a supportive leadership role that contributes to the long-term welfare of all parts of the global system. In the next section we will look at some issues about development and how they might affect our choice of approaches to assisting in the development of developing countries.

Development Issues

Is Change Necessary?

Not all growth is good growth. Not all development is mandatory in this global world. We need to determine when to and when not to influence change. What works in one environment will not necessarily produce the same results (e.g. benefits) in another country. It should not be assumed that it is 'right' to expect things to always be done the same way in another country as has been done in

In a global economy where the transfer of information is widespread, developing countries should not have to try to 'reinvent the wheel'. For example, the development of marketing has led to understanding of product management and distribution systems that do not need to be 'discovered' by developing societies, and instead can be copied as appropriate. Likewise, developing countries have the opportunity to learn from the mistakes of societies that have developed before them and try to avoid repeating those mistakes.

Businesses in developed countries can be looked to as an example. Learning from others is an important, and sensible, method of development. We must recognise, however, that in this leadership role we carry an incredible responsibility to those that learn from us. This is especially so where they can copy our mistakes and shortcomings. For example, it has been common in our developed societies to function with a constant sense of need. Development brings problems that did not exist before. For example, "as mankind advances in civilization, his wants usually increase in number and complexity" (Hotchkiss 1938, px). With this can come an attitude of business growth at (almost) any cost, and a relentless sense of dissatisfaction of what has thus far been gained. Our developed societies have evolved into a state where there is a drive to over consume, driven by a sentiment that nothing will ever be enough. Further, Hotchkiss (1938) noted that some problems that need to be dealt with in business practice are price, quality and competition; control of monopolies; tariffs and economic nationalism; fraud in advertising and selling; and balancing supply and demand. In our desire to provide supportive leadership, we need to seek to help developing countries deal with these things at a foundational level when they are still in the early stages of their development process. However, as we do this, we must remember that our role is to be one of support and not one of dominance.

Support, Not Dominance

The role of businesses in the developed world is to be one of support, not one of dominance, in accordance with the societal marketing perspective that seeks to achieve positive effects on the long-run effects of society, and in the case of this discussion, the effects on developing countries. While our business activities can aid their development, we must be careful not to abuse developing countries. Eng (2001) recognises that while multinational corporations can have positive effects on other countries, they can have a very real negative influence also. The labour standards accepted by multinationals – be they high or low – affect development of the business culture as well as development of a country's culture in general.

Therefore, in aiming to have more of the good and less of the bad, we must look to where support exists. For example, one area of commercial support can be found with the notion of *dependent development* as described by Poon (1996). An example of dependent development is where developing countries such as Hong Kong and Taiwan have been able to develop faster than some other developing countries due to multinationals setting up subcontracting networks what provide a flow of business activity into the developing countries. However, all forms of support have the risk of becoming a situation of dominating the parties being supported, and should be managed with a goal towards interdependency. This, too, is a form of development support, and will be discussed next.

Interdependency

If while in the dependent state a developing country is experiencing an inflow of foreign currency, then the economic development can create internal opportunities that may not have existed before. However, a concern to be managed is that of dependency versus independency of developing countries. When a developing country does not develop its own business development skills then what chance have they to really enter into the global environment as a country that is stable in its own right? While benefiting from dependency on others in the early stages, supportive leadership should aim to reduce the level of dependency and increase the level of interdependency. Dependency is not a bad thing; dependency is a part of interdependency. However, an interdependent relationship in a system works much better when each party is able to stand independently. Covey (1989, p51) states, "As you

the focus is on basic needs (e.g. food, clothing, shelter, and education) and on helping others in the community to also be free from suffering. So when these countries develop, and poverty lessens, we can search for ways to support the continuation of integrity in the business culture. We have seen the development of business fraud in our own developed countries, so our leadership influence may not be one of example, but we could seek to encourage integrity in developing countries. We must be careful, however, that we do not take a 'do what we say, not what we do' approach, and should instead strive towards practicing what we preach.

Conclusion

Along with learning about our effect on others and the good to be encouraged, we should find ways to integrate the issues discussed in this paper into our business decision-making processes. This can be done by firstly deciding on our global societal marketing objectives and the level of consideration we want to give regarding the effect of our activities in and with developing countries. We can then decide on what level of consideration we want to give regarding the effect of our activities in and with developing countries. We must learn about the current needs and issues that exist in the developing countries to develop our leadership approach, and research potential effects our activities may have on them. As we keep in mind that 'success' in business includes success in our attempts to consider the welfare of others, we will recognise opportunities to positively influence the journey of development of those who can look to us for example, advice, and support.

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Macromarketing and Street Level Marketing: Moving Beyond the Bottom Line in Serving Niche Needs

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Abstract

Macromarketing represents the movement of marketing into a socially aware discipline where societal impact and financial outcome are weighed up as contributing factors in a business decision. Traditional applications of commercial marketing are based on relatively objective analyses of the market with the aim of identifying a clearly defined segment or niche that the organization, through the development and sale of its goods and services, can exploit. In essence, formal marketing models represent a top down approach to the market where the organization interacts on a limited level with its customer base. Without an explicit focus on societal impacts, as is advocated by the macromarketing movement, traditional marketing approaches run the risk of limiting the potential for mutually beneficial outcomes for organization and customer as a result of this implicit separation of marketer and customer needs. In practice, however, many successful businesses have developed not as a result of objective market analysis but rather as a result of product driven marketing based on satisfying the needs of the firm's founder. Entrepreneurial activity rarely fits the mould of the marketing oriented philosophy to business. "Street level marketing" (SLM) provides an alternative intraniche marketing approach which acknowledges the importance of not only identifying, but being part of, the niche. In doing so SLM has opened a more structured orientation for new businesses to be part of the community that they serve and expands the application of marketing practice into new business and entrepreneurial domains on both a local and global basis.

Domain of the Paper: Street Level Marketing

Street level marketing (SLM) refers to a specific approach to marketing which is particularly suited, but not limited to, new and micro businesses. It focuses on the development and marketing of products by an entrepreneur that are designed to simultaneously fulfill a need felt by the originator, and also serve a specific niche interest. SLM keeps the business and the client close by adopting an intra niche perspective. Rather than identifying and "exploiting" a market opportunity, SLM remains true to the notion of serving the market through mutually beneficial exchanges that go beyond the purely financial. In providing an intra niche solution, the originator is not only tapping into a commercially viable business opportunity, but is also improving their own quality of life by solving a specific problem. A full explanation of SLM and its components is given in the following sections.

Macromarketing

Macromarketing as a paradigm expands an organisation's focus from the financial bottom line of their operation to a broader focus of financial success and societal benefit. Burton (2000) brings macromarketing forward as marketing in the broader context of society, where financial outcomes and social impacts are balanced. Whilst not putting a direct financial price on the value of society, it brings the idea of beneficial social outcomes into the business decision making process – financial

reputations within the niche. "Aidmheil" (pronounced "'m-th'ell) is a Celtic term relating to the notion of faith, which in this context is faith in the product and self belief (Dann and Dann, 2001a).

Marketing Orientation

When any subdiscipline of marketing is created, the core of the approach described by the theory must be based on the conduct of marketing activities, marketing philosophy, and the collection and use of a system of marketing intelligence gathering and market research. (Doyle and Wong 1998; Gray et al 1998) The theory does not depend on the organisation having a visible or identifiable marketing division, or an appointed marketing manager – it is enough to be performing marketing without having to label it as such in the corporate structure. The individual or organisation must be driven by a consumer orientation which is reflected a focus on meeting the needs of the intra-niche market ahead of using a production orientation (Gray et al 1998). SLM marketers are more likely to have a market focus insofar as they are developing product solutions for other members of their niche. However, this does not negate the need for the SLM marketer to respond to the market, and to use the whole of the marketing tool kit and actively source market information.

Gathering marketing intelligence in SLM moves away from a dependence on large scale quantitative data collection and analysis and towards non traditional tools. For example, SLM can make use of a contingency based marketing intelligence gathering system that focusing on monitoring the competition, and the evolution of the market needs by observational techniques, or quasi-ethnographic research (Wright & Ashill 1998, Dann and Dann 2001a). The emphasis of the SLM data collection is on using secondary sources and personal observation ahead of commissioning quantitative surveys. This draws in part from the entrepreneurship literature which advocates greater use of qualitative research in new product development (Carson & Coviello 1996). The advantage of the SLM ethnography is related to the level of market immersion of the researcher – many of the problems of acceptance and trust in ethnography are resolved by the research being one of the research population already. The disadvantage is that the risk of bias and subjectivity is much higher for an insider in a study population than a neutral external observer. In SLM, the rigour and more scientific methodology of ethnography is augmented by the pragmatic business approach of the marketing orientation and conventional requirements of market intelligence gathering.

Market Immersion

Market immersion brings the age old marketing question of "What business are we in?" to a new microsegmentation level of "What business am I?". The involvement of the marketer in the niche is paramount for the activity to be classified as street level marketing, given that top down entry into a niche has previously been excluded from the SLM concept. Immersion also assists in maintaining an ethical orientation to marketing activities that involve symbols and icons of specific significance to the niche. For example, the use of certain language and cultural references may be appropriate for one member of a niche to sell a product to a fellow member of the niche as it is assumed that both members share a common understanding of the significance and meaning. Where an outsider to the niche appropriates the words and symbols of the niche culture (guerrilla marketing) it often carries a high risk of offending the target market.

There are three specific advantages to market immersion:

- Immersion is valuable for understanding the needs of the market by being part of the market and through the ethnographic marketing research
- Membership of the market niche allows the understanding of the norms and values of the niche that have been gained by experience and social experience to be applied to marketing techniques and communications strategies. Misunderstanding of the social meanings of logos and symbols is often cited as problem for marketers entering new markets (McCracken 1988). By existing in the market itself, the opportunity for miscommunication is reduced, and allows for greater creative application of marketing tactics and strategies to deliver the product and message to the market.

skills, knowledge or expertise and is trustworthy in relation to needs solution being offered. SLM does not claim to have an exclusive licence over the area of source credibility, and defers to the research of the relationship marketing and marketing communications literature concerning the value of source credibility. Inside the SLM construct, source credibility is influence by several factors:

- Business reputation which is the estimation of the reliability and consistency of the organisation over time (Herbig & Milewicz, 1995a)
- Trust which is the perceived benevolence of the organisation and the extent to which it can be relied upon to act ethically in transactions (Selnes 1998)
- Objective credibility which is the believability of the organisation to perform a promised action (Doney & Cannon 1997)

In effect, source credibility tempers the charismatic elements of the street credibility with the reputation for sound business practice and reliability in commercial transactions. Simply having an inherent appeal to the market as a charismatic leader is insufficient for SLM business success – the addition of the traditional source credibility factors ensures that appropriate management and business practices are used to leverage the street credibility into long term success (Collinson & Shaw 2001; Hill & McGowan 1999)

Aidmheil

Aidmheil is a Celtic term for the notion of faith, which in this context is divided between a faith in the product, service or needs solution and a sense of self belief. The introduction of the aidmheil concept into street level marketing is to formally recognise the role of passion for the product or needs solution being presented to the marketplace. It can present it self as an internal motivation, recognised in the entrepreneurship literature (Hill and McGowan 1999) and as visible trait observable by consumers, and communicated through personal sales, and personal product endorsement. This conceptualisation of faith moves away from the religious connotations into a series of self belief and passion for the product solution. It does not preclude religious conviction, and enough anecdotal evidence exists in the entrepreneurial literature to indicate religious faith is useful during the development and founding of a new business.

The product faith aspect of aidmheil represents the SLM's marketers conviction that their product meets the need for market niche. It does not preclude the SLM marketer from modifying their product on the basis of market needs and market intelligence. Instead, it recognises the SLM marketer's "gut feeling" towards the success of their product, and their inherent willingness to risk personal, financial and social status losses in order to deliver this product to their peers. Aidmheil has been implicitly recognised as a factor in risk taking, vision and motivation skills characteristics commonly associated with entrepreneurs (Hill and McGowan, 1999)

The self belief component of aidmheil is expressed in terms of the passion the SLM marketer feels for their niche, and their ability to deliver to that niche. This also includes the passion associated with niche identification as part of the SLM marketer's self identification (Flores 1998). Elements of the self belief have been recognised in other aspects of marketing theory such as self efficacy which is the inherent belief of the individual in their ability to perform a given task (Garlin and McGuggan, 2001). In the SLM situation, the self efficacy is the faith the individual expresses in their ability to deliver their product to their niche peers, and to deliver an appropriate product solution. One factor to note is that the SLM manufacturer is also producing products to solve their own felt need, and this consequently enhances their own self efficacy in that they know this market need can be solved by their product by their personal experiences.

Aidmheil enhanced self efficacy is also valuable for the SLM marketer in terms of providing

- motivation for the pursuit of organisational goals,
- self confidence in the product and capability of the organisation to deliver on their promises

Barnacle", a tethering apparatus designed by Cameron in conjunction with Neil McLaughlin, a robotics specialist.

Since developing the product a number of other applications have become apparent. In particular, anyone working above the ground, in construction or in rescue can benefit from improved safety equipment. Research shows that around 4,500 people in New South Wales alone have been injured or killed at work due to falling from a height. Clearly the Barnacle is an invention that could be targeted at several markets.

The motivation behind the development of the Barnacle was a personal incident that directly impacted on Cameron Baker. Although Cameron was not the fisherman involved, his links with the sport are close due to his brother's involvement. Further, he previously trained as an Occupational Health and Safety Supervisor giving him expertise in the broader market for the product. Combined with the technical expertise of Neil McLaughlin, the need for this new and innovative product emerged based not on extensive market research but as a result of a single defining incident in Cameron's life.

Case Study 2: Penguin Mints (iFive Brands)

In May 1997 Adam Smith and Brett Canfield, then employed as programmers at game publisher *Wizards of the Coast*, were delayed on their way to an early morning meeting and consequently missed their usual morning coffee. In an attempt to keep awake they tried extra strong mints in lieu of coffee. From this incident the idea of portable, convenient and tasty caffeine emerged. After a year in development and the accumulation of a major debt Penguin Caffeinated Mints hit the market. Aimed at "coders, clubbers, adrenaline junkies and survivors of overlong meetings everywhere" Penguin Mints rapidly attained an almost cult like status within the niche.

Penguin mints combine premium natural peppermint with caffeine to provide an energy boost without the inconvenience of having to make, buy or drink a cup of coffee. Convenient to carry and packaged 75 to the tin, three mints give the caffeine equivalent of a single expresso. Interestingly shortly before the launch of Penguin Mints Wrigleys introduced the *Stay Alert* gum. In contrast to Penguin Mints, Stay Alert lacked the positioning and credibility within the market and was a product failure.

A significant portion of Penguin mint sales are conducted via the iFive website on which the founders also actively solicit feedback from customers. This feedback has resulted in the development of new ranges including cinnamon flavour and Penguin Lites (non caffeintated mints).The novelty value of Penguin Caffeinated Mints may have helped promote the product to a wider audience through media stories and celebrity usage (the distinctive tins have been spotted at a number of high profile events) however the willingness to stay with the original market and respond to its needs, rather than focusing on the product alone sets iFive apart.

Case Study 3: Airwalk Shoes

Airwalk shoes (www.airwalk.com) was developed in 1986 to service the sport shoe needs of the skateboarding, snowboarding, surfing and BMX market segments. Designers were recruited from within the ranks of the intended end users so that skateboarders were developing shoes for other skateboarders. This gave the company an insight into the needs of their target niche. Airwalk integrated their product development with market co-production by having end users of the product being involved in the design and testing, and providing suggestions and solutions to design problems. In addition, selective recruitment of niche members respected for their product knowledge (shoes) and product related skills (skateboarding) also led to greater source and street credibility for Airwalk. The process used a low level celebrity endorsement approach for the organisation by transferring the credibility of the skateboarders to the organisation, not through endorsement of the products, but through endorsement of the organisation. The endorsement for the company credibility came from the designers' involvement in the market niche, and the organisation's depth of market immersion. Aidmheil is also clearly present in the Airwalk organisation through their reference to the notions of

Marketing Ethics: Meeting Shared Needs from Inside the Niche

The fundamental principle of SLM is that the marketer is responding to a self identified need, and discovers an opportunity to share this need solution with their peers in the niche market. Whilst this may sound too altruistic to be an accurate description of commercial marketing, the emphasis is on the solution to a shared need. Obviously the marketer will seek to compensate their time and energy expended on the product either through financial or non-financial rewards. However, the initial emphasis is to develop a product that solves a problem shared in the niche. In contrast, top down marketing looks for segments which can have a product presented to them as a partial or full solution to a need – often with the unfortunately selected language of "exploiting a gap in the market". A brief review of the marketing literature brings the concept of exploitation to the fore quite quickly in areas of sponsorship (Meenaghan & Shipley 1999) and Internet marketing (Fojt 1996; O'Keeffe 2001). At the risk of entering post modern literary criticism of contemporary marketing, a brief keyword survey of 1140 marketing articles in the author's possession revealed 215 articles which relied on this term to describe marketing activities.

One part of the application of SLM is to remove the "marketing as exploitation" attitude from entrepreneurial commercial marketing, and instead return a focus on delivering value to the consumer by providing a niche solution. As the SLM marketer is a customer of their own products (remembering that the product was initially developed to solve a personal need, and then expanded to the niche market) there is a lower tendency to view the marketplace as a location to be exploited. Similarly, niche involvement and aidmheil also create a higher level of respect for the niche as a market of peers, rather than a simple commercial opportunity to be exploited for maximum return.

Quality of Life and Street Level Marketing: Marketing for the Longer Term Solution

The final area of SLM's involvement in traditional areas of macromarketing involves the ability to work on quality of life issues within the SLM framework. Increasingly individual career patterns do not conform to the traditional job for life approach. Changed economic conditions resulting in redundancies in mid career, the increasing involvement of women in the workplace and the prevalence of early retirement from the full time work force are all factors that are contributing to the changed economic structure of firms.

Currently one of the major growth areas of business internationally is the rise of the microbusiness. Micro businesses are defined as SME business operations that consist of five or less employees (Baldwin, 1999). Frequently the result of voluntary lifestyle change, the micro business tends to be focused on a perceived individual need of the founder in the market place. Thus micro businesses are the ideal environment for the street level marketing paradigm to develop and be tested.

From the perspective of quality of life issues, SLM has two major contributions to make. First, the motivation to start a microbusiness, and the choice of industry or business to enter, is frequently based on personal needs factors rather than economic factors. Women in particular have benefited from the greater acceptance of home based microbusinesses as a legitimate contributor to the economy and are differentially focused on microbusiness activity at different stages of the family lifecycle (Still & Timms, 2000). Microbusinesses rarely return to the individual founder the same level of remuneration that working for an established firm does, however the lack of financial return is compensated for by an increase in personal well being. One of the major motivations for setting up a microbusiness is to exercise control over one's destiny and gain greater freedom of self determination (Perren, 1999). Choice of industry to enter is usually based on familiarity with a problem or issue, the basis of SLM and is often identified through personal interests, such as hobbies, rather than from existing work oriented issues.

Second, the implementation of SLM allows the founder to experience greater quality of life as they are solving a problem which has explicitly faced them as a consumer of their own category of products. The more successful the street level marketer is in resolving the initial problem facing them as part of their psychographic niche market, the higher their quality of experience with the product category is.

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opportunities for a more holistic understanding of marketing that would be of particular interest to macromarketing scholars. In furtherance of this argument, we think it important to consider the role of marketing in ongoing developments in these areas. Among the more significant current affairs is the application of information and communication technologies (ICT) in politics and the public sector. As the marketing discipline continues to engage with new business models in (private sector) electronic commerce, it will encounter the promotion of e-based solutions in the political and public sector arenas.

The separation of politics and administration is replayed in the high technology world of the Internet by the independently developing fields of eDemocracy and eGovernment. In politics, the application of Internet technologies enables citizens to communicate more directly with politicians, government and agencies. This debate on *eDemocracy* involves "being in touch", "letting them know", giving and getting immediate responses and feedback and so on. Direct models of involvement with public institutions and influencing policy and responses are central. In the public sector management sphere, *eGovernment* is about enabling access to public services, improving the efficiency of getting information on entitlements, making enquiries about rights and responsibilities, paying taxes etc. It relies heavily upon the new public management principles of efficiency and measurement. As electronic forms of communication diffuse into the community, public bodies and government departments will be more efficient in their activities by adopting and promoting the use of online services. Speed of response, consumer advocacy and similar private sector marketing attitudes underpin the discourse.

Public Opinion and Public Policy

In the opening quotation, the Irish philosopher Edmund Burke was commenting at a time when popular views were being expressed in the United Kingdom, France, and elsewhere in Europe via the common, large scale participative method of mob rule. New proposals relating to eDemocracy and eGovernment tend to suggest more direct links between public opinion and government policy. The inherent implication is that the speed of response observable in other sectors ought to be replicated in the public domain. Typical of the populist writings in the field are:

> When will voters be consulted on important issues? Whenever they want to be. Anytime enough Internet users want to have a referendum they will simply have one. There will likely be hundreds of referendums each year (Morris 2000:33).

Although this illustration tends toward the zealous, influential reports and discussion papers from international consulting groups reveal little depth of analysis of issues and implications for democracy of e-based applications in the broad government area. Theirs is a strategy- and management-oriented perspective, with the prominent McKinsey organisation even asserting that

> ...the real value of e-government derives less from simply placing public services on-line than from the ability to force an agency to rethink, reorganise, and streamline their delivery before doing so, much as the redesign of core processes in the 1980s transformed many businesses (Al-Kibsi et al. 2001:65)

It is clear that such approaches should improve public sector effectiveness. The main burden of commercial and civil service effort has been on rapid delivery via the Internet with an emphasis on a move from existing paper forms to online transaction processing for greater operational efficiency. The inherent implication is that the speed of response observable in other sectors ought to be replicated in the public domain. Such perspectives also appear to propose, implicitly, that the intermediating institutions may be bypassed. This "direct" or disintermediating model is central to many of the arguments recommending the instant and widespread implementation of e-based approaches to linking citizens-consumers to the state. Essentially, it suggests a speedy version of

While observers and practitioners alike would wish to press on with the implementation of electronic access to information and channels of participation, the argument here is that the benefits may be accompanied by a threat to democracy. Importing technology-based solutions directly from the commercial world into the relations between the state, public institutions and the citizenry without due regard for the context is unsafe; it deludes people into equating simplistically private and public sector markets. A contingency approach demands that the distinctive characteristics of the political and public sector contexts be addressed by the proponents of e-based solutions. Chief among these is the principle of deliberation and the temporal severance of popular opinion and public policy. The challenge for marketing is to recognise and involve the mechanisms of representative democracy, so that they can be incorporated into electronic delivery systems rather than clash with them.

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into small, local, single-issue oriented manifestations, which do not any more contribute to a popular mobilization or to the creation, dissemination, and qualification of a public debate on a national basis (Andersen et al., 1993:230).

However, a new collective consciousness in relation to the environment is emerging. On one hand it has a broad basis both politically and culturally, but on the other hand it seems to be rather weak organizationally.

There is undoubtedly still much political participation in Denmark, but an increasing number of channels for participation have emerged, and participation is not to the same extent as earlier in history based on specific popular communities. Consequently, fewer citizens are actively participating in binding activities in organizations, in grass root movements, and in political parties. The tasks that were previously handled in a more general way by the political parties are today taken care of by other channels of participation. The organized communities do not to the same extent as they once did play a central role as a social framework for the handling of interests, the political debate, and the creation of consensus. In fact, 30.8% of the Danes seem to find that it is more effective to reveal one's political attitude by choosing products in the market place than by voting at a general election (Gallup, 1997).

The Danes are still interested in discussing politics, but fewer are engaged in binding participation. It therefore seems as if we are heading for a democracy of spectators with few active participants and many interested observers who are passive until somebody steps on their toes, or something is appealing to their immediate political interests.

The political debate in Denmark today is increasingly initiated and controlled by the mass media, especially television. More political messages are therefore communicated to the general public. However, if the large majority of the population is participating in politics without much commitment and based on knowledge and opinion that has been transferred by the electronic media, there is a risk of increased lability in the political pattern of reaction and a greater distance to the institutionalized political processes. Such a lability and distance seems to be characteristic of the political situation in Denmark in the 80s and 90s (Andersen et al., 1993: 230).

It is, therefore, not so much the motivation of political participation that has decreased, but probably more the mistrust and the powerlessness in relation to the institutionalized channel of participation and the political elite that has increased. In addition, 30% of those who are interested in politics find that it has become so complicated that they usually are not able to understand what it is all about (Andersen et al., 1993: 231). Consequently, the active resources of the Danish citizens seem to be used particularly to solve close and manageable political problems together with other individuals at a decentralized social level.

Purchase Behaviour as Political Participation

Political consumption is a social phenomenon that essentially ought to be understood seen in relation to the shifting in the political participation of the citizens. It seems as if the citizens to a large extent consider the market as a supplement or perhaps even an alternative to the institutionalised channel of participation (Gallup, 1997; Jensen, 2000 a&b). It is, therefore, relevant to look at consumers as political actors, who are behaving on societal conditions in interaction with other groupings and organizations, and who, besides the market mechanism, are dependent on political institutions, grassroot activities, and not at least the mass media.

As such, it is not just individuals with a fully developed consumer consciousness and representative for consumer organizations who are acting today on the political scene. Also citizens with an affiliation for other channels of political participation than the institutionalized have apparently become aware that selected consumer action measures can be used not only to solve individual consumer problems, but also more general political problems. This is probably to a large extent due to

after all was the most sensitive political issue in relation to consumer choice at that point of time. It may also wonder that only 40% of those, who expected that they would attach more importance to attitudes and values in connection with future purchase decisions, were so-called political consumers.

Thulstrup (1997: 31) indicates that 29% of the Danish population in June 1996 was able to confirm that they had avoided buying specific products during the last three months, because they were politically against a country or a company. When the same question was asked three months later, this share had decreased to about 17% of those interviewed, and in June 1997 this had further decreased to 12%, and in September 1997 it was only 11% (Thulstrup, 1998: 58).

Thulstrup (1997: 34) also demonstrates that the consumer, who avoids products because of political reasons, typically is a woman between 30 and 49 years, who reads the Danish newspaper Politiken, and votes socialist (SF or Enhedslisten). According to Andersen & Tobiasen (2001:49) this still seems to be the fact, but the relationship is primarily caused by education and political interest. While 34% of the women during the summer of 1996 had avoided products because of political reasons, there was only 13% left one year later. For men the share had decreased from 24% to 10%. Especially the 30-39 years old then seemed to be unstable, which is reflected by the fact that their share decreased from 43% in 1996 to 14% in 1997. Among the very young 15-19 years old, the share decreased from 27% to 6% in the same period.

The lability in political participation that has been identified by Andersen et al. (1993: 23) apparently also seems to be reflected by the inclination to avoid products because of political reasons, and the profile of those, who are especially inclined to do so, is to a large extent congruent with the profile of those, who feel attracted by political manifestations (Andersen et al., 1993: 171).

If political consumption is as unstable as it is here suggested, it is probably a characteristic of the so-called political consumer that should have been highlighted by the mentioned studies. However, it is not possible by means of these studies to get a well-founded understanding of this phenomenon. On the other hand they seem to suggest that social research to a larger extent ought to highlight the distinctive marks of politically motivated consumption decisions, their antecedents and consequences, instead of profiling a consumer, who may be virtually identified only in specific political situations. Everything seems to point towards the fact that especially negative political consumption is situational, specific, unstable, and very dependent on what the mass media put on the political agenda. This is probably connected with the fact that a politically motivated avoidance of products is relatively free of costs, because the consumer usually can easily find substitutes that are politically correct and fit nicely into already established patterns of consumption. That is hardly the case when it is about positive political consumption, because involvement in a specific political issue here probably is combined with more perceived risk concerning the continuous suitability and political correctness of the chosen products.

The Contribution of the Mass Media to Political Consumption

If Andersen et al. (1993: 230) are right that we are heading for a democracy of spectators, which seems to be rather plausible, it is important to highlight the contribution of the mass media to political consumption. However, few studies have so far investigated this issue, but a discourse analysis of the Brent Spar conflict as recast by the Danish mass media suggests that the press can be highly involved in mobilizing political consumption (Jensen, 2000 a).

Although the agenda of both Shell, the British government and Greenpeace were presented to the Danish audience by most of the analysed newspapers in June 1995, the recast Brent Spar discourse was soon dominated by the arguments of a coalition made up by Greenpeace and some prominent Danish and foreign politicians/minister who generally supported the story-lines of the interest organization. In mid-June, Shell and the British government were therefore unambiguously positioned as environmental perpetrators who were to blame for what was now portrayed as an environmental

Therefore, one may wonder why this aspect of the conflict was not highlighted by the editors of Information, who apparently were puzzled by the disproportion between "the level of involvement and action in this conflict compared to the more pragmatic attitude, which is reflected in much more important matters, where the oil industry and the remaining fossil energy sector are involved".

Because the consumer apparently was able to solve the problem, which the political system had been unable to solve, he/she was portrayed as an omnipotent individual, and this individual was named "the political consumer" by several of the analysed newspapers. Understandably, this was welcomed by the Consumers' Council, because it implies an improvement of the public regard for consumer policy and a widening of the field of consumer action. Also, it was understandably welcomed by scientists from the private Institute for Futurology, because it implies a growing market for research in political consumption.

However, the consumer boycott of Shell can also, and perhaps more righteously, be regarded as just a pawn in a political game, which was staged by the coalition partners in the environmental discourse in collaboration with the Danish press. Seen in such a perspective the plot of the political spectacle was basically invented by Greenpeace, but it was adapted to the stage by indecisive politicians, spokesmen for public authorities, and private companies, who probably soon realized the potential of being active in the political game. The analysed daily newspapers then helped directly or indirectly the producers of the play to find the most suitable actors, the consumers, and they helped these actors to be properly rehearsed by means of mobilizing information until they were able to give their first performance. Finally, the result was almost unanimously reviewed by these newspapers not just as a great success, but also as a triumph for justice. Only B.T. seems to have learned this was not necessary the case.

A Frame of Reference for analysing Political Consumption

That the market mechanism also functions as a channel for political participation is demonstrated by Andersen & Tobiasen (2001) and Micheletti (2001). These studies suggest that it is useful to distinguish between the following four types of political consumption:

1. Collective, organized, positive political consumption as, e.g., initiatives taken by Coop Denmark to promote the consumption of Max Havelaar coffee.
2. Collective, organized, negative political consumption as, e.g., the boycott action organized by Greenpeace against Shell in 1995.
3. Individual, unorganized, positive political consumption as, e.g., choice of ecological products in order to promote sustainable farm production.
4. Individual, unorganized, negative political consumption as, e.g., avoidance of eggs from battery hens in order to prevent industrial farm production.

That the first two kinds of consumption can be considered as political participation is hardly controversial, and history is able to offer many examples of these versions, especially boycott actions (Friedman, 1999). However, this is not necessarily the case when individual consumer behaviour is taken into consideration. According to Andersen & Tobiasen (2001) individual consumer choice can be considered as political participation, if it is motivated primarily by conscious political goals. This implies among other things that green consumption is not necessarily political consumption. But we still need studies that are able to explain to what extent this is the case. We also need studies which are able to explain the interrelationship between the four types of political consumption and their dynamics compared to the evolution of the institutionalised channel of political participation.

which was solved by sovereign consumers. The analysed newspaper did not tell the public that is was perhaps instead a crisis for the institutionalised political system which was solved by prominent politicians and ministers in Denmark and abroad who unanimously called for a consumer boycott. We therefore need studies which offer a systematic understanding of the active participation of the mass media in the public debate about political consumption. Such studies will probably be able to explain the lability of individual, negative political consumption which has been demonstrated by Thulstrup (1997 & 1998).

Negotiations in everyday life about political consumption are probably based on the storylines that have been communicated by the mass media, but they can also, when identified by the mass media, influence the evolution of these storylines as it is show in Figure 1. Halkier (1999) has demonstrated how such negotiations go off, when they are related to political aspects of green consumption, but we still need studies that are able to highlight the interdependence between the political dimensions of the so-called tablecloth agenda (Halkier, 1999: 75) and the political agenda that has been communicated to the public by the mass media. However, the studies of Halkier (1999) suggest that decisions of political consumption are more composed and ambivalent than those decisions that are normally made in relation to consumption and politics. Goal rationality is probably more the exception than the rule, because negotiations in everyday life about political consumption are based on changing social conditions and rational quandaries concerning what is possible, and what may be rewarding seen in relation to changing political and consumer choice criteria.

The consumers' political activities probably depend to a large extent on negotiations in everyday life, and the outcome of these activities will undoubtedly influence the way such negotiations go off in the future, as it is shown in Figure 1. Because everyday life is full of contradictions regarding both consumer matters and politics, and because it is continuously influenced by social and political incidents, one should not take it for granted that there is an unambiguous, consistent relationship between attitudes and behaviour in this field. Several studies from market research (Grunert, 1988) indicate that it may be just as reasonable to take the opposite stance, which implies that it is not necessarily meaningful to ask the individual consumers of their attitudes to political consumption and then assume that, given these attitudes, there is a fair chance to forecast political consumption behaviour. This probably applies especially to negative political consumption which seems to be very situational, unstable and dependent on what the mass media bring into the sphere of interest of the private household in the short run. What positive political consumption concerns it seems to be more reasonable to expect some kind of planned behaviour (Peter, Olson & Grunert, 1999:129), because involvement in a specific political issue here probably is combined with more perceived risk concerning the continuous suitability and political correctness of the chosen products. But also in such a case the real challenge is to discover analytically the systematic relationship between political consumption activities and the way these activities are rationalized.

Even if studies of the mentioned key questions and the interrelationships between them are much needed, there is an even greater need to get a thick, context-dependent understanding of political consumption as a situational phenomenon as it is shown in Figure 1. When political consumption has been included in the agenda of the mass media and the private households, it will be possible to discover how the market in fact functions as a channel for political participation, which narratives are influencing the political debate, which story-lines are constructed by the mass media, and also which negotiations in everyday life in fact lead to which kinds of political consumption. However, unfortunately it cannot be taken for granted that the needed scientific and economic resources are available when time is ripe.

Conclusion

Consumer and citizen behaviour has traditionally been treated as two different issues in social research. The consumer has been regarded as an actor in the market place, and the citizen as an actor in the political system. It has therefore been left to market and consumer researchers to study the

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Farooque 2000). Yet to function efficiently markets must be open, posses unrestricted information flows, as well as efficient social institutions that exist in a culture of "trust." Fukuyama (1994) presents the argument that the efficiency of the market is corrupted by high transaction costs of "mistakes, dishonesty, opportunism, or theft" (Quddus, Godsby and Farooque 2000 p. 88). The generalized level of trust inherent in a national culture can enhance national development by lowering transaction costs, or conversely distort market and commerce to such an extent as to make progress difficult. In this process the role of "social capital" or "the dense networks of norms and social trust which enable participants to cooperate in the pursuit of shared objectives" (Norris, 1996, p 474) is of critical relevance (Kramer and Tyler 1996; Quddus, Godsby and Farooque. 2000). Further, in his later work, Fukuyama (1999) appears to endorse the notion that those societies in which the "social capital" is well developed and socially directed performance is rewarded tend to be economically more progressive. Essentially, in societies where the norms are not strongly held and rewards emanate from corrupt practices, progress is difficult. Laws are codified norms and the evidence suggests that nations with well-developed legal systems tend to be more progressive. When a nation is viewed as a series of interacting systems (Pecotich and Shultz 1998a, b, and Shultz and Pecotich 1997), it becomes clear that the legal system is vital for the nations stability and development. It is the purpose of our working paper to develop, from a marketing point of view, an integrated theoretical framework for the evaluation and effectiveness of the macro national legal system.

The Legal System

It is widely recognized, even in the most underdeveloped nations such as Bangladesh, that a well-functioning legal and judicial system is essential for the financial commercial and industrial well being of the nation (World Bank 2002). It is strongly advocated that national and corporate governance requires well-understood rules and market practices where decision-making processes are transparent and the parties within the system are visibly and directly accountable. It requires a judiciary that is incorruptible, acts without fear of intimidation and applies the law equally to all its citizens. A proficient judicial system is an essential component of a just society where the rule of the law is accepted. Limitations, impediments, barriers and delays in the just resolution of criminal cases and equitable outcomes of civil disputes create pressure to evade the judicial system or to seek special privileges from its officers. A judicial system characterized by corruption, delay and high costs ultimately saps the confidence of the citizens of a nation, leads to instability and prevents efficient economic development. Accepting these arguments many developing nations have taken tentative steps towards legal reform and governments have begun to build an institutional infrastructure that makes competitive markets work (Anonymous 1999; Black 2001; Boswell 1999; Webb 1999).

To ensure success of such reforms it is necessary that the elements and processes within the specific legal system be enumerated. As there exist considerable variations in the legal systems worldwide the conceptual structure developed must be sufficiently general, while allowing for the integration of specific national circumstances. It must also be sufficiently flexible to allow for measurement and or assessment of the views of the multiple parties involved (e.g., the litigants, judges, lawyers and the general public).

Much of the work done in this area has emanated from the legal profession (e.g., Anonymous 1999; Black 2001; Boswell 1999; Webb 1999). Possible contributions from the macromarketing and service quality perspectives have been overlooked. In marketing terms the essence of the problem can be found in the cliché that "justice must not only be done, but must be seen to be done." The test of the effectiveness of a legal system or indeed any law is in the market place where it must be seen to actually work by all the members of the community.

Our objective is to develop a basis for a conceptual understanding of the legal system and its assessment by integrating the marketing / service quality evaluation perspective within the specific aspects of the legal system. In doing so we focus on case management within the courts where the primary responsibility rests with the judges and the lawyers who must ensure that the litigation process

Table 1
Focus on the Case Process

SIX STAGES

1. **The Initial Case Factors**
2. **The Judicial Process**
3. **The Case Outcomes and Re-evaluation**
4. **Perceptions of Justice of the Legal System Process**
5. **Final Satisfaction**
6. **Final Perceptions and Behavioral Intentions**

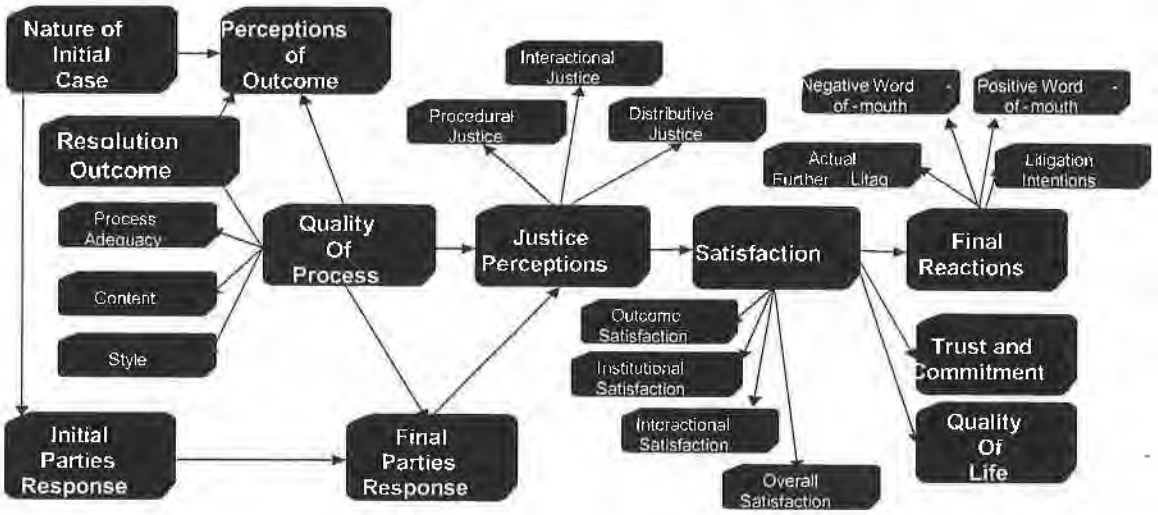
The structure of the more sophisticated "integrated theoretical and measurement process" model is shown in Figure 1. The first two conditions shown in the Figure involve the "nature of the initial case" and the "initial response of the parties." In this section we are concerned with the characteristics of the circumstances that led to the litigation, the actual parties involved (the plaintiff, the defendant, the judge and the lawyer) each of whom will have different perceptions about the case. For example, it is expected that they will have different views of the severity of the situation and the attributions of blame for the events undergoing litigation (Dunning and Pecotich 2000; Shapiro, Buttner and Barry 1994). For the initial litigation to proceed, it is necessary that responsibility and blame be attributed and the alternative lines of action are exhausted. The evidence suggests that there is a tendency to initially attribute responsibility for the causes of the litigation away from the self (Bies and Shapiro 1988; Shapiro, Buttner and Barry 1994; Sitkin and Bies 1993).

The next critical stage involves the "quality of the legal process." This is purported to consist of three components, process adequacy, content and style. *Process adequacy* refers to such important legal-specific factor as timeliness, equity and transparency. *Content* is defined, vis-à-vis the literature on explanation adequacy, as the "informational integrity" of the situation (Shapiro, Buttner and Barry 1994, p. 348), and can be thought of as the component of a social account that answers the 'why' question, by providing valid, specific, understandable, and mitigating causal information. *Style* is defined as "the interpersonal sensitivity in the delivery of explanations for bad news" (Shapiro, Buttner and Barry 1994, p. 348), encompassing such factors as honesty, sincerity, empathy, remorse and respect.

As a result of the process a "resolution outcome" is achieved. In the legal process there are almost always winners and losers (certainly among the litigants) but also relatively independent observers (judges and lawyers). It is anticipated that the nature of the outcomes will strongly influenced justice perceptions, satisfaction and final reactions. We also expect that he general public also will have relevant perceptions that it will influence their actions and attitudes to the judiciary. This formulation, therefore, allows for the comparison of views on the legal system of these important stakeholders. Following the "resolution outcome", the parties re-evaluate the nature of the case, the outcomes and the quality of the legal process. This complex re-evaluation process results in perceptions of the outcome and leads to the final response that in the end influences justice perceptions, satisfactions, and final reactions. The figure suggests that "final parties' response" will be influenced by the "initial parties' response" and by "the quality of the process."

that the maintenance of a strong judiciary, or the judicial reform required to establish one, is indispensable as a cornerstone for optimal socio-economic development in some of the world's most moribund economies. As part of the initial findings from a field study in Bangladesh, we introduce factors and a model for policy makers to consider when invoking changes to abet the efficiency and effectiveness of legal systems and ultimately more desirable trends in socio-economic development and societal welfare.

FIGURE 1
THE INTEGRATED THEORETICAL AND MEASUREMENT PROCESS MODEL



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organisational activities (Atkinson, Waterhouse and Wells 1997; Freeman 1984; Harrison and St. John 1996; Polonsky 1996). As employees are stakeholders and have the ability to further or hinder an organisation's goals and objectives, their perspectives regarding strategic social objectives is important (Turban and Greening 1997, Albinger and Freeman 2000). For an organisation to not just claim to be socially responsible but actually *be* socially responsible will inevitably require the co-operation of the workforce. For example, any organisation engaging in biotech research these days, whether a for-profit firm (eg. Monsanto), a research institute (eg. the CSIRO) or a university (eg. the University of Newcastle), ***must*** follow certain ethical and legal guidelines regarding containment of potentially disruptive organisms, disclosure to research participants and truth-in-reporting. These things require the willingness and cooperation of an organisation's laboratory technicians, research specialists, scientists and academics.

Besides the emphasis on avoiding data fabrication and plagiarism, scientists have also come under increasing pressure to be able to assess and openly discuss the potential social consequences of scientific discoveries (Paldy 1992; Bisbee 1994; Sweeting 1999) and this is particularly true for biologists (Wadman 1997; Tauber 1999; Johansen and Harris 2000). Organisations that employ or engage in the services of biologists and want to adopt a CSR strategy should be interested in ensuring that these personnel are able to assess the potential social impacts of their research and adequately be able to communicate these with the public or develop strategies that can avoid potential ethical problems that could diminish the reputation of the organisation.

However, whilst a number of studies have investigated the attitudes that students have towards specific ethical issues (eg. Curren and Harich 1996; Malinowski and Berger 1996; Price, Price, Williams and Hoffenberg 1998; Parsa and Lankford 1999; Niels, Jacobsson and Lundgren 1999; Silver and Valentine 2000), little has been done that focuses on the value that biology students place on the importance and relevancy of ethics in biology. This is surprising, given that today's biology students are tomorrow's biology, genetic engineering and biotechnology researchers and scientists and that society has expressed some concern over developments and practices in these areas (eg. Kelley 1995; Kocher 1996; Brown 2001; Balogh 2002). Furthermore, Berglund, Godwin, Mageny, Jurd, London, Berg, Walsh and Revay (1998) conclude that it is a question of how, not whether, to teach bioethics to undergraduate students. The study reported here takes a first step at assessing this situation in an Australian context.

Whilst it is difficult to gain a representative sample of current employees across industries employing biologists, it is possible to survey likely future employees (ie. biology students) still undertaking studies as to their perceptions regarding the importance and relevancy of ethics in their degrees. Thus, this paper reports the results of a study to identify the attitudes that undergraduate biology students have towards the importance and relevancy of being taught ethics throughout their degree (and the relevance of a number of ethical issues), as well as their perceptions of their of exposure to bioethics in their biology studies to date. The study also investigated the extent to which a variety of demographics might play a role. The paper first reviews the meaning of ethics and the practical approach taken in defining bioethics for this study. It then reviews biology education to assess the most appropriate level to teach bioethics and looks at the programs in bioethics that are currently being offered to undergraduate biology students. Next, the research design used is presented, followed by a discussion of the results. Managerial implications, limitations and future research considerations follow.

Literature Review

Biology is broadly defined as the science of living organisms and encompasses all of the disciplines that are collectively referred to as the biological sciences (Ruse 1995). A review of the literature has revealed that whilst there is an abundance of research on ethics education as it applies to medicine and the health care professions (eg. Myser, Kerridge and Mitchell 1995; Weatherall 1995; Price et al 1998; Hope 1998; Doyal and Gillon 1998; Miyasaka, Akabayashi, Kia and Ohi 1999), there is very little material that focuses on its application in the biological sciences. Furthermore, there was nothing found that specifically addresses the perceptions and attitudes of biology students towards the being taught bioethics as part of their degree.

A three-year Bachelor of Science with a relevant major is normally considered to be the bare minimum entry-level requirement for most occupations within the biological sciences. Biology graduates, regardless of specialisation, may find employment opportunities in a number of different places, such as pathology and biotechnology laboratories, private and public research institutions, educational institutions, the pharmaceutical industry or the public service sector. Whilst no reliable data was found that might confirm the career paths of Australian biological science students, one British study suggests that most biology graduates do end up working in areas directly relevant to their degree (Gill and Golding 2001).

Whilst bioethical issues are now commonly incorporated into high school biology curricula and a great deal of support exists for introducing bioethics to high school students (Lader 1995; Asada, Tsuzuki, Akiyama, Macer and Macer 1996; Guyer, Dillon, Anderson and Szobota 2000), it is uncertain what differences such programs make on whether students can appreciate the relevance of ethics or develop the practical skills in ethics when they have no context in which to do so. High school students generally have not yet developed skills in critical reasoning needed to evaluate their position in light of the scientific evidence, material implications and logical consistency, nor do they generally have the ability to extrapolate the long term consequences of their decisions (Lader 1995; Dawson and Taylor 2000). Furthermore, whilst introducing students to bioethical issues at this stage may have merits, it may not be the most appropriate level to ensure that future biologists are equipped with ethical skills. This is because there can be no assurance that the future biologists have either completed these courses or have retained any of the skills acquired. Thus, this study focuses on university-level bioethics education.

There has also been a proliferation of post-graduate courses in bioethics in the United States and in Australia (Lader 1995). Some of these courses have been developed into specialist degrees and others are incorporated into broader programs. However, considering that most students will go directly into the workforce without any further post-graduate studies (Sweeting 1999), postponing ethics education until this time would mean that many biologists would not receive this training. Therefore, undergraduate biology classrooms would appear to be the most appropriate opportunity to expose students to formal programs in bioethics, so they may obtain the skills required in ethical decision-making and communications (Lindell and Milczarek 1997; Murray 2000).

Programs in Bioethics

Courses in bioethics are designed to sensitize students to various issues that the health and life sciences present (Post 1995). Philosophical courses in bioethics would be available at most universities to undergraduate students in some form or another (Lader 1995), however, it would be unusual for biology departments to formally encourage their students to undertake these courses as electives let alone as core curriculum components. By contrast, bioethics is a compulsory core component of medical curricula and most other health professions (Doyal and Gillon 1998; Hope 1998; Miyasaka et al 1999; ATEAM 2001). Australian universities offer 111 specialist degrees with a significant biotechnology composition (Young 2002). In some of the degrees, students are either encouraged to take a course in bioethics or, as in the case of the University of Newcastle, such a course is compulsory. However, these courses are often restricted to students undertaking the specialist programs and are generally not available to generic biology students.

There are some universities in Australia and overseas that are encouraging biology students to undertake a course in bioethics, which report them to be popular with biology students (Lindell and Milczarek 1997; Berglund et al 1998). These reports are indicative of two things. Firstly, they suggest that biology curriculum developers are beginning to appreciate the advantage of exposing science students the to broader philosophical themes of bioethics. There is also evidence in the expansion of bioethics courses into biotechnology programs (Hines 2002). Secondly, from the evaluations carried out, these reports suggest that a demand from students for such courses may actually exist at an undergraduate level, however, the evidence to support this claim is very weak.

To evaluate the potential demand from students for such courses, a study that focuses on the attitudes of biology students towards the importance and relevancy of bioethics programs would be beneficial. Such a study would need to be aware that the perceptions of students towards courses in bioethics might be influenced by any prior exposure that they have already had to the issues (e.g. a

participants would have some contextual background in biology. Also, most (82%) students' studies focused on human/animal biology, with 18% focusing their studies on plant biology/ecology.

Extent of Bioethics Exposure

Student perceptions concerning the extent to which they believed that they had been exposed to bioethics in their university studies were measured. Half of the students had undertaken a formal course in bioethics, which was expected from the sample selection process. When asked if bioethics had been discussed in any of the biology subjects taken thus far, 70% of those responding indicated that bioethics had been discussed, but most (59%) agreed that there was not a strong emphasis on bioethics. This suggests that most of the sample have had some degree of exposure to ethics, although not in any great detail.

Student Attitudes

The attitudes of undergraduate biology students toward being taught formal programs in bioethics were measured. Based on reliability and factor analyses, the four items drawn from Shannon and Berl (1997) and Brennock et al (2001) were reduced to a two-item mean scale (alpha = 0.817), where 1 = strongly disgree and 5 = strongly agree. The results indicate that most students agree that bioethics is an important subject in being taught undergraduate biology (mean = 4.0, SD = 0.62).

Next, student attitudes towards being taught about bioethics in their undergraduate degree were correlated with the importance of bioethics in the biological sciences. A significant, positive relationship was found between student attitudes towards being taught bioethics in their undergraduate degree and their attitudes towards the importance of bioethics in the biological sciences ($r = 0.67, p < 0.001$). When asked if they agreed that people working in the biological sciences should understand how to approach bioethical issues, 89% of the sample agreed that they should. Next, when asked if they would take a course in bioethics if it were offered, 70% of respondents indicated that they would do so and 57% of respondents believed that a subject in bioethics should be compulsory for biology students. Some students that had responded either 'undecided' or 'no' to these last two questions also gave reasons for their answer. The main reasons given for not taking a bioethics course were that they "already had a committed workload" or thought that "students should already know" (about ethics). While some students that did not agree that a course in bioethics should be compulsory said that a "brief course' might be acceptable, others thought that it should "depend on career path" or be taught at a "later stage in career".

Respondents were also asked to indicate whether various ethical issues were relevant in teaching of undergraduate biology courses. As seen in Table 1, most students indicated that the issues of professional conduct (89%), ethical decision-making (82%), law/legal requirements (80.5%) and informed consent (79.5%) were relevant in being taught about biology. Fewer students thought the issues of euthanasia (53.5%), personal morals (53.5%) and eugenics (52%) were relevant ethical issues to be taught. A mean scale was computed using the 12 issues (alpha = .8726) and correlated with the Attitudes scales. The result was, unsurprisingly, a moderate, positive correlation ($r = .561, p = .000$), whereby increased relevance of the ethical issues was associated with increased importance and relevance of bioethics in the biological sciences (and the study thereof).

Managerial Implications

The results of this study offer insights to managers, policy makers and textbook publishers with an interest in biological science and the ethical values that future employees (students) are being exposed to during their university studies. The results of this study build on the findings of Bergland et al (1998) that, at least from the perspective of students, bioethics *can* be taught to undergraduate biology students and gives support to Lindell and Milczarek's (1997) argument that bioethics should be taught to undergraduate biology students. In this study, most students agreed that people working in the biological sciences need to know how to approach bioethical issues and the results of this study suggest that undergraduate biology students place great importance on being taught about bioethics as part of their bachelor degree. (Interestingly, the bioethics program (BCHM204) at the University of Newcastle is currently only available to students undertaking specialist degrees in Biotechnology and Biomedical Science.)

As there were no tangible differences observed between the attitudes of students who had already taken a bioethics subject (BCHM204 or something similar) and those who had not, this suggests that there is a broader range of students who feel that doing such a course would be of some benefit to their education. This is supported by the 70% of students who indicated that they would do a subject in bioethics. Whether or not such a subject should be compulsory for all students majoring in biology is not so clear, even though 57% agreed that it should be. Such a decision should ultimately be determined by the academic value and consideration of the future needs of the relevant stakeholder groups (eg. society, employers and research institutes). However, another implication of this finding suggests that there may be a negligible relationship between education and attitudes towards ethics and may therefore challenge the assumption that education in ethics alone is enough to influence behaviour.

Most respondents recalled bioethics having been discussed in a past lecture, yet most agreed that there is not a strong emphasis placed on bioethics, nor is enough being incorporated in textbooks. Re-structuring the presentation of biology subjects to include related bioethical issues may be one approach to raise the profile of bioethics. Likewise, it would appear that students would like to see more information presented on bioethics in their textbooks. Issues that students indicated to be most relevant to their education were professional conduct, ethical decision-making, law/legal requirements and informed consent, whilst less emphasis was placed on learning about euthanasia, eugenics and personal morals. These and other areas are points for consideration for the suppliers of undergraduate biology degrees (eg. universities) and related firms (eg. publishers). Finally, it has been noted by a co-editor of one journal, *Science and Engineering Ethics*, Stephanie Bird, that "teaching the responsible conduct of science is primarily a matter of conveying the professional values and ethical standards of the discipline, and she emphasises how this effort requires making ***explicit*** information that is often implicit". [emphasis added] (Weil 2000) It may well be that this is what is currently happening, and that a possible improvement may come simply through making the emphasis on bioethics in biology subjects more explicit or concrete.

Limitations & Future Research

As might be expected in an initial foray into an area, this study has a number of limitations and raises a number of issues to consider for future investigation. The scope of this study was limited to the attitudes of second- and third-year students enrolled in the Bachelor of Science (or some other relevant specialist degree) at the University of Newcastle whose studies focused on the biological sciences. As such, its findings must be taken with due consideration if seeking to project to a wider population. The small sample size will also present obvious limitations in extrapolating these results. Though cultural ancestry and religious were not significant differentiators in this study, the almost exclusive Anglo-origin background of the respondents and a marginally significant difference for being a practicing/not-practicing member of a religion suggest more insight into these areas is warranted. Future research in this area could broaden the population both in terms of the types of students targeted as well as in the number of universities and other training forums involved to ensure a broader representation of these 'future employees'.

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Assessing the Perception and Attitudes of the Croatian Population toward Genetically Modified Food and the Level of their Protection

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Abstract

This paper presents the results of two-stage study designated to discover general feeling of the Croatian population about genetically modified food products, and also to examine what precautionary principles were set out in the domain of GM food. The first stage consisted of the pilot research and the preliminary findings revealed the unique attitudes of the Croatian population. The second stage consisted of the main research (with the representative sample of 500 Croatian households), which had confirmed preliminary findings and had expanded them using demographic variables as the basis to analyse each surveyed area (there were five areas relating to the perceptions and attitudes of the Croatian population toward GM food). Also, this paper provides the review of the most important actions taken into account by the Croatian authorities and by consumer organisations in Croatia, which showed increasing concern about possible effects on human health and the environment.

Introduction

One of the most present questions refers to the new scientific approaches in improving the quality of human life and to genetic engineering as one of the most emphasized and discussed subjects. However, every day there are more and more evidences of their negative affection on human health and the environment. Special attention has been devoted to food industry due to its high level of risk. Thus, all around the world there are numerous actions taken either to prove safety, advantages and benefits of food made by scientific methods, i.e. genetically modified food.

Genetic engineering offers the opportunity for the improvement of human well-being, particularly in:

- the agriculture (in raising the level of production and in the improvement of quality of agricultural products),
- the health care (in the production of drugs for treating some diseases, development of fast and reliable tests for diagnosing diseases, etc.), and
- the food industry (in saving chronically undernourished people in some parts of the globe).

The definitions of genetic engineering (Kerr, 1999; Hurtado, 2000; IUCN, 1994a; 1994b) point out that it makes possible to transfer genes from one species to another. According to IUCN (1994a), man will be able to "grow whole organisms from single cells, fuse different cell types to create hybrids with the qualities of both parent cells, impregnate animals with embryos from other valuable animal", and therefore to control and to determine the direction of evolution.

The genetic engineering technique is based on the recombination of DNA (deoxyribonucleic acid), and in some cases, RNA (ribonucleic acid), the molecule that encodes biological instructions. Hurtado (2000) points out "this process is further complicated by the fact that genes do not work in isolation, but constantly interact with others". Moreover, the well-known fact that every organism contains thousands of genes, each of which exists in multiple variants, implies the possibility of unexpected reactions because the same gene could have different effects from individual to individual.

The study

Since there have been no previous studies to assess the reaction of Croatian consumers to genetically modified products yet, we have considered a significant number of the studies of foreign authors (Bredahl, 2001; Ekici, 2000; Kerr, 1999; Hamstra and Smink, 1996; McGowan, 2001; Prewitt, 2001; Dolliver, 2000), which indicated a high level of concern about possible risks from the use of GM food products worldwide.
The main objectives of this research were as follows:

a) to explore Croatian customers` attitudes towards genetically modified food
b) to find out actions taken into account by Croatian authorities
c) to assess the potential implementation of genetically modified food on the Croatian market in the future

The study consisted of two stages:

I. the preliminary research with a general exploration of public knowledge about GM food (with 50 respondents)
II. the main research with a detailed exploration of consumers attitudes towards GM food (with 500 households)

The main survey was based on face-to-face in-home interviewing with a highly structured questionnaire.

Study sample

The preliminary research was conducted on the group of 50 respondents in the city of Zagreb (the metropolitan city of Croatia). This group consisted of respondents who were:

- biotechnological experts (10 respondents),
- persons that were familiar with the given subjects (such as students of biotechnology – 10 respondents),
- ordinary customers (30 respondents).

The main research was conducted on a representative nationwide sample of the adult population (15+years) in Croatia. Thus, data include citizens of Croatia aged 15+ years living in the country and excludes:

- those who live temporarily abroad,
- those who live in collective households (prisons, nursery homes, etc.),
- foreign citizens who live in Croatia.

The stratification was done according to the number of adult population (15+) in the regions and the size of residence in them, on the basis of population data (Census 1991).
The total number of sampling points in the sample was 50, in 35 cities/villages.
The demographic characteristics of the surveyed sample included: region, size of residence, gender, age, marital status, educational level, employment status, and net monthly income.

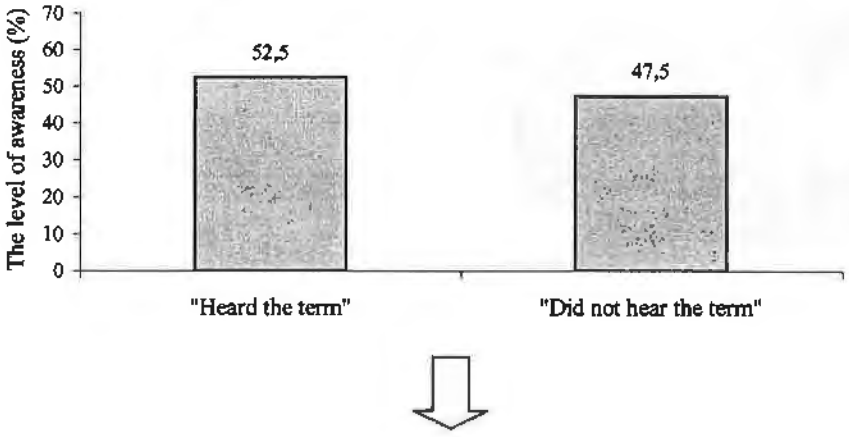
Methodology

The first stage of this study (the preliminary research) was based on the pilot research consisted of face-to-face interviews with 50 respondents. The questionnaire was designed to require respondents to put forward their opinions about the meaning of the term, usage, benefits and danger from the use of genetically modified food products, labelling, their concerns over the food quality, and the level of their confidence in governmental regulations. In order to have the highest quality of research results,

As we see from the first figure (the pilot research), there is no big difference between the percentage of respondents (52%) who admitted that they had heard the term - "genetically modified products" and the percentage of respondents who "did not hear the term" (47,5). While the percentage of respondents from the main research who were "aware" of the term showed an increase of awareness in the second figure (78,9 percent of respondents "heard the term"), we could conclude that the Croatian population gave greater importance to its health and the environment, as time passed.
The first chart shows us the level of knowledge about the term, because respondents who had declared as "gm-aware" could choose among several offered definitions. It should be noticed that the highest level of respondents chose the correct definition "GM food products include fruit and vegetables which are obtained with the crossbreeding of genes of completely different plants; for example genes from a tomato and genes from an apple, etc." A possible interpretation of this result is that the increasing media debates about the use of genetically modified food (over the last few months in Croatia) have presented some evidences about advantages and disadvantages of GM food products, and gave the opportunity to obtain more information about the subject, too.
The second chart follows the first one, because it discovers the sources of information, which helped respondents to know more about genetically modified food products. Findings revealed that TV was the most important source of information among the offered ones such as: radio, newspapers-magazines, everyday talk with some friends and something else.

Exhibit 1 The awareness and knowledge of the Croatian population about GM food

a) Awareness of the meaning - the pilot research



b) Awareness of the meaning - the main research

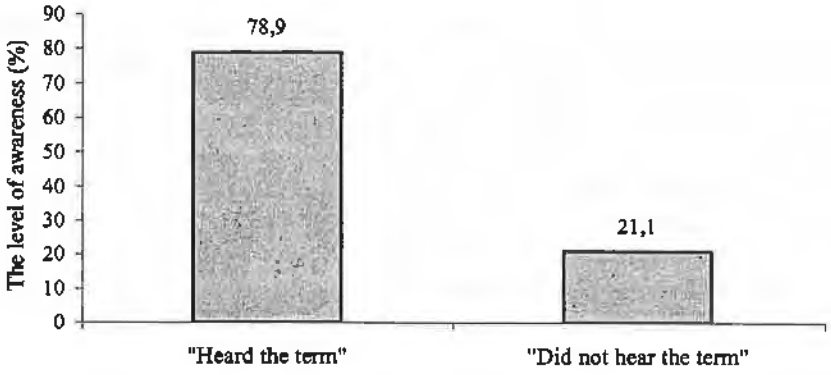
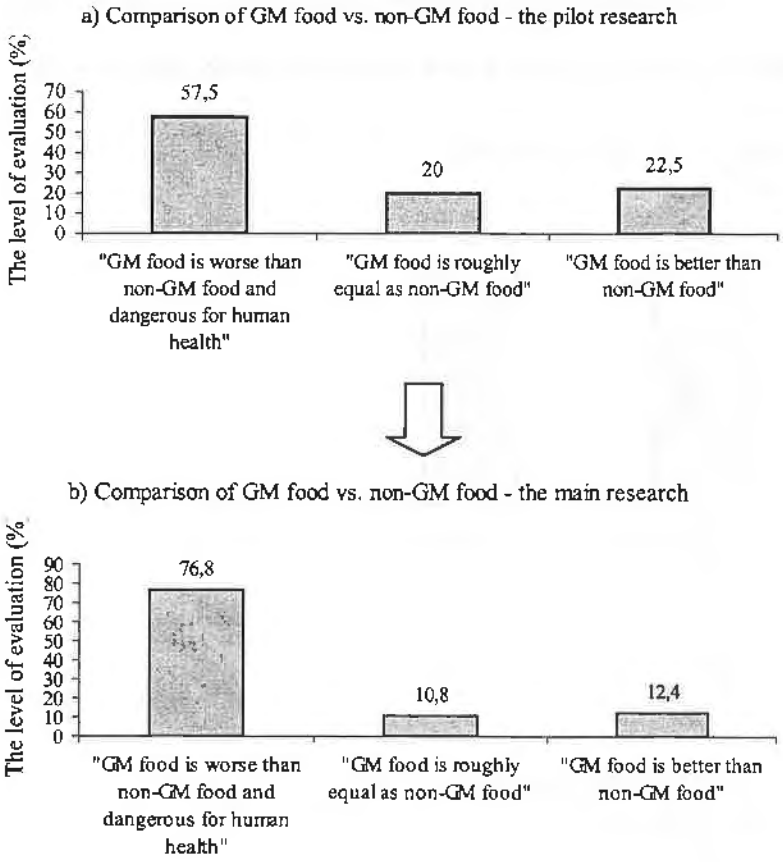


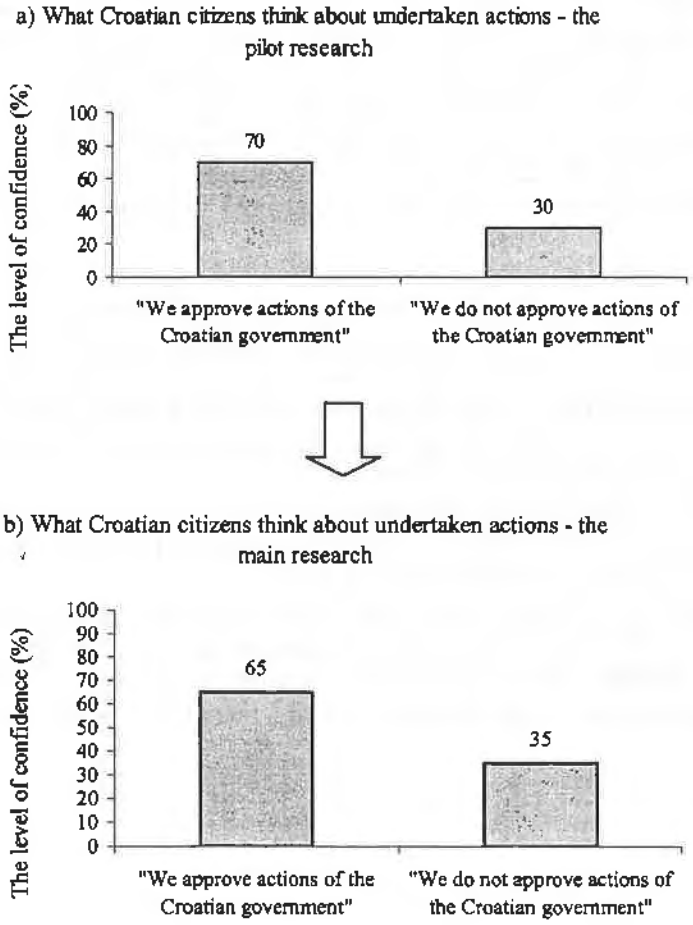
Exhibit 2. The evaluation of GM food products in comparison with non-GM food



The need for information and labelling

When we asked respondents in the pilot research about their need for additional information about the dangerous consequences of the use of GM food, and about the sale and production of GM food in Croatia, 93 percent of respondents pointed out the necessity of being well-informed in the matter of GM products. It indicated that at the beginning of this survey Croatian citizens were inadequately informed about the existence and the implications of genetically modified food products.
As time passed, the Croatian population were exposed large media debates concerning GM food, and it is not surprising that the main research showed lower level of the necessity for additional information and high level of awareness of GM food sale and production in the Republic of Croatia (71,3 percent of respondents were well-informed).
However, there is still the need for labelling as the only way of providing information about the food products on the market as well as the only way to prove the safety of the product.
Almost identical level of respondents would like GM foods to be labelled in both stages of the survey. This area of investigation was extended with the findings about the probability of purchase of genetically modified food products if they would be clearly labelled and cheaper than ordinary food products.
Due to low standard of living in the Republic of Croatia and the relatively high level of inadequately informed population, it is not surprising that almost 17,5 percent of respondents from the first stage of the survey (the preliminary research), claimed that they would buy GM food products if their prices were lower than prices of other food products.
However, the findings of the main research had denied previous ones and revealed that although GM food products were clearly labelled and cheaper than non-GM food products, the majority of respondents (66,4 percent) did not want to buy them (Exhibit 3).

Exhibit 4. The level of confidence in actions undertaken by the government of Croatia



It is obvious that the level of confidence in actions undertaken by the government of the Republic of Croatia began to decrease, because the final law on food has not been realised, as time passed. Although, the Croatian president signed the Cartagena Protocol on Biosafety (The Protocol clearly defines procedures for living modified organisms intended for direct use as food or feed, or for processing), the problem of GM products` regulation has still not been solved and there is the necessity for higher public involvement. One of the possibilities is the coordination between the authorities and the organisations for consumers` protection in order to put regulatory regimes in place, including regulations on import.

According to Brcic-Stipcevic, Renko and Delic (2000) Croatian customers were not yet ready and sufficiently aware of the need primarily to do something for themselves in terms of self-protection. Therefore, there was obvious need for establishing the association that would offer help to consumers and to protect their rights - Croatian Association for Consumer Protection (CACP). Although CACP

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to make a preliminary attempt to relate and reformulate the basic marketing management paradigm within the traditional Chinese social perspective.
Our justification for this is that although business is universal the approaches to thinking about and doing business are different. The key differentiated forces are those behaviors driven by culture besides the political and economic environments. Since the opening up of the Chinese market, the economic progress has been staggering. Key notable events beagn with the initial investments triggered by the small but highly emotionally charged financing from the culturally rooted Asian Chinese. Other world impact performance include China achieving the status of world number two in foreign direct investment, second only to the USA. India a third world country in Asia is now number one in the supply of state-of-the-art information technology talent to the first world market. Japan is now openly discussing the economic threat of China.

In China, business people have traditionally been poorly regarded. Prominent scholars and well known military strategists throughout history have taken a number of initiatives to help Chinese business people to think better in business. Among them, Tao Zhu-Gong and Kwan Gong are well known military strategists, whose teachings had helped advanced the prestige of the Chinese business people. Much of these teachings continued to guide Chinese business people even to this day. Although such efforts to improve Chinese business development have impacted on the Chinese people, the results are still slow to emerge. However their positive implications are highly visible even among the more successful Japanese and Korean businessmen. It is hence disturbing to see western business scholars proposing Asian Business skills by simply either inserting a chapter describing often superficially, Asian companies or by replacing western names of organization with the Asian equivalents to illustrate their points.

Equally perturbing is the wide use of "Quanxi" as the panacea of solution to all Chinese challenges in business. Given the complexities of the Chinese market it is always tempting to have a simple response or a quick fix. In Chinese, "Quanxi" simply means "Relationship". The simplicity is attractive but the simplistic response is alarming. The lack of academic rigor into the word Quanxi, especially in the context of the thousands of years of Chinese culture is a fundamental challenge for scholars in Asian Business. To clarify some of these issues we focus on the eight Chinese virtues that were developed to guide life and business practice and attempt to use them to reformulate the marketing philosophy.

The Pillars of Chinese Culture: The Eight Virtues

While macromarketing scholars have recognized that it is necessary to address the question as to what constitutes "human welfare" and the associated issues dealing with ethics and human values (e.g., Fiske, 1981; Hunt, 1976a; Hunt, 1976b; Moyer & Hutt, 1978) at the micro level the purpose of marketing is stated in various forms but all reduce to "satisfaction of human needs," and despite the vast literature on business ethics the questioning of the associated ethical and moral position is scantily treated (Kotler, 1972; Kotler, 1991; Kotler & Levy, 1969). This is somewhat surprising for even though the usefulness of the "marketing concept" at the micro level may be considered self-evident[1] its at times questionable moral virtue is also self-evident e.g. drugs satisfy human needs but .... It is therefore useful to examine the nature of values in an eastern Chinese context and attempt to relate them to the basic values implied in the US culturally developed marketing paradigm.

The Chinese culture is deceptively varied and although built on a foundation of over 5,000 years it has undergone perhaps unmatched social and cultural transformation (Bond & Hwang, 1986; Chan, 1963a, 1963b; Chen, 1973; Chen, 2001; Cheng & Chan, 2000; Wilson, Wilson, & Greenblatt, 1979). The complexity of Chinese cultural development can be seen in relief when one notes that besides the Han language, a name derived from the Han dynasty (202 B.C. to A.D. 220), there exist over 150 minority

[1] Its non implementation is often stated as one of the reasons for the marketing failures of the former eastern block (Pecotich, Renko, & Shultz, 1994)

Thus to attain the value of humaneness depends on learning and practice of the fundamental virtues. Confucius placed a great emphasis on learning as the following quote shows (Yao, 2000, p. 210):

> To love the humanness (ren) without loving learning is liable to foolishness. To love intelligence (zhi) without loving learning is liable to deviation from the right path. To love faithfulness (xin) without loving learning is liable to harmful behaviour. To Love straightforwardness (zhi) without loving learning is liable to intolerance. To love the courage (yong) without loving learning is liable to insubordination. To allow the unbending strength (gang) without loving learning is liable to indisciplining.

The principles of Confucian Learning have been enumerated as follows (Yao, 2000, p. 212):

1. The Five Teachings: between father and son there should be love; between prince and subject there should be just dealing; between husband and wife there should be distinctions; between the old and young there should be precedence; between friends there should be good faith.
2. The Order of Learning: study extensively; inquire accurately; think carefully; sift clearly; practice earnestly.
3. The Essentials of Self-Cultivation: in speaking be loyal and true; in acting be serious and careful; control anger and check desires; correct errors and move to the good.
4. The Essentials of Managing Affairs: stand square on what is right, do not scheme for what is profitable; clarify the Way, do not calculate the honours.
5. The Essentials of Getting along with Others: Do not do to others what you would not like yourself; if a man pursue a course, and his way is impeded, let him see the remedy in himself.

Learning, therefore, is a process of self-transformation pursued for the sake of oneself. Learning begins with the self but should not be pursued for ones own satisfaction but rather the objective is through learning and sharing to bring peace and harmony to the community. The chief aim of Confucian Learning is to understand Heaven and to apply this understanding to social, family and personal life. It is a process of developing virtue in oneself and learning to be a person of virtue (Chan, 1963a; Lau, 1979; Yao, 2000).

Thus to attain the state of a sage everyday individual behavior should be guided by five constant virtues: *ren* (benevolence), *yi* (righteousness), and *li* (ritual propriety), *zhi* (wisdom) and *xin* (trustworthiness). According to the doctrine of Confucianism, the ultimate goal for an individual is to contribute to an ideal, highly ordered and harmonious society. In doing so, one is expected to cultivate oneself in a lifelong effort to reach the highest possible spiritual level—the unity with heaven (Hwang, 1988a; Munro, 1969). The central idea of the teaching of Confucius is *ren (jen)* (translated variously as ability, humanity, goodness, benevolence, humaneness, love, goodness, benevolence, man-to-man-ness, human--heartedness, kindness), which includes an affective concern for the well being of others within familial social and political institutions with a particular emphasis on benevolence that comprises of several forms of moral excellence. Ren is regarded as the thread running through all other virtues (Yao, 2000). The important associated concerns are filial piety, fraternal duty and loyalty. Confucian philosophy holds that a good family is the basis of a good society and a good family is based on parent's devotion to their children and children's obedience to their parents. Filial piety along with loyalty, fidelity and integrity constitute the morality that Confucian thinkers have strived to instill in the hearts of the Chinese people throughout history (Creel, 1953; Jacobs, Gao, & Herbig, 1995; Lau, 1979; Stein, 1998).

From these teachings, loyalty also emerged as the guiding principle in human relationships. With regard to loyalty, Confucius says: "To all you serve, be loyal," (Chan, 1963a). Whether it is towards the country, people or friends, Confucius advocated that one should be guided by the principle of

earth can also be found in Taoism. The critical premise of Taoism is based on "non being"—a complicated concept with surplus multiple meanings. "Non being" is presented as the best way to reach the ideal goal. It requires the repression of material desires the living of a simple life (Chan, 1963a, 1963b; Lao, 1990; Pecotich & Song, 2001; Pecotich et al., 2000; Zheng, 1997). High value is, therefore placed on integrity, self-cultivation, spiritual supremacy and harmony with people and nature.

A further significant influence is Buddhism that although having similar beliefs to Confucianism and Taoism is perhaps more extreme. In Buddhism, any desire for physical possessions are considered "Zui" (inner crime). It is also believed that any person who pursues these desires will go to hell when they finish their life on the earth. On the other hand, the Feudal interpretation (similar to the western protestant ethic) considers fame, reputation or possessions as very important. It is important to realize that many Chinese have adopted a mixed of traditional values, and that their ideal life philosophy is also a "combination" (Chan, 1963a, 1963b; Lao, 1990; Pecotich & Song, 2001; Pecotich et al., 2000; Zheng, 1997)

With all these varied and contrasting positions it has become clear that some form of integration and unification is necessary. Some of the philosophical positions were only relevant to the political climate of the particular era and have withered and disappeared, while others have withstood the test of time. Those that have remained have been enriched with new nuances and have been instrumental in maintaining the code of morality even during the most horrendous revolutionary upheavals of the modern era. A major integration of the ancient wisdom took place during the Qing dynasty (1664-1911) when scholars such as Gu Yanwu (1613-82) and Wei Yuan (1794-1857) among others returned to the study and restoration of the classic Han Confucian values. Gu's special contribution to the development of Chinese morality and philosophical life direction was that he re-asserted the ancient values while integrating and categorizing them into a basic core of eight modernized Chinese virtues i.e. benevolence, loyalty, filial piety, love, propriety, righteousness, integrity and honour. Briefly enumerated the virtues are as follows (Chan, 1963a; Yao, 2000):

1. Benevolence (ren) is translated in many different ways (e.g. as ability, humanity, goodness, benevolence, humaneness, love, man-to-man-ness, human--heartedness, kindness) in Chinese written form it consists of two characters signifying the human being on one side and a pair of horizontal strokes denoting "two", on the other side. It suggests that a relationship involves two or more persons. For people to be together, kindness is the basic platform for the relationship to flourish. Kindness enables two or more people to prosper by one doing to the other what the other expects. *Ren* or 'humaneness' is the core of Confucius' teaching and originally he added two additional virtues *shu* (reciprocity) and *zhong* (loyalty), to help guide people towards its achievement. The underlying commitment of *shu* is not only to refrain from doing harm to others by obeying rules, but also to integrate one's self and others by following the Way (Yao, 2000).
2. Loyalty (*zhong*) is an essential Chinese ethical relationship ideal, whether it is towards the country, people or friends, and is the written in Chinese characters that evolved from the sign of an arrow targeting at the "center" of the heart. Symbolically this character illustrates how loyalty is positioned at the center of the heart. *Zhong* denotes a positive intention to integrate oneself with others for "One who wishes to establish oneself must first establish others; one who wishes to be prominent oneself must first help others to be prominent" (Yao, 2000, p. 213). It is more important to help others to achieve what one wants, and only in this positive way can one be said to be 'loyal' to others.
3. Filial Piety (*xiao*) is written in Chinese characters that evolved from two parts "old" and "Child" so denoting a child carrying or supporting an aged parent, suggesting their loving relationship or filial piety. This is hypothesized to be the relationship basis of a good society and a good family. It is based on parents' love for their children, and children's devotion and obedience to their parents, which leads to a good family and so to lead to a harmonious and stable society. The true basis of this virtue is respect, earnestness and faithfulness.Love (*ai*), when written consists of three parts "the breathing chamber", "the heart" and "the gracious

the salespeople that bond customers to the corporation. It is the pride in price, and honouring price that ensures that the price is always right to the customers and the corporation.

A New Basis of the Marketing Philosophy?

The philosophical basis of modern marketing practice is simply stated, as "the purpose of marketing is to satisfy consumers at a profit with an integrated marketing strategy" (e.g., Schwartz, 1965) and although an extensive debate continues over time (e.g., Dreher, 1994; Houston, Franklin S., & Jule B. Gassenheimer, 1987; Houston, 1986; Hunt, 1976a, 1976b; Jackson, 1991; Kelley, 1992; Kotler, 1972; Kotler, 1991; Kotler & Levy, 1969; Saxe, Robert, & Barton A Weitz, 1982) to a large extent this initial statement still stands. Our largely Confucian statement of the Chinese philosophy above suggests that both "profit" and "consumer satisfaction" may not fit as worthy aims of a discipline whether micro or macro, from a classic Chinese philosophical position. Our reformulation of the marketing philosophy is shown as Figure 1. In this figure it is shown that the first fundamental drive to marketing should be learning and development that should lead, in the individual to the state of a sage an aspiration to be a *junzi,* and in the corporation, the community and society to a state of stability, harmony and peace. The overriding objective is to maximize human welfare and this is best achieved by the sincere practice of the eight human virtues. It is interesting that marketing scholars (Kotler, 1972; Kotler & Levy, 1969) have attempted to reformulate the marketing philosophy by including social values but without a philosophical background that has existed in China for over 2000 years.

Conclusion

We have attempted to reformulate the classic marketing concept from the Chinese philosophical perspective. Although it is clear that our formulation requires much more work and thought, nonetheless, a beginning has been made. It is our long run purpose to extend this work into a full framework for marketing application. While this philosophical perspective may appear idealistic and impractical particularly from a hardheaded western marketing perspective this does not preclude its serious consideration as an alternative philosophy and way of life. In this regard it is important to realise that Confucius was even before the birth of Christ suggesting that humans have lost their way and are out of accord with the Decree of Heaven. Even then he asserted that human problems emanate from five sources: (1) people are attached to profit; (2) society lacks the respect of filial piety; (3) the connection between word and action cannot be trusted; (4) ignorance regarding the Way of the sages prevails; and (5) benevolence is absent from human affairs (Lau, 1979; Stevenson & Haberman, 1998). Perhaps now almost 3000 years later it is not too late to find the Way.

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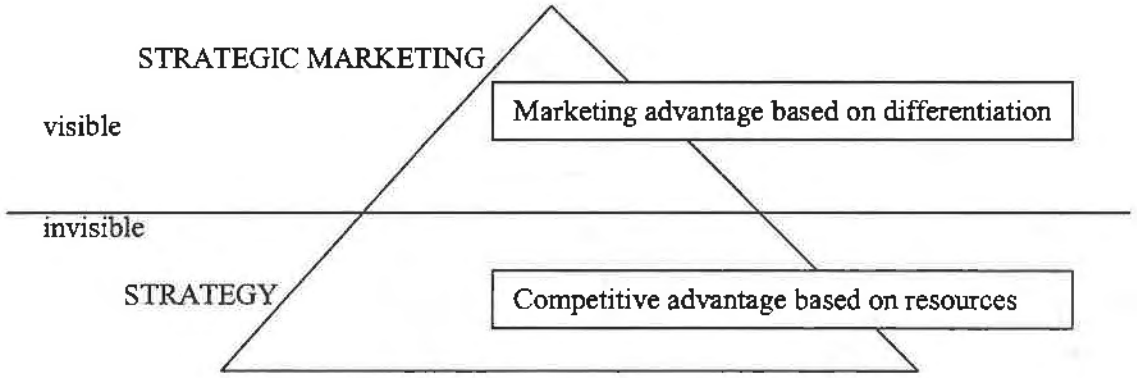


Now we can find a lot of marketing advantages perceived by consumers and markets : products reliability, quality of service, industrial design, distribution channels and networks, sales methods, brand, packaging, value pricing.
The fact is that companies got more and more difficulties to emphazise a specific advantage particularly in the immaterial field of services. Thus marketing actions could not avoid imitation. If the corporate image is a traditional source we must include new elements. The managerial discourse is one of them.

Now the debate puts the focus more on communication processes than on communication tools.

To manage the image through discourse implies at the same time :
- a kind of technological transfer considering managing discourse as a innovation and as a pro-active thought process,
- an other research design using new methodology (Yin, 1994 ; Tashakkori and Teddlie, 1998).

To go into thoroughly the first topic means applying « creative supply », sinusoïd process and social relevant groups (Pinch and Bijker, 1990). The creative supply approach leads to a specific type of communication. The questions are : how to promote strategy through managerial discourse and how to find a new basis of marketing advantage ?

To help answering these questions we propose new immaterial sources of competitive advantage. Language is a fundamental question in marketing. But for a long time marketing considered language like a subsidiary and secondary variable (Peninou, 1986). Recently language changed from a communication tool to a strategic tool. Now we know it is possible to manipulate discourse. We make use of discourse to get a definite effect.
Thus Boistel (1996) explains that global image communication could create a competitive advantage. Ollivier (2002) thinks that an advertisement is not the only source of competitive advantage. Now institutional communication is considered like a new possibility. The reason is obvious.

A firm can't survive without informations about the environment. But it is the same problem if it doesn't send signals on its plans and results (Desreumaux, 1998). Whatever the source of competitive advantage a firm is looking for it must rely on information (Bescos and Mendoza, 1999). Crie (2002) shows that the verbal content of a website give to the manager a specific marketing position and may have a real impact in the target's mind. Our opinion is that managerial discourse contributes to marketing differentiation.

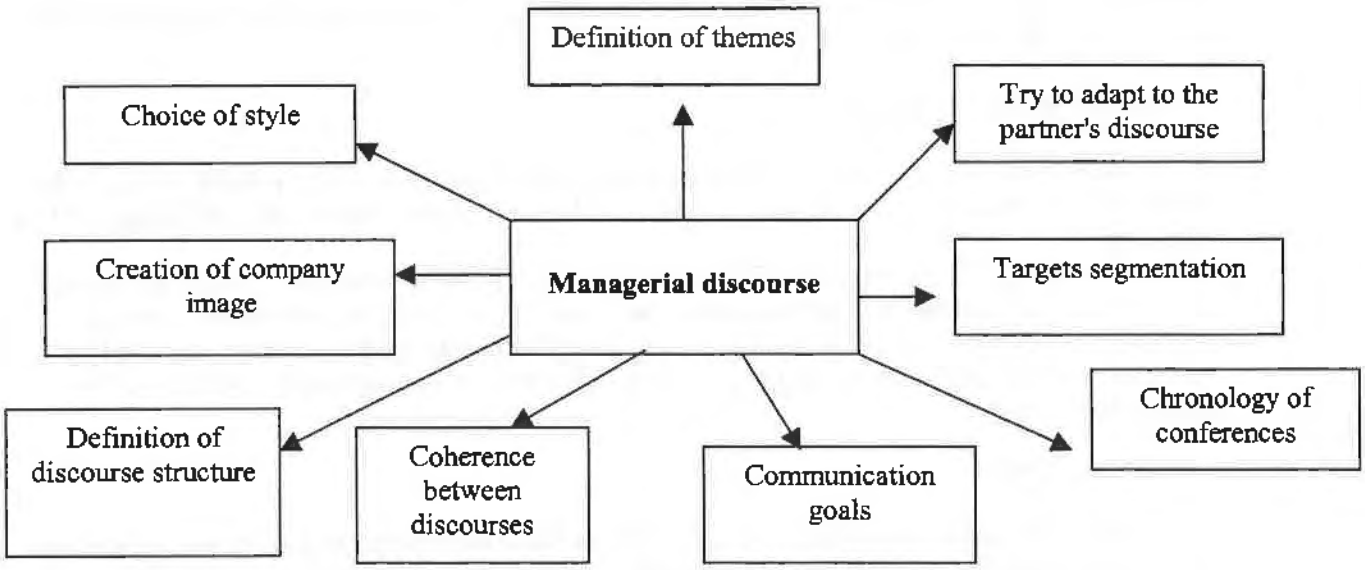
Source : Guelfand, G. (1989), "La Troisième Génération du Qualitatif", *Revue Française du Marketing*, 125 (5), 27-34.

If our method can be included in the third case we intend to highlight the global process and not only the communication tools.

Then we got a normative model we must validate through case study. Then we are using both inductive and deductive logics – a mixed methodology. « The cycle may be seen as moving from grounded results (facts, observations) through *inductive logic* to general inferences (abstract generalizations, or theory), then from those general inferences (or theory) through *deductive logic* to tentative hypotheses or predictions of particular events/outcomes » (Tashakkori and Teddlie, 1998). As Yin explains (1994) : « the case study as long been stereotyped as a weak sibling among social science method . Investigators who do case studies are regarded as having deviated from their academic disciplines ». Why ? because of lack of precision, objectivity or rigor. As a research strategy the case study can be used in business administration and management disciplines (Wacheux, 1996). After describing our global research design we can propose a normative model.

II- From analysis to normative model

We can propose a normative model. It helps to get a decision but its main goal is to propose various solutions (Evrard and Lemaire, 1976). The manager can choose the best solution for his company.



Now study each proposition closely.

- ***Targets segmentation.***

A lot of academics advise managers to create a specific strategy of communication for each target. It's a very important principle and now is applied in politics. In our case shareholders, partners and suppliers are recalled.

- ***Try to adapt to the partner's discourse.***

Companies must agree to harmonize their discourses. The reason is very clear. When two managers discourses contradict each other companies' image are endangered. Also the general public

But the problem is more difficult to understand. Don't forget the managers are in a situation of paradox. If a manager doesn't evocate other agreements people may think that he hides a lack of coherence in the strategy. Conversely if he speaks too much about other agreements people observe that manager tries to do a lot of things at once. They conclude that this alliance is not the real priority. Then manager must try to manage a difficult situation.

- ***Definition of discourse structure.***

Firstly, the firm must not remain passive facing a movement of cooperation. Also, it fits with a dynamics. Managers bring to the fore this attitude by using many verbs of action. The adverbs of intensity (a lot, very...) dramatize things. Managers are divided between inform the print journalists and keep their competitive advantage.

- ***Creation of company image.***

We want underline the contribution of three major facts to the construction of an image.

1- A particular sharing out of speaking time between partners.
Look at the following table. It concerns the discourse about the strategic alliance's announcement.

Source of announcement	Number of discourses	Percentage of discourses
Common press releases	21	19,27%
One partner's press releases	63	57,80%
All partners'press releases	15	13,76%
One partner's and common releases	3	2,75%
All partners' and common releases	7	6,42%
Total	109	100%

This table brings one fact to light. The appropriation of speech by one partner. Does a partner dominate an other one? In answer to this question we make the assumption that the speaking time changes with the nature of strategic alliance. Also we choose to study three different alliances. Each case is specific.

Alliance between Air France and Delta Airlines. The goal of this alliance is very clear : develop the partners'air traffic. It's a trading agreement. Never at any time discourses of a partner show the domination or the importance of the participation in the capital of the other firm. The two companies seem to have the same position. We can think to a real equality.

Alliance between CNP and Caisse d'Epargne. It's a particular agreement because the two banks know each other very well. It concerns an extension and the development of an old agreement. A clause of this alliance provides the increase of the Caisse d'Epargne's participation in the CNP's capital.

Alliance between Renault and Nissan. From the outset of an agreement Renault specifies that it acquires 35% of Nissan's capital. Renault exerts one's influence on Nissan.

III- The case

It is the National Company of French Railways (SNCF). The capital of this firm is private and public. This case is very interesting because this company gets a monopoly in this market. Also the position between different partners is specific. But look at the manager's opinion about the different axis of differentiation that we propose.

- ***About communication goals.***

The external communication about the strategic alliance is viewed as a result of this situation. The corporate communication is not very frequent in this case because the managerial team thinks it is not very important. The manager considers that marketing communication has some impact. He admits that customers are interested by the results of the alliance. Only products or services attract people'attention. It is not absolutely necessary to inform customers that SNCF is negotiating or concluding a new strategic alliance.

Also manager thinks that marketing communication is more important than corporate communication. If the strategic alliance is reliable the corporate communication is not necessary. This position is questionable.

Corporate and marketing communications are complementary and closely linked. We think customers must be warned of the firm's evolution. SNCF is conscious that the external communication is very important but its power is underestimated.

In fact, manager considers that only permanent components of the strategy are a source of the competitive advantage.

Thus, the discourse about the principles of the strategy are essential. But if we read the press release about strategic alliance we observe that these basic ideas are repeated. Also the speech on strategic alliance give a competitive advantage. The problem is all managers don't realize the importance of this speech. The management of discourse is not complete.

Also manager respects the four stages we identified : the looking for, the discussions, the agreement and the breaking off. During the existence of the alliance he considers that marketing communication must take the place of corporate communication for the previous reasons. The time is managed very precisely because if the information must be communicated to the general public he prefers to defer the press release.

- ***About chronology of conferences***

He thinks journalists are only interested by the agreement. After this event the journalists don't look for informations about the results of alliance. It is why manager use marketing communication in place of corporate communication. Contrary to this manager's opinion we don't consider that communication must satisfy press's need. Also 16,87% of alliance's discourse talk about the results of the agreement. Moreover firms may use other medium of communication. Also Renault realized a television documentary. It wants to show why members of two groups do for working together. The medium of discourse is not a real problem. But managers must be adaptable. Communication is essential.

- ***About target segmentation.***

Manager recognizes larger people is not interested by corporate communication. The problem is targets are not identified very well. Corporate communication is destined for the other partners like industrial customers, suppliers, competitors, public partners, managers, market analysts, shareholders.

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MANCOVA was used to analyze differences among executives based on gender and country of origin. Covariates included respondents' ages, years of business experience, and amount of ethics training. Significant differences were found, suggesting that both gender and country of origin affect people's ethical decision-making processes. In general, U.S. women displayed the highest levels of ethicality, followed by U.S. men, Spanish women, and Spanish men.

Based on these results, cultural aspects of the U.S. and Spain which might lead men and women in these countries to display different levels of ethicality will be discussed. The macromarketing implications of these results, the limitations of the research, and the recommendations for future research will be considered as well.

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