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MANUFACTURER AND RETAILER POWER IN RETAILER RESPONSE TO TRADE DISCOUNTS

Douglas C. Haines, University of Idaho

ABSTRACT

Trade promotion effectiveness/efficiency was rated as the top issue faced by grocery manufacturers in a recent A.C. Nielson survey and was reported to account for 16% of gross sales. This study addresses trade promotion efficiency by examining the percent of trade-discounted product that is bought then sold through particular retailers to consumers. We test whether manufacturer or retailer power has any influence on retailer response to trade discounts using annual data from 167 manufacturer/retailer dyads involving a major multi-brand grocery manufacturer and forty one major grocery retailers in metropolitan regions throughout the U.S. Indicators of manufacturer power (brand share, price premium) and retailer power (retailer share) are used to extend the simple model of traditional push trade promotion. Brand share and price premium is shown to have a negative effect on both how much a retailer buys on promotion and how much they sell to consumers on promotion. Retailer share had a positive impact on how much the retailer bought on discount and a negative impact on how much the retailer sold to consumers on promotion. How much the retailer bought on promotion was a significant predictor of how much they sold to consumers on promotion. Contrary to expectations, more trade discounts offered resulted in lower percent of product bought by the retailer on promotion.

INTRODUCTION

Trade promotions, including temporary price reductions or trade discounts, are the principal way manufacturers have of persuading retailers to reduce retail prices and further promote the manufacturers' brands in their stores. Trade promotion spending has grown to be the largest marketing expenditure for most packaged goods marketers, exceeding advertising and consumer promotions combined (Ailawadi, Farris and Shames, 1999). As trade promotion spending has increased, so has the concern for its efficiency (Ailawadi, 2001; Mohr and Low, 1993). Marketers are concerned about how much of their trade promotion is ultimately reflected in the promotional efforts of the retailer. Trade promotion efficiency/effectiveness was considered the top issue by 99% of manufacturers in the A.C. Nielsen 2002 Trade Promotion Practices Study. The study also reported that trade promotion spending accounted for 16% of gross sales.

Several researchers have shown that traditional manufacturers' trade promotions appear to be a losing proposition (cf. Abraham and Lodish, 1990; Blattberg and Levin, 1987; Buzzell, Quelch and Salmon, 1990; Dreze and Bell, 2002 and 2003; Jones, 1990). Abraham and Lodish (1990) found only sixteen percent of manufacturers' trade promotions are profitable based on incremental sales through retailer warehouses compared to the manufacturers' cost of discounts, allowances and lost margin. Using individual manufacturer's sales and shipment data, Blattberg and Levin (1987) showed that none of the trade promotion events they examined were profitable. Jones (1990) argued that the incremental volume from the price discount generally does not compensate for the lost margin. These and other researchers have encouraged brand managers to re-examine the components of their trade promotion programs (cf. Buzzell, Quelch and Salmon, 1990; Dreze and Bell, 2002 and 2003; Farris and Quelch, 1987; Jones, 1990; Walters, 1989). However, the impact of retailer power and manufacturer power on trade promotion efficiency has not been empirically addressed in trade promotion research.

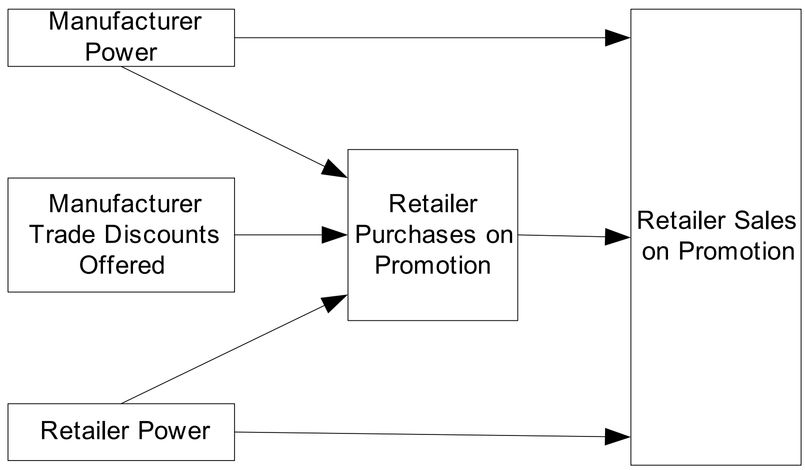
Models of trade promotion efficiency have generally focused on particular promotional events (cf. Abraham and Lodish, 1987a; Blattberg and Levin, 1987; Dreze and Bell, 2002 and 2003; Little, 1975; Van Heerde, Leeflang and Wittink, 2000; Walters, 1989) and assessed trade promotion efficiency by determining incremental consumer or retailer response to specific promotional events. Though they have included the manufacturer controlled components of trade promotions, they haven't considered whether and how retailer power affects retailer response to trade promotion incentives (Abraham and Lodish, 1987b; Struse, 1987).

This paper adds to current research by examining the impact of manufacturer and retailer power on retailer response to trade discounts using data collected from manufacturers and retailers over a full year marketing cycle. We examine data collected from 167 manufacturer/retailer dyads representing eight different brands and forty one major grocery retailers in major metropolitan areas and regions throughout the United States. We present a longer-term model of trade promotion efficiency that incorporates retailer and manufacturer power. Specifically, the model examines how much of a manufacturer's discounted product is sold by a particular retailer to consumers during a full year marketing cycle rather than during individual promotion events. With scanner data on specific retailer performance and invoice information on particular manufacturers' brands it is possible to examine long-term trade promotion efficiency at the manufacturer and retailer level. We examine whether retailer response to trade discounts is significantly influenced by retailer and manufacturer power. Implications for marketing managers and directions for future research will consider retailer and manufacturer power in managing trade promotions.

TRADE PROMOTION AND POWER

Figure 1 represents a fundamental model of sales promotion. Manufacturers offer trade discounts to encourage retailers to further merchandize their brands. Retailers decide how much of the discounted product to buy. Retailers may then use the discount to fund sales promotion activity such as displays, advertising and price reductions for the brand in their stores. They may also elect to take some of the discount as an addition to their margin by selling some of the discounted product at the regular price without any sales promotion. This paper examines whether manufacturer and retailer power influences the retailer's decision to first buy at the offered discount and then to invest to support their own sales promotion efforts. We first describe the components of the conceptual model.

Figure 1: Power and Retailer Response Conceptual Model



Manufacturer Trade Discounts Offered

To reach the retailer's customer, the consumer, the manufacturer offers trade promotions (Figure 1) as inducements to influence the retailer's efforts to merchandise the brand to the consumer (Blattberg and Neslin, 1990). The most common trade promotion offered is a temporary reduction in the manufacturer's price, a trade discount. Manufacturers offer trade discounts to encourage retailers to buy in quantity or to gain and maintain distribution through the retailers. Within legal and regulatory limits (such as the requirement to offer the same trade promotion to all members of the same class of trade), manufacturers determine how often they offer a temporary trade discount, how long it is available and how deep the discount is.

Retailer Purchases on Promotion

Retailers can reduce the average cost of products they purchase by purchasing more products at a discount from manufacturers (Abraham and Lodish, 1987a, 1990; Blattberg and Levin, 1987;

Buzzel, Quelch and Salmon, 1990; Jones, 1990). Based on the offered trade promotion, retailers decide whether to accept the offered discount and how much discounted product to purchase from the manufacturer. In their classic analysis of retailer response to trade deals, Curhan and Kopp (1987) found that item profitability, the incentive amount, promotion elasticity, item importance and manufacturer reputation were important influences on how the retailer regarded the attractiveness of the trade promotion offered. Peter and Donnelly (2001) cautioned, "The importance attached to individual types of promotions may vary by the size of distributor/retailer… Marketers must keep in mind that not all distributors or retailers will have the same reactions to promotions offered (p.132)."

Retailer Sales on Promotion

Retailers promote to maximize profit on promoted brands, build store traffic and create a favorable image (Curhan and Kopp, 1986). They seek to maximize the revenue generated through their limited space and minimize the cost of product they purchase to resell through that space. With periodic price reductions retailers can maintain higher prices everyday on more of their items while reaffirming consumers' self-perception of being smart shoppers (Chandon, Wansink and Laurent, 2000). Experimental evidence shows that a strategy of high everyday prices with periodic price reductions is more profitable than an everyday low price strategy (Hoch, Dreze and Purk, 1994). Retailers typically offer a retail price reduction only if the discounts from the manufacturer are sufficient to cover their costs so that the retailer maintains or exceeds their usual retail margins. To qualify for the manufacturer's offered discount, retailers may only offer minimum retail merchandising support, such as a price reduction and a one line advertisement, and sometimes offer no merchandising support at all (Chevalier and Curhan, 1976, Waters 1989).

Manufacturer Power

El-Ansary and Stern (1972) described power as the ability of one party in the distribution channel to control the decision possibilities of another party in that channel. They were also careful to note Emerson's (1962) view that power is a function of dependence. Emerson noted that the dependence of one party on another is directly related to their motivational investment in goals mediated by the other party and inversely related to the availability of those goals outside the relationship. Power-dependence and influence strategies have proven to be useful theoretical perspectives in understanding marketing channel behaviors (cf. Ailawadi, 2001; Buchanan, 1992; Dwyer and Oh, 1988; Hunt and Nevin, 1974). In the following paragraphs we will apply these views of power to the manufacturer/retailer relationship and suggest particular evidences of power and dependence in that relationship.

The retailer depends on the manufacturer for products and a reliable stream of purchasers for those products. The retailer must have a sufficient collection of products available to attract traffic to their store, so there are thousands of items in a typical grocery store. Therefore, the retailer likely has more than one manufacturer offering similar goods in a particular category. Based on Emerson's (1962) view of power as a function of dependence, the manufacturer's power is greater to the extent that their products are uniquely differentiated and important to consumers so that a retailer will want to be able to offer them for sale and that similar products aren't available to a retailer from other manufacturers. Brand share and price premium offer two interesting possible evidences of manufacturer power.

Brand share is the volume a brand sells compared to the volume sold in a category of similar items by the retailer. While a variety of factors may ultimately determine brand share, brand share is a relative measure of how important the product is to the consumers and, hence, to the retailer. Further, it may be said that higher brand share would indicate that the retailer would be harder pressed to find a product with higher sales from another manufacturer. Hence, brand share is a simple measure of Emerson's (1962) dimensions of power as it reflects the retailer's motivational investment in the sales possibilities of one manufacturer and the extent to which those same sales possibilities are available through other manufacturers in the category.

An industry characterized by monopolistic competition has more than one firm and they are able to differentiate their products. Each manufacturer may be regarded as a monopolist within their very narrowly differentiated segment. A monopolist is said to have market power. A common measure of market power is the Lerner Index (Lerner 1934) which is the difference between price and marginal cost divided by the price- *(price-marginal cost)/price*. For a pure, profit maximizing monopoly, the inverse of the Lerner Index is price elasticity. Using the manufacturer's variable cost instead of marginal cost and using the ultimate retail price, we have a measure of the retail price premium above the manufacturer's variable cost and a measure of the market power of the brand from the consumer's perspective. The Lerner Index (or markup), a measure of market power, is also a measure of how well the brand is differentiated. A retailer will have a higher motivational investment in a strongly differentiated brand and will be less able to attain similar marketing goals with other brands in the same category.

Retailer Power

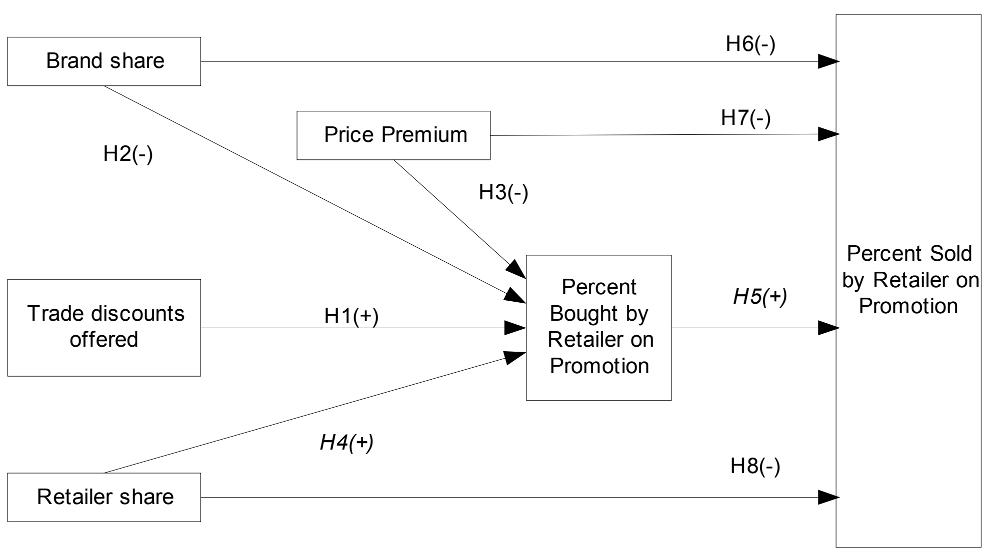
The manufacturer depends on the retailer to provide a critical part of the marketing and selling function for the brand (Blattberg and Neslin 1990, Kotler 1994). The retailer makes the product conveniently available in smaller lots and provides periodic price reductions, local advertising and/or point of purchase merchandising to expedite the sale to consumers. The retailer also collects the products from many manufacturers in many categories to attract many consumers to their stores. The retailer controls what products go on their shelves to be presented for sales to consumers. Though it is feasible, it is often not economical for manufacturers to take on these same functions. Therefore, the retailer controls the manufacturer's access to consumers who shop at their stores. Retailer share is evidence of the relative amount of access that a retailer controls in their market area.

Retailer share is the volume a retailer sells compared to the volume sold in their market area and in their category of retail stores. Retailer share is a fairly simple and straightforward relative measure of how many consumer purchase decisions they provide access to. The manufacture has a motivational investment in that degree of access and a higher retailer market share would indicate that other retailers would offer relatively less access in that same market and segment. As retailer share measures access to consumers it is reflective of the dependence of manufacturers on access through that retailer and, hence, the power of that retailer.

HYPOTHESES

Figure 2 is a graphic representation of the structural equation model that reflects the conceptual model presented earlier in Figure 1. The center path follows the trade discounts offered to the retailer through the retailer's decision of how much to buy on promotion and on to how much the retailer finally sells on promotion in their stores. Manufacturer power is evidenced by brand share and price premium while retailer power is measured by retailer share. The paths are labeled with the corresponding hypothesis number and hypothesized direction. Discussion of the hypotheses follows.

Figure 2: Power and Retailer Response Research Model



The manufacturer offers trade discounts to encourage retailers to buy more or to add or maintain distribution of their brands. The manufacturer determines how often and how much to offer in trade discounts (Figure 2). The retailer decides whether to accept the offered discounts, how much to invest in additional merchandising support (including price reductions) and how much of the discounted product to order. If trade discounts are lower and are offered less often there is less motivation for the retailer to buy discounted product. Likewise, if the discounts are deeper and offered more often the retailer has the opportunity to purchase more of the product at a lower price. It would seem that the manufacturer would offer a level of trade discounts that is commensurate with the desired level of retailer response. The amount that a retailer buys on deal would then be directly related to the trade discounts the manufacturer offers leading to our first hypothesis:

H1: Manufacturer Trade Discounts Offered are positively related to Percent Bought by Retailer on Promotion.

More powerful brands may offer promotions less often and with smaller discounts, relying less on retailer sales promotion in their marketing mix (Rao 1991). A brand with higher market share indicates that the retailer has more motivational investment in the sales possibilities of the brand, giving the brand more power compared to lower share brands. Furthermore, the retailer may sell proportionately less on promotion of a more powerful brand than a less powerful brand given similar manufacturer trade promotion offerings. For a given level of manufacturer trade discounts offered, the percent of brand volume that a retailer buys on promotion would be lower for higher share brands:

H2: Higher Brand Share is associated with lower Percent Bought by Retailer on Promotion.

Brands that have more market power as measured by the Lerner Index are less price sensitive and may not require as much retail price promotion (Rao 1991). The percent of brand volume that a retailer buys on promotion would be lower for these more powerful brands. Substituting variable cost for marginal cost in the Lerner index shows how much of a price premium a brand can command above its variable cost. For a given level of manufacturer trade discounts offered, the percent of brand volume that a retailer buys on promotion would be lower for brands with higher price premium:

H3: Higher Price Premium is associated with lower Percent Bought by Retailer on Promotion.

In some markets a retailer may control one third to one half of the grocery volume in the market area. Brands depend on the retailer for access to those consumers and the millions of purchase decisions the retailer can influence. The opportunity for retailers to purchase brands at a discount from manufacturers is an opportunity for retailers to extract concessions from the manufacturer for access to retail consumers (Kim and Staelin, 1999). Larger, more powerful retailers may buy disproportionately more discounted volume over time to further reduce their cost of goods sold. This suggests our fourth hypothesis:

H4: Higher Retailer Share is associated with higher Percent Bought by Retailer on Promotion.

If it is true that manufacturers offer trade discounts in proportion to the degree they want retailers to offer price reductions at retail, it should be true that the percent of brand volume sold by a retailer on promotion is directly related to the percent of brand volume that the retailer bought from the manufacturer on discount. Indeed, if a retailer expects to sell more of a brand on promotion, they should want to purchase more of the brand at the discounted price to support their margins. Therefore, we hypothesize:

H5: The Percent Bought by Retailer on Promotion is positively related to the Percent Sold by Retailer on Promotion.

Category leading, higher share brands are less promotion dependent (Ailawadi 2001). Consumers, the retailer's customers, are willing to buy more of such brands regardless of whether the retailer offers them on promotion:

H6: Higher Brand Share is associated with lower Percent Sold by Retailer on Promotion.

A brand with higher market power as measured by the Lerner Index (Price Premium) indicates that consumers do not perceive that there are close substitutes for the brand and that the brand may be characterized as being well differentiated. Consumers are willing to buy proportionately more of brands with higher market power even when they are not offered by the retailer on promotion:

H7: Higher Price Premium is associated with lower Percent Sold by Retailer on Promotion.

Experimental evidence suggests that retailers are more profitable with a strategy of high everyday prices with periodic price reductions (Hoch, Dreze and Purk, 1994) while appealing to their customers' perception of being smart shoppers (Chandon, Wansink and Laurent, 2000). Larger retailers could support promotions on more brands during a planning cycle so that they are less dependent on the promotions of any particular brand. Larger, more powerful retailers in a market may, then, sell less of a particular brand on deal than smaller retailers:

H8: Higher Retailer Share is associated with lower Percent Sold by Retailer on Deal.

RESEARCH METHOD

Sample

From the marketing information and financial accounting information systems of a multi-brand U.S. manufacturer and marketer of non-durable packaged goods (more specifically, processed food products) we collected data from 167 brand and retailer dyads representing eight different brands and forty-one major grocery retailers in major metropolitan areas/regions throughout the United States (e.g. New York Metro, New England, Southern California, Chicago, Dallas/Fort Worth, etc.). Included were retailers described by the company as direct accounts with scanner data available for a given geographic area. These grocery retailers were large enough, then, to be serviced directly by the manufacturer, not through a wholesaler. Smaller independent stores or chains are serviced by wholesalers and were, therefore, not included in this research. The sample did not include convenience stores, discount stores, drug stores, etc.

Scanner data provided measures of the retail unit and dollar volume, and whether consumer purchases were made when a promotion was offered by a retailer. The manufacturer's financial accounting information system provided measures of promotion and non-promotion unit and dollar sales volume as well as cost of goods sold. All of the information was collected and aggregated for each brand and retailer in each represented major metropolitan area/region over the manufacturer's annual planning cycle.

Variables

Manufacturer Trade Discounts Offered is a product of the frequency that promotions are offered and the depth of the price discounts offered. Frequency is measured by the number of weeks during the year that the manufacturer's brand was offered on promotion to the retailer. The depth of the discount is calculated using the on promotion unit and dollar volume and the non-promotion or regular price unit and dollar volume. That yields an average deal and non-deal price for the year. *Manufacturer Trade Discounts Offered*, then, is the product of the percent annual average price discount times the number of weeks the brand is offered on deal. This product provides a single aggregate measure of the trade promotion opportunities that the manufacturer presents to the retailer.

Brand Share is the brand's volume in a particular retailer in a given market area compared to the volume of the brand's top three competitors in the same retailer in the same market area.

Price Premium is an approximation of the Lerner Index and is measured by the annual average retail price minus the cost of goods sold all divided by the cost of goods sold. The cost of goods sold is used as an approximation of the marginal costs.

Retailer Share is measured on a local market basis. Each retailer's total (all grocery) dollar volume is compared with the total (all grocery) dollar volume in the particular market area.

The measures of what is bought and sold on promotion by the retailer are reported as a percentage of all of a brand's volume bought and sold by the retailer through the annual planning cycle. *Percent Bought by Retailer on Promotion* was obtained from company invoice history for the retailer for the year in the particular local market area. The invoice records indicated whether a product purchased by the retailer included a manufacturer's trade discount. The discount usually carried some minimum retailer performance requirement. Note that manufacturer promotions such as additional merchandizing allowances were not reflected on the invoice because they were administered separately by the manufacturer. However, these allowances were generally offered in conjunction with a manufacturer's trade discount that was reflected on the invoice. Retailer purchases on promotion were then divided by the total purchases of the particular brand in the particular local market area during the annual marketing plan cycle. *Percent Sold by Retailer on Promotion* came from scanner data that the manufacturer subscribed to from one of the major national suppliers. It measured what the retailer sold to consumers in a particular local market area and how much of it was associated with a retail promotion such as price reduction, retailer advertising or in-store display. Expressing retailer purchases and sales on promotion as a percentage of their annual purchases and sales allows analysis across retailers and markets of different size.

Data Analysis

The model presented in Figure 2 is represented by a system of equations shown in Table 1. Partial Least Squares (PLS) analysis was used to analyze the data collected. PLS is a structural equation modeling (SEM) technique that allows simultaneous evaluation of all paths. The minimum sample size for PLS analysis, based on Chin's criterion (1998), is ten times the number of independent variables in largest multiple regression. Both dependent variables, *Percent Bought by retailer on Promotion* and *Percent Sold by Retailer on Promotion*, have four independent variables. The minimum sample size required is 40 (4*10). With 167 observations, our PLS analysis has sufficient power. Each of the dependent variables can be solved for sequentially in terms of the observed independent variables so this system of equations is recursive. Note that *Percent Bought by Retailer on Promotion* is both a dependent variable in the first equation and an observed independent variable in the second equation. A recursive system such as this can also be estimated one equation at a time using Ordinary Least Squares (Pindyck and Rubinfeld 1981) with similar results.

Table 1: Model Path Equations	
Percent Bought by Retailer on Promotion = a1	+ b_1 * *Manufacturer Trade Discounts Offered*
	+ b_2 * *Brand Share*
	+ b_3 * *Price Premium*
	+ b_4 * *Retailer Share*
Percent Sold by Retailer on Promotion = a2	+b_5 * *Percent Bought by Retailer on Promotion*
	+ b_6 * *Brand Share*
	+ b_7 * *Price Premium*
	+ b_8 * *Retailer Share*

RESULTS

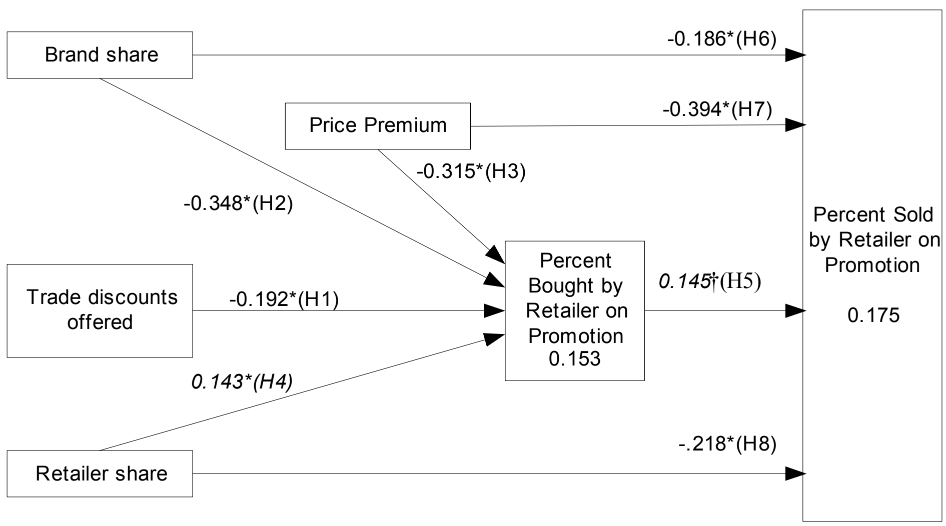
Descriptive statistics for each of the variables are shown in Table 2 below. The variables are approximately normally distributed. These observed variables cannot be less than zero and the percentage variables have an upper limit of 100% so the extreme tails of some of the distributions are specifically limited.

Table 2: Descriptive Statistics

	Brand Share	Price Premium	Retailer Share	Manufacturer Trade Discounts Offered	Percent Bought by Retailer on Promotion	Percent Sold by Retailer on Promotion
Mean	29.1%	1.895	28.6%	5.995	76.8%	31.4%
Median	25.9%	1.834	26.8%	4.027	79.9%	30.6%
Std. Dev.	28.1%	0.564	15.8%	5.009	18.0%	13.5%
Range	0.3-100%	.66-3.82	4.6-81.7%	1.288-23.000	1-100%	6-73%
Skewness	.594	.768	.710	1.976	-.690	.387

Figure 3 below summarizes the results of the Partial Least Squares (PLS) analysis. The path coefficients are shown for each relationship. Bootstrap resampling was used to test the significance of paths (500 sub samples). The number below each of the two dependent variable names is the percent of variance explained by the paths leading into it.

Figure 3: Summary of Partial Least Squares Analysis



† p<.10
* p<.05

Hypothesis One: Trade discounts offered had a significant negative effect on percent bought by retailer on promotion (b = -0.192, t = 2.3516, p < .05). This is opposite to the positive relationship hypothesized. Retailers bought proportionately less on promotion from brands that offered deeper discounts more often.

Hypothesis Two: Brand share had a significant negative effect on percent bought by retailer on promotion (b = -0.348, t = 3.5493, p > .05).

Hypothesis Three: Brand price premium had a significant negative effect on percent bought by retailer on promotion (b = -0.315, t = 3.2997, p < .05).

Hypothesis Four: Retailer share had a significant positive impact on percent bought by retailer on promotion (b = +0.143, t = 2.2155, p< .05).

Hypothesis Five: Percent bought by retailer on promotion had a significant positive impact on the percent sold by the retailer on promotion ($b = +0.145$, $t = 1.8870$, $p < .10$)

Hypothesis Six: Brand share had a significant negative impact on the percent sold by retailer on promotion ($b = -0.186$, $t = 2.3545$, $p < .05$).

Hypothesis Seven: Brand price premium had a significant negative effect on percent sold by retailer on promotion ($b = -0.394$, $t = 5.4537$, $p < .05$).

Hypothesis Eight: Retailer share had a significant negative effect on percent sold by retailer on promotion ($b = -0.218$, $t = 2.5747$, $p < .05$).

DISCUSSION

We have shown that retailer and manufacturer power does have an impact on manufacturers' trade promotion efficiency. A manufacturer's trade promotion spending could be said to be more efficient to the extent that more of the product they sell to the retailer on promotion ends up being sold through by the retailer to their consumers. Simple indicators of manufacturer and retailer power were significant in explaining either how much the retailer bought on promotion or how much they in turn sold on promotion in their stores to their customers, the consumer.

While the focus of this study is on the impact of manufacturer and retailer power on retailer response to trade discounts it is interesting to note that the traditional push promotion model remains an enigma. *Manufacturer Trade Discounts Offered* (H1) are significantly but negatively related to *Percent Bought by Retailer on Promotion*, which is opposite the hypothesized direction. Though manufacturers offer trade discounts expecting (hoping) the retailer will buy more and continue to support their brand, retailers buy proportionately less the more the manufacturer offers.

The unexpected negative relationship between the trade discounts the manufacturer offers and how much the retailer buys on discount might be explained by how manufacturers use trade discounts and how retailers respond to those offered discounts. Traditionally, trade discounts are said to encourage retailers to buy in quantity or to carry a new item. It was not possible to identify the purpose of the trade discount for this analysis. The retailer's response could depend on the purpose of the trade discount.

If the trade discount is an incentive to get or keep the manufacturer's brand on the shelf, it is likely that retailers will allocate minimal space to the brand, such as one slot in a warehouse and one facing per retail store. The manufacturer may feel the pressure to extend or deepen trade discounts for fear of losing their slots and facings with the retailers. No matter how long the promotion period or how deep the discount, though, the retailer may limit both the number of purchases and the quantity in each purchase to just keep their shelves stocked. This constrains their willingness to buy in larger quantities even when a trade discount is offered.

With higher volume brands the retailer may have more warehouse and retail space allocated to a brand and, therefore, have more flexibility to buy in quantity. The retailer could even buy in anticipation of their own sales promotion activity and come back for at least one more purchase to replenish their stocks during a particular promotion period. It is possible, then, that retailers could buy proportionately less on promotion of brands that are more deeply discounted for longer if the manufacturer is offering the discounts to get or keep retail space. Retailers could buy proportionately more on promotion of brands that are less deeply discounted for fewer weeks per year if the manufacturer is offering the discounts to encourage retailers to buy in quantity.

Percent Bought by Retailer on Promotion (H5) was significant in explaining *Percent Sold by Retailer on Promotion* suggesting that manufacturers could still anticipate some connection between what the retailer buys on promotion and what the retailer sells on promotion. As noted earlier, the manufacturer depends on the retailer to merchandize and promote its brands. How much a retailer sells on promotion may have more to do with how they promote the brand in their stores than with how much they bought from the manufacturer.

Brand Share (H2) and *Price Premium* (H3) were significant with the expected direction in explaining *Percent Bought by Retailer on Promotion*, suggesting that, for a given level of trade discounts offered, retailers will buy proportionately less of their annual requirements on discount from stronger brands. From the manufacturer's perspective, higher share brands that can maintain higher price premiums will sell proportionately less of their volume on discount for a given level of trade discounts offered.

Retailer Share (H4) was significant in explaining *Percent Bought by Retailer on Promotion*. This confirms that, for a given level of trade discounts offered, relatively large retailers will buy proportionately more of their annual requirements on discount from manufacturers. Manufacturers selling to higher share retailers would expect to sell proportionately more on discount.

Brand Share (H6), *Price Premium* (H7) and *Retailer Share* (H7) were all significant in the expected direction in explaining *Percent Sold by Retailer on Promotion*. Larger brands that that maintain a higher price premium will sell proportionately less on promotion through retailers for a given level of *Percent Bought by Retailer on Promotion*. Higher share retailers will sell proportionately less of what they bought on promotion for any brand on promotion in their stores.

Manufacturer Trade Discounts Offered had a significant influence on *Percent Bought by Retailer on Promotion* but opposite to the direction hypothesized. That indicates that retailers buy proportionately less of their volume on discount from brands that offer deeper discounts or more weeks on discount. This seems to conflict with conventional wisdom. Perhaps there is something in how manufacturers use trade discounts and how retailers respond that could help explain this finding.

LIMITATIONS AND RESEARCH DIRECTION

The data collected for this study was from multiple brands from the same manufacturer. The brands were all in different processed food categories, but did not cover the entire spectrum of trade discounted processed foods or, for that matter, all trade discounted packaged goods. While this limits the generalizability of these findings to the larger class of packaged goods, it also likely served to constrain the range of promotion practices examined so that the impact of power was made clearer.

There is an important cautionary note that suggests the need for additional research. Though we found important significant relationships, we weren't able to explain much of the variance in the *Percent Bought by Retailer on Promotion* and *Percent Sold by Retailer on Promotion*. It is troubling, though maybe not surprising, to discover that how much a retailer buys is not explained by how much trade discount they are offered and how much they sell is not influenced by how much they buy. Perhaps it is, after all, simply an inventory management decision.

This research only examined whether there was any promotion activity at all by the retailer. It may be more important to know the details of what a retailer does to support and merchandize the brand on promotion such as features, displays and price reductions. A fuller examination of power and trade promotion efficiency should include a look at retail price reductions, retailer advertising and display support. These may better explain how much a retailer sells on promotion. Further, if retail sales on promotion are responsive to specific merchandising support, it will be important to understand whether there is any relationship between power and retailer merchandising support such as whether retailers offer disproportionately more merchandizing support to stronger brands.

In addition to power, there may be other properties of retailers not indicated by share that influence their response to trade discounts. Retailer share is a single, simple indicator of retailer power and this study did not explore other indicators of retailer power or other properties of retailers that may have an impact on their response to trade discounts. For example, we did not have a measure of retailer market power analogous to the Lerner index we used as an indicator for manufacturer power. Another factor that needs additional exploration is whether a retailer's management of a private brand influences their response to manufacturers' trade promotion efforts. A retailer's response to a manufacturer's trade discounts could depend on the retailer's goals for their own private brand.

IMPLICATIONS FOR MANAGERS

Our findings have some important implications for practicing managers. Manufacturer and retailer power are more important in driving how much a retailer sells on promotion than how much the manufacturer offers in trade discounts. What the retailer sells on promotion is positively related to how much they buy on promotion but negatively related to how much trade discount the manufacturer offers. This suggests the conventional view of the traditional push promotion strategy does not hold, at least in non-durable packaged goods (grocery). Manufacturers shouldn't plan to see a proportionately positive retailer or consumer response to their trade discount efforts.

While there is not a clear link between a manufacturer’s offered trade discounts and how much a retailer sells on promotion, it is clear that a manufacturer’s power, as measured by brand share and price premium, will have an impact on retailer response to trade discounts offered. Higher share brands that can maintain a higher price premium will have proportionately lower purchases on promotion by retailers and, likewise, proportionately lower sales on promotion through retailers for a given level of trade discounts offered. So we have shown that such brands are less deal dependent, but the data and analysis cannot show for these brands whether the net effect is higher trade promotion efficiency, in that more of what the manufacturer sells on discounts gets through and is sold on promotion by retailers to their consumers. It is clear, though, that for any brand, trade promotion efficiency will be lower through more powerful retailers as higher share retailers buy more and sell less on promotion for a given level off trade discounts offered.

Price Premium is one of the more important explanatory variables significantly related to *Percent Sold by Retailer on Promotion*. *Price Premium* is an indicator of market power, as measured by the Lerner Index mentioned earlier. Consumers are also willing to pay a higher price for a brand with stronger brand equity. This suggests that the percent of volume the retailer sells on deal is related to the properties of the brand. These properties include the non-tangible benefits strengthened by all of the manufacturer's marketing efforts that contribute to market power and brand equity. An important way to improve trade promotion efficiency, then, is to invest in other marketing activities such as advertising that may build brand equity. Marketers should also not overlook the fundamental importance of product design and effective product positioning in building brand equity and, consequently, improving trade promotion efficiency.

Marketing managers should carefully consider the impact of manufacturer and retailer power as they develop their trade promotion plans. Managers of lower share brands should expect to sell proportionately more on promotion than their higher share competitors. A new brand, for example, will have to depend more on trade promotions as they build brand equity through effective product positioning and other marketing efforts. Smaller regional or specialty brands can reduce their reliance on trade promotions by working to even more strongly differentiate their brands so that they can command a higher price premium. Manufacturers with lower share brands or brands that cannot sustain a higher price premium could improve trade promotion efficiency by carefully targeting their efforts to specific markets and retailers so that they rely more on the lower share retailers.

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EFFECTS OF VARYING WEB-BASED ADVERTISING-SUBSTANTIATION INFORMATION ON ATTRIBUTE BELIEFS AND PERCEIVED PRODUCT QUALITY

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ABSTRACT

In this paper we explore the effects of advertising substantiation information on consumers' attribute beliefs and judgments of product quality. We provide a brief background on the Federal Trade Commission's Advertising Substantiation Program. Secondly, we describe an experiment designed to examine the effects of a level of advertising substantiation information made available over the Internet on consumer evaluations of advertised products. This included testing the effects of varying levels of advertising substantiation information for two products on: 1) a claim-related belief (attribute discussed explicitly within the ad), 2) an inferred belief (attribute not discussed within the ad), and 3) overall judgments of brand quality. In all cases, consumer beliefs and judgments were measured in comparison to a major rival brand. We found that the series of attribute beliefs and judgments of quality differed significantly between the information-level treatments. Finally, we discuss implications for facilitating usage of advertising substantiation information via the Internet.

INTRODUCTION

The Guide to the U.S. Federal Trade Commission (FTC) states: "The Federal Trade Commission (FTC) works to ensure that the nation's markets are vigorous, efficient and free of restrictions that harm consumers. Experience demonstrates that competition among firms yields products at the lowest prices, spurs innovation, and strengthens the economy. Markets also work best when consumers can make informed choices based on accurate information." Companies provide advertising both to help inform consumers, and to encourage them to make purchases of their brands. Consumers often rely heavily on advertising as a major source of information about products. Unfortunately, the claims made in advertisements are not always backed by adequate substantiation (Wiseman & Rabino, 2002).

For the past 35 years, the FTC has been interested in helping consumers obtain accurate information upon which to make informed choices. The FTC's Advertising Substantiation Program, launched in 1971, focused on deterring companies from making claims that could not be substantiated. Specifically, the FTC aimed to "assist consumers to make rational choices" by being assured of *a priori* independent testing of product attributes which served as the bases of advertising claims. The 1971 resolution requires advertisers, upon request, to submit to the FTC the results of *a priori* tests, surveys, and other data that purport to substantiate advertising claims (explicit or implicit) relating to product safety, efficacy, performance, quality, or comparative price. As such, the FTC strives to provide consumers with accurate and non-misleading information from the claims made in advertising.

In this paper we address the idea of making advertising substantiation information available to consumers via the Internet. There would be minimal additional company cost (compiling, preparing, posting, and managing information) associated with posting ad-substantiation information on a website. This is because companies that are complying with the FTC Advertising Substantiation Program are already gathering substantiation information prior to releasing the related advertisements. The benefits associated with better informed consumers would outweigh the marginal costs associated with making the information available via the Internet. In the pages that follow, we will discuss the Advertising Substantiation Program, describe our experiment, report the results, and discuss issues associated with alternative means of sharing the substantiation information.

ADVERTISING SUBSTANTIATION AND INFORMED CONSUMERS

In a 1984 policy statement on advertising substantiation, the FTC reaffirmed its commitment to the general requirements concerning advertising substantiation. Advertisers must have a reasonable basis for their expressed and implied claims. A reasonable basis for an advertising claim depends on the "type of claim, the product, the consequences of a false claim, the benefits of a truthful claim, the cost of developing substantiation for the claim, and the amount of substantiation experts in the field believe is reasonable" (FTC, 1984). The FTC states that "a firm's failure to possess and rely upon a reasonable basis for objective claims constitutes an unfair and deceptive act or practice in violation of Section 5 of the Federal Trade Commission Act" (FTC, 1984). This statement, clearly, continues to require that advertisers have substantiation information before the related advertisements are disseminated. Yet, many direct marketers continue to underestimate the quantity and the quality of the substantiation evidence expected by the government (Hailey & Knowles, 2005).

The scope of responsibility for substantiation is broad. An advertising agency which creates an unsubstantiated advertisement may be held liable, as may a celebrity endorser in the advertisement. Also, television stations have the right to reject almost any advertisement submitted for broadcast if the station is attempting to protect consumers from potentially false or misleading claims (Abernethy & LeBlanc Wicks, 2001). A retailer who disseminates unsubstantiated advertisements can also be held liable.

The scope of substantiation covers claims on various product attributes. While all claims are important, claims relating to safety and efficacy are viewed more seriously by the FTC. Cohen (1980) asserted that there is greater likelihood of FTC action for lack of substantiation involving potential harm or risk to safety, than of failure to substantiate claims involving performance, quality, or comparative price. Likewise, FTC action is more likely if uncorrectable consumer damage is likely to occur. Furthermore, if the product is relatively expensive and/or has a long product life, the FTC considers substantiation information more important.

The scope of substantiation includes both expressed (explicit) and implied (implicit) claims. As might be expected, literally false statements made in advertisements do not lead to a great deal of interpretation problems: there is little room for courtroom debate on such statements (Rotfeld & Reid, 1977). For this reason, not many advertisers make blatantly false claims. However, companies are not immune to FTC action by being strictly correct (i.e., substantiated) in their expressed claims. The FTC can look at *imputed* meaning of an advertisement. If that imputed meaning is unsubstantiated, the advertisement is considered to be in violation. Such "imputed meaning" problems frequently arise when ads contain disagreement between *verbal* (substantiated) claims and the *pictorial* (unsubstantiated) impression (Cohen, 1980). For instance, an advertisement for a fuel-line additive/cleaning agent was deemed unsuitable because it showed a side-by-side comparison between two cars – one using the product (clear emissions) and the other not (black, carbon-laced emissions). Because carbon monoxide (clear) is considered to be the most detrimental pollutant, the imputed meaning was judged to be that the additive removed *all* potentially harmful by-products of combustion, which it did not. The advertisement was disallowed, even though the narrative made no such claim.

In the interest of deterring unsubstantiated ads, the FTC has actively launched investigations, sought prosecution, and utilized "cease and desist" and other orders against firms that lacked reasonable substantiation prior to dissemination of an advertisement (FTC, 1984). However, relying primarily on approaches aimed at deterring unsubstantiated advertising claims is a difficult way to improve information on which consumers can make informed choices.

Typically, the discovery of a violation(s) is made *after* an advertisement has been made public. It is impossible to proactively verify substantiation of all "claims" of a particular ad. The most challenging, for both advertisers and the FTC, deals with the issue of determining the appropriateness (legality) of any implied messages. Generally, what determines whether or not information is deceptive is how people exposed to the ad interpret it. Basically, ad interpretation is in the minds of the recipients of the advertisements (Rotfeld & Reid, 1977). Consequently, it has been suggested that behavioral research be required of advertisers as part of the FTC's Advertising Substantiation Program (Gardner, 1975; Rotfeld & Reid, 1977). However, to be effective, behavioral researchers would need to not only be adequately familiar with the regulatory processes (Preston, 1976), but would have to understand perceived attribute correlations across products and brands (c.f., Pettit-O'Malley & Johnson, 1992).

Actions taken by the FTC against violators, at best, can only curb further dissemination of misleading information. In the past, the FTC issued corrective advertising orders to some violators, in hopes of helping to inform consumers of instances of advertisements with misleading or false claims. However, in a longitudinal study, Dyer and Kuehl (1978) found that corrective ads may not be effective in removing falsely-based beliefs about a product. They also found that corrective advertising may not be effective in changing beliefs about targeted characteristics without also influencing beliefs about other, non-targeted, product characteristics.

Cohen (1980) pointed out that consumers who are aware of the ad-substantiation program do not often request substantiation information, due to the considerable time and effort involved in so doing. Thus, at that time they made little or no use of substantiation information. She expressed that consumers' failure to request substantiation information "raises concerns about (their) ability to develop independent attitudes about particular product characteristics." However, when one considers current computer technology, the Internet, and the increasingly computer-savvy consumer population, it becomes apparent that conditions are conducive to expansion of availability of ad-substantiation information. Consumers might make more informed choices if substantiation information were made available to them via the Internet.

Having provided an overview of advertising substantiation and the FTC's goal of promoting informed consumer decisions, we now present an experiment designed to examine the effects of level of advertising substantiation information on consumer judgments of advertised products.

METHOD

Participants were 170 student-volunteers enrolled in various business school courses. They ranged from juniors through graduate students. Forty-seven percent were male, and average age was 23, with ninety percent unmarried.

The experiment was a 3 x 2 mixed design. The main treatment was level of advertising substantiation information (INFO LEVEL) provided, with three levels of the variable. Its first level, AD ONLY, provided only the advertisements – with no accompanying information about ad substantiation. The second level, STATEMENT, included a brief discussion of the FTC requirement that companies proactively obtain independent product testing and substantiation of advertising claims. Participants received the statement immediately before the accompanying ads within the questionnaire. The third level, STATEMENT+DATA, provided subjects with the same brief discussion of the FTC ad-substantiation requirements, the ads, and substantiation data following each ad. Substantiation data, which were obtained from *Consumer Reports* , provided objective, realistic information. INFO LEVEL was a between-subjects factor, such that each subject was exposed to and aware of only one information level of the three possible. Participants were randomly assigned to INFO LEVEL treatment.

We describe the design as mixed because the second independent variable, PRODUCT, was a within-subjects factor. PRODUCT had two levels: a household cleaner and a washing machine. Thus, all subjects were exposed to advertisements for both of the products. Dependent measures were assessed for both products for all participants.

There were three dependent variables, all measured with 7-point Likert scales (strongly disagree to strongly agree). The first dependent variable, CLAIM BELIEF, related to a product attribute discussed explicitly in the ad. For example, in the cleaner ad the focal claim was that one bottle of the ad-sponsoring brand had as much cleaning power as three bottles of the competitor's. The related Likert item compared beliefs about the advertised attribute of the ad-sponsoring brand, relative to its well-known competitor. Thus, the statement was comparative in nature, and concerned a product attribute *explicitly* mentioned in the ad.

The second dependent variable, INFERRED BELIEF, also related to an attribute belief about the advertised brand, in comparison to a competing brand. Unlike the first dependent measurement, INFERRED BELIEF measured a product attribute which had *not* been mentioned within the ad. Rather, it asked about an attribute (perhaps unsubstantiated) which one might infer (possibly erroneously) from the ad. Thus, it related to imputed meaning derived from the advertisement. The attribute selected for this measure was one frequently focused on in ads of the same competing brand to which the comparative statement in the ad referred, *albeit not concerning this attribute.* Again, the Likert statement was comparative in nature, and related to possession of the attribute by the advertised brand, relative to the major competitor which frequently featured the focal attribute in its advertising. For example, the INFERRED BELIEF Likert statement stated: "_________ (ad-sponsoring brand) *disinfects* cleaned surfaces better than ________ (comparison brand)." The ad made no mention of disinfecting properties of the advertised cleaner. Rather, it focused on cleaning strength and concentration.

Similarly, for the second product, the CLAIM BELIEF measurement for the advertised washing machine related to a comparatively larger capacity than a leading competitor – one of several performance-related attribute claims made within the ad. By contrast, the INFERRED BELIEF measurement pertained to product reliability (i.e., "requires fewer repairs"). Not only had no mention been made within the washer ad of reliability or repairs, but the INFERRED BELIEF attribute perceptual measure was based on a feature which has long been advertised by the competitor as its greatest asset.

For both products, since the attribute related to INFERRED BELIEF had not been explicitly discussed in the ad, any differences in resultant beliefs between INFO LEVELs resulted by implication (i.e., inferences). It should also be noted that the INFERRED BELIEF related to an attribute which was not presented in the substantiation data in the full-information condition. Table

1 shows product attributes in: 1) the stimulus ads, 2) the substantiation data, and 3) the CLAIM BELIEF and INFERRED BELIEF comparative dependent measures.

Table 1: Product Attributes Employed in Ad Claims, Substantiation Data, & Dependent Measures

Product	Stimulus Ad Attribute(s)	Substantiation Data Attributes & (Ratings)1	CLAIM BELIEFs Dependent Measure (Comparative)	INFERRED BELIEFs Dependent Measure (Comparative)
Cleaner	Concentrated: 3X more cleaning power per bottle (based on floor soil & kitchen grease).			
		Dried-on fruit stains from unglazed tile (3) Greasy stains from glass (4) Soap scum from glazed ceramic tile (4) Mildew from unglazed tile (2) "Kindness" to surfaces (3)		
			More cleaning power per bottle than a major competitor	
				Superior disinfecting properties than a major competitor
Washer	High speed & performance; efficient (water & energy); large capacity			
		Washing efficacy (5) Energy efficiency (5) Water efficiency (5) Capacity (5) Noise (5)		
			Larger capacity than a major competitor	
				Requires fewer repairs than a major competitor

1. Ratings based on Consumer Reports. 5 = Excellent; 4 = Very Good; 3 = Good; 2 = Fair; 1 = Poor.

Whereas the first and second dependent measures concerned attribute beliefs, the final dependent measure related to perceived product quality. PERCEIVED QUALITY related to overall quality of the advertised brand, relative to a major competitor.

Three versions of an online questionnaire were created with differing levels of information. Each contained identical instructions, log-in process, and magazine ads for common brands of two products. We chose familiar products to independent-living young adults. Use of familiar products provides task relevance, which affects response quality (c.f., Ennis & Zanna, 1993). The first, a household cleaner, was a simple, inexpensive, convenience good. The second, a washing machine, was a more complex, expensive, shopping good. Measurements of both familiarity (FAMILIAR) and involvement (INVOLVE) were also taken.

Participants accessed the website at their convenience, and completed the questionnaire independently. With the exception of a substantiation statement, and, in the third condition, substantiation data, order of information was identical for everyone. All questionnaires included the following, in the order listed: instructions, ad-substantiation explanation (STATEMENT and STATEMENT+DATA conditions), ads, related substantiation data (STATEMENT+DATA condition only), familiarity and involvement ratings, dependent measures for both products, and demographic items. Questionnaires were self-paced. Upon completion of each "page," one was unable to go back to either change responses or review the ads.

RESULTS

We ran preliminary tests of FAMILIAR and INVOLVE between products. A t-test revealed that participants were significantly more FAMILIAR with household cleaners than with *front-loading* washers ($t_{169} = 6.742$, $p < .001$), the products used in the ads. They did not differ in INVOLVE between the products ($t_{169} = 1.431$, n.s.). We had not asked about familiarity with washing machines, in general. We employed both FAMILIAR and INVOLVE measures as covariates in subsequent analyses, because one product is usually considered to be a convenience good and the other a shopping good. We used MANCOVA to test the effects of INFO LEVEL and PRODUCT on the series of dependent measures, with FAMILIAR and INVOLVE employed as covariates. Table 2 contains the various cell means for each of the dependent measures.

Table 2: Means of Comparative CLAIM BELIEFs, INFERRED BELIEFs, and PERCEIVED QUALITY for All Combinations of INFO LEVEL and PRODUCTa

Dependent Variable	INFO LEVEL			
	Product	AD ONLY	STATEMENT	STATEMENT+DATA
CLAIM	Cleaner	4.865	4.778	4.923
BELIEFs	Washer	4.397	4.34	5.834
INFERRED	Cleaner	3.914	4.41	3.757
BELIEFs	Washer	3.69	3.875	3.571
PERCEIVED	Cleaner	3.494	3.245	3.628
QUALITY	Washer	4.116	4.022	3.872

The PRODUCT X INFO LEVEL interaction significantly affected the series of product judgments (Wilk's Lambda = .938, $F_{6,660} = 3.584$, $p < .01$). The series was also found to differ significantly between INFO LEVEL treatments (Wilk's Lambda = .892, $p < .001$). Finally, the main effect of PRODUCT was also highly significant (Wilk's Lambda = .936, $F_{3,330} = 7.545$, $p < .001$) concerning the series of dependent measures. The multivariate results confirm that INFO LEVEL affects participants' responses to the series of dependent variables, and that the *nature* of the effects differs between the two products. Table 3 summarizes results of the MANCOVA.

Table 3: MANCOVA Results: Effects of INFO LEVEL and PRODUCT on Comparative CLAIM BELIEFs, INFERRED BELIEFs, and PERCEIVED QUALITY (FAMILIAR and INVOLVE Covariates)

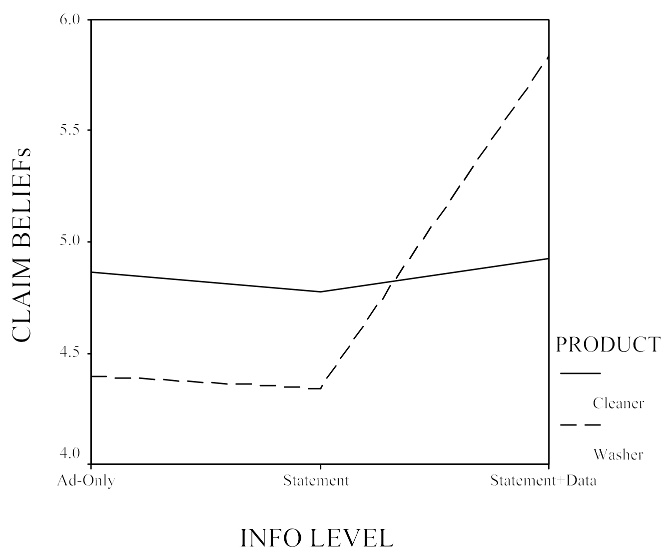
Mulitvariate Effects	Wilk's Lambda	Hypothesis d.f.	Error d.f.	F
FAMILIAR (covariate)	0.99			
INVOLVE (covariate)	.974c			
PRODUCT (within S's factor)	.936a			
INFO LEVEL (between S's factor)	.892a			
PRODUCT X INFO LEVEL	.938b			
Univariate Effects				
CLAIM BELIEFs				
FAMILIAR (covariate)		1	332	0.108
INVOLVE (covariate)		1	332	0.061
PRODUCT (within S's factor)		1	166	0
INFO LEVEL (between S's factor)		2	166	10.864a
PRODUCT X INFO LEVEL		2	166	8.201a
INFERRED BELIEFs				
FAMILIAR (covariate)		1	332	3.304
INVOLVE (covariate)		1	332	4.695c
PRODUCT (within S's factor)		1	166	3.624
INFO LEVEL (between S's factor)		2	166	3.238c
PRODUCT X INFO LEVEL		2	166	0.488
PERCEIVED QUALITY				
FAMILIAR (covariate)		1	332	0.051
INVOLVE (covariate)		1	332	0.604
PRODUCT (within S's factor)		1	166	9.453b
INFO LEVEL (between S's factor)		2	166	0.355
PRODUCT X INFO LEVEL		2	166	0.861

a. $p <.001$ b. $p < .01$ c. $p < .05$

To better understand the effects of each independent variable, it is useful to examine the separate univariate effects. First we discuss beliefs related to the product attribute which was the focal claim in either ad. Concerning the dependent measure, CLAIM BELIEF, the PRODUCT X INFO LEVEL interaction significantly affected beliefs about the attribute for which claims were made within the ad ($F_{2,166} = 8.201$, $p < .001$). The means for CLAIM BELIEF are presented graphically in Figure 1A.

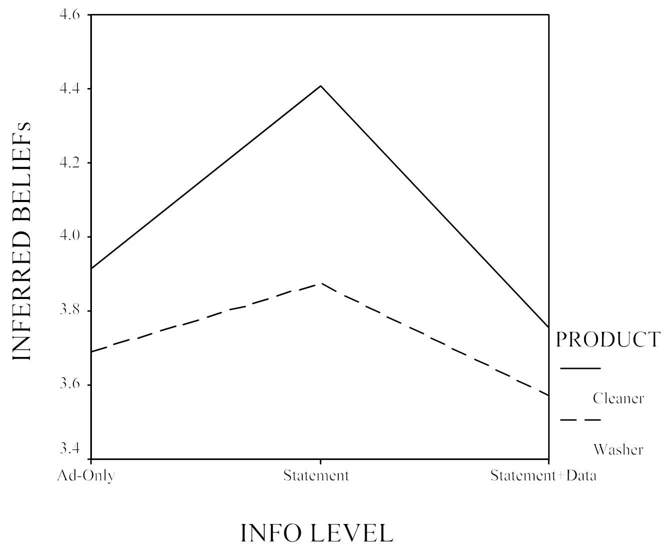
The figure shows that for the convenience product – the cleaner – INFO LEVEL had essentially no influence on subsequent beliefs about the ad's focal attribute. However, for the more complex product – the washer – providing ad-substantiation data was more effective than either the AD-ONLY or STATEMENT conditions in generating relatively more favorable beliefs about the focal attribute of the ad (Duncan's Multiple Range Test, $p < .05$).

Figure 1A: Comparative CLAIM BELIEFs by INFO LEVEL and PRODUCT



The second dependent variable, INFERRED BELIEF, measured favorability of the ad-sponsoring brand, relative to a major competitor, on an attribute *not* discussed in the ad. The INFO LEVEL X PRODUCT interaction was not significant ($F_{1,166} = .488$, not significant). But, both the INFO LEVEL ($F_{1,166} = 3.238$, $p < .05$) and PRODUCT ($F_{1,166} = 3.624$, $p < .10$) main effects were significant. Means for INFERRED BELIEFs are graphed in Figure 1B.

Figure 1B: Comparative INFERRED BELIEFs by INFO LEVEL and PRODUCT



In general, comparative beliefs about the product attribute not specifically mentioned in the ad were more favorable for the cleaner than for the washer. Furthermore, respondents held the most favorable beliefs about the unmentioned attribute when they saw the ad and were given a brief statement about the FTC ad-substantiation program, but did *not* receive actual substantiation data. The result for the convenience good was mirrored for the shopping good, each at $p < .05$ (Duncan's Multiple Range Tests).

The final dependent measure, PERCEIVED QUALITY, measured overall perceived quality of the ad-sponsoring brand relative to a major competitor. Neither the PRODUCT X INFO LEVEL interaction ($F_{1,166} = .861$, not significant), nor the main effect of INFO LEVEL ($F_{1,166} = .355$, not significant), affected overall quality assessments of the ad-sponsoring brand relative to a major competitor. The only significant effect concerning perceived quality related to PRODUCT ($F_{1,166} = 9.453$). The overall quality advantage of the ad-featured washing machine, relative to its competitor, was larger than any such advantage of the advertised cleaner. This comparative perceived quality advantage was consistent regardless of what level of ad substantiation information was included.

DISCUSSION AND IMPLICATIONS

Previous studies have disagreed in whether the FTC Advertising Substantiation Program is deterring improper claims. Cohen's (1980) analysis concluded that the program was effective in so doing. Her conclusion differed markedly from that of Coney and Patti (1979), who posed as consumers and wrote to numerous companies requesting ad-substantiation information. They received few (< 19%) *adequate* advertising-substantiation reports. However, since the Advertising Substantiation Program only requires that such information be supplied to the FTC – and not necessarily furnished to consumers — there is room for a legitimate difference of opinion as to how effective the program has been in deterring improper claims.

Furthermore, since companies are only required to provide the FTC with ad-substantiation reports *when requested*, deterrence of improper claims is related to both actual and perceived request-frequency. Coney and Patti argued that, "due to limitations of human and financial resources, the FTC is capable of acting on (only) a very small percentage of advertised claims" (p. 224). Shimp (1979) further cited an FTC report admitting that only about thirty percent of advertised claims for which substantiation was sought were adequately substantiated. Thus, it is unclear to what extent the program is deterring improper claims.

In contrast to the above differences in opinions of prior researchers concerning the deterrence of improper ad claims, all early researchers agreed that consumers were not seeking and/or using ad-substantiation information (Cohen, 1980; Coney & Patti, 1979; Shimp, 1979; Woodside, 1977). At the time of her report, Cohen suggested that the time, effort and expense required to request information, and the associated delay in its receipt, made ad-substantiation information unlikely to be sought. Furthermore, both Woodside (1977) and Coney and Patti (1979) found that consumers' direct appeals to companies for information supporting their ad claims were generally ignored or refused.

One would expect consumer involvement to influence the information analysis and decision-making process. As such, Coney and Patti (1979) hypothesized that companies which advertised and sold higher involvement products would more readily provide substantiation information to consumers than would their low-involvement product counterparts. However, in terms of provision of ad-substantiation information, they found that both higher- and lower-involvement product producers (i.e., durables versus non-durables) were *equally unwilling and/or unable* to provide adequate consumer-requested substantiation information.

The Internet provides tremendous information-dissemination opportunities to firms that want to make ad-substantiation information available to potential consumers. Companies are (presumably) already incurring expenses of having independent substantiation tests conducted. Complying firms are gaining the benefit of meeting governmental requirements. However, most do not appear to be gaining any potential benefits of providing the information to consumers.

Our findings suggest that for the washer (a shopping good), *consumers will believe an advertised claim most when presented with the ad, a statement that the FTC requires ad-substantiation, and the actual substantiation data*. These results are consistent with what would be expected based on some of the traditional definitions of a shopping good (Bucklin, 1963; Copeland, 1923; Enis & Roering, 1980; Murphy & Enis, 1986). Washers are products for which consumers might be expected to compare prices, quality (performance-related features), styles, and other attributes before making a purchasing decision. Washer purchasers are likely to exert mental effort to try to make an effective (optimal) purchase decision. Providing these consumers with substantiation information appears to improve their beliefs concerning an attribute on which explicit comparative claims were made in an advertisement.

In contrast to this, for a convenience good, comparative attribute beliefs tied to the focal attribute claim in a household cleaner ad did not become significantly more favorable with the inclusion of the FTC statement alone, or when such a statement was combined with related ad-substantiation data. Extra information was not an important influence on an attribute belief related to the focal ad claim for the convenience good.

Concerning a belief on an attribute which was unmentioned in an advertisement, for both the shopping and convenience goods, the inferred beliefs were most favorable when consumers were exposed to both the ad and a statement that the FTC requires ad claims to be substantiated. The advertisement, alone, was less effective in creating favorable attribute-belief inferences. Interestingly, presenting the actual substantiation data, in addition to the advertisement and the statement (i.e., STATEMENT+DATA), resulted in less favorable inferred attribute beliefs than with the ad and statement – but no accompanying substantiation data (STATEMENT). Any advantage gained by informing consumers about the FTC program was lost by following up with substantiation data. The mean with "full information" was similar to the ad alone.

Still, why would favorability of an inferred attribute belief decline with the addition of the data? There are multiple possibilities. First, it may be that exposing consumers to such data produces annoyance. After all, unless one is in the market for a product and is actively seeking related brand information, he/she may not want to have to expend effort evaluating various attributes.

There is a second explanation. Recall that the measured inferred attribute beliefs were not included in either the cleaner or washer substantiation "data." It may be that any advantage gained (in terms of inferences on an attribute not mentioned in the ad) by inclusion of the substantiation statement, was lost *because a rating on the related attribute was not presented in the supporting data*. Respondents may have reasonably inferred that the company chose to not mention the attribute in the ad, and to withhold related evaluations in the substantiation data, because the brand was weak on that product attribute.

Finally, it is interesting to note that STATEMENT+DATA was inferior to STATEMENT alone for both products. That is, there were distinct differences in ratings between the substantiation data for the washer and the cleaner, which had been based on *Consumer Reports* ratings. In the case of the washer, the substantiation data were consistently highly-favorable across all mentioned attributes. Specifically, all five included attributes the advertised brand was rated "5" – "excellent." By contrast, for the cleaner the ratings across ad-substantiation attribute categories were more variable. For the five attributes included, the brand was rated as "4" (very good) twice, "3" (good) twice, and “2” (fair) once. Thus, a respondent may have become dubious about any attribute on which the company was unwilling to provide a rating. Such skepticism may have affected both products similarly, as dependent measures were obtained after exposure to each ads and statement or statement-plus-data information, for both product.

The effects of missing information on consumer choice may provide some explanation for this type of result. In actual purchase decision settings, consumers rarely have information on all the attributes for both products in a pair-wise comparison setting. The missing data can influence the choices made in these circumstances, and in predictable ways. For example, Slovic and MacPhillamy (1974) found that missing values can have systematic effects on comparative judgments – sometimes leading to intransitive preferences. They and others (e.g., Kivetz & Simonson, 2000) found that, in a brand-comparison task, consumers attach excessive weights to attributes on which they have values for both products. Of course, when making a decision with missing substantiation data, consumers would be missing data for both products (as compared with just one, which is the predominant situation studied in missing data analyses).

However, consumers may use missing information to support initial tendencies towards one of the compared brands and against the other (Kunda, 1990; Montgomery, 1989; Pyszcynski & Greenberg, 1987). This “motivated-inference” hypothesis would suggest a stronger impact for implied claims than for explicit claims, because of the additional “inferencing” needed for both the unmentioned attribute and any (desired) missing substantiation data. In such a situation, when a person is presented with actual data, it is quite possible that the substantiation data would trigger a mental comparison of the individual’s initial motivated-inferences with the data presented. If the real data could not measure up to the individual’s initially favorably-exaggerated expectations, then the inferred beliefs could actually decrease.

Recall that for both products, and *in both cases* (CLAIM BELIEF and INFERRED BELIEF), *the provision of substantiation data did not undermine consumer beliefs, relative to those achieved after exposure to an ad alone*. Furthermore, it was found that providing this information enhanced favorability of consumers’ beliefs concerning an attribute claim made explicitly in the related ad for the shopping good (washer). Yet, it does not appear that companies are availing themselves of this opportunity.

One stated reason that companies prefer to keep substantiation information confidential is because it is proprietary – i.e., they wish to maintain informational competitive-advantage. However, substantiation data for publicly-viewed ads is hardly private. More reasonably, companies may fear that substantiation reports would include both favorable and unfavorable comparative test results, and thus might be hesitant to make such mixed results public. However, the effects of “sidedness” (i.e., presenting both favorable and unfavorable claims within an ad) has been studied by numerous researchers, and has been shown to result in higher source credibility (Kamins & Assael, 1987; Lang, Lee & Zwick, 1999; Smith & Hunt, 1978; Stayman, Hoyer, & Leone, 1987; Swinyard, 1981). In addition, two-sided ads have been found to produce more favorable beliefs on the ad-featured, focal-brand attribute (Etgar & Goodwin, 1982; Pechmann, 1992; Settle & Golden, 1974; Swinyard, 1981), more favorable beliefs of another, inferred attribute(s) which is not focal to the ad (Pechmann 1992), and on overall brand evaluation (Etgar & Goodwin, 1982). Our study showed no apparent effect of exclusively- favorable versus "mixed" data. For both the shopping good (exclusively-favorable data) and the convenience good (mixed data), CLAIM BELIEFs were most favorable with inclusion of both the ad-substantiation statement and related data. Regarding favorability of INFERRED BELIEFs, both products' ads produced more favorable inferences when respondents were made aware of the ad-substantiation program, but were not provided with related, detailed data.

Although two-sided communications have not always been shown to be more effective in altering overall brand attitudes, Pechmann's (1992) research suggests conditions under which two-sided claims should be superior. Specifically, she predicted and showed that when there are inter-attribute perceptual correlations which make "correspondent inferences" on unmentioned (within the ad) attributes relatively more likely, two-sided appeals should produce more favorable brand attitudes. Her research and conclusions are consistent with Inoculation Theory (c.f., McGuire, 1961). Inoculation Theory argues that it may be wiser for a company to "de-sensitize" a consumer to potentially negative attributes of the advertised brand by admitting to them openly — rather than letting him/her discover them independently either through product experience or advertising by other brands. Etgar and Goodwin (1982) assert that "an audience learns to cope with stronger negative arguments, when and if they encounter them, and it may also increase audience involvement with (and commitment to) the positive aspects of the protagonist's position" (p. 460).

In the current context of deciding whether or not to make public "mixed" advertising-substantiation results, showing both sides could be advantageous. A report that includes both favorable and unfavorable results might be viewed as more credible. Furthermore, those consumers who were uninterested in analyzing a lot of information, particularly in the case of convenience goods, could view the ad without having to read and evaluate the more in-depth (possibly mixed results) ad-substantiation report. This could be easily accomplished on a website which contained ads and an advertising-substantiation statement "trailer" (at the bottom of the page or at the end of a video ad). However, since not everyone may want to process the related data, a link to the data could be included that one might choose to access or to avoid.

Finally, as stated by Smith and Hunt concerning the voluntary use of mixed claims in ads (1978, p. 158), "advertisers who are *early adopters* (emphasis added) of the varied product claim strategy are likely to benefit most from (its) use. Late adopters will be implementing messages that have relatively less ability to generate correspondent claim attributions, and non-adopters could eventually suffer from negative correspondent attributions as the prior probability of non-varied claims decreases." Thus, even though the FTC does not require companies to provide ad-substantiation data to consumers, it may be in a company's best interest to start to do so before it becomes mandated and/or commonplace. Furthermore, Sheffet (1983) found that for some types of claims, disclosure of test results made available by a company yielded more favorable attitudes toward using a brand than did similar disclosure from the FTC.

Given the continuing FTC goal of having better informed consumers, it may now be time to consider making ad-substantiation information available to consumers via the Web. It is now *technically* possible for consumers to get relatively inexpensive and nearly instantaneous access to Internet information. In 2001, there were 242 million people in the U.S. who were Web users, and over 115 million servers were linked to the Internet (Oz, 2002, p. 258-9). Furthermore, one way the Internet enables organizations to create value is through the realization of opportunities to use information more effectively (Tapscott, Ticoll, & Lowy, 2000). Specifically, advertising-substantiation information that companies are required to generate for the FTC, might become more valuable to companies if it were accessible to consumers via corporate websites, and was sought and used to favorably-affect consumer beliefs regarding the advertised products. Various ads, themselves, could be part of their corporate websites, along with a statement explaining the FTC's Ad-Substantiation Program. As stated above, along with individual ads, links could be provided to related substantiation reports. In that way, consumers could self-select to read or ignore the related, independent-testing substantiation information.

The FTC continues to require that advertisers have a reasonable basis for their expressed and implied claims before they communicate them in ads to consumers. Currently, the FTC does not collect this data from all companies. Rather they collect this information on a case-by-case basis, and in a nonpublic manner, because advertising substantiation is considered primarily an enforcement tool (FTC, 1984).

An alternative the FTC may want to consider would be to *require* businesses to publish — or *suggest* that they voluntarily publish — advertising-substantiation information for current ads via their corporate websites. This would also allow a business the opportunity to present their advertisements on the Web, along with providing the related substantiation information. While there would be additional costs associated with this, consumers exposed to these web-based ads would be both *interested and actively seeking the information.* These consumers would also become informed of the evidence of the reasonable basis of the advertising. Such ads and related substantiation data could be used to drive traffic to a company's website. Providing good quality information is becoming a necessary step in developing active supplier-consumer partnerships, and has been shown to lead to improved trust and consumer loyalty (Salaün & Flores, 2001).

An FTC requirement that companies publish substantiation data on their website would also serve as a deterrent to false claims. It would encourage adequate substantiation testing, because it would be so readily available to (and expected by) consumers. It would also allow consumers to seek additional information about a particular advertisement prior to purchase, *when the information is most likely to be deemed relevant*. Furthermore, the published substantiation information could also be used by third-parties, who wish to compile and compare information for reporting in a variety of contexts. Requiring substantiation information to be made available via the Internet would level the playing field, consistent with FTC goals.

Another alternative is for the FTC to collect all advertising substantiation data and publish them directly through FTC.org for consumer access. This would, of course, have associated costs that are likely prohibitive. To implement this alternative, the FTC would probably need to devise a "standardized format" to enhance potential value to consumers. In addition to easy access to substantiation information, adopting standardized reporting formats (e.g., food labeling) can circumvent potential consumer frustrations of having to sift through mass quantities of inconsistently formatted information. Formatting and other issues of implementing this alternative would likely be a slow and evolutionary process.

Another course of action for the FTC is to continue with the status quo. The substantiation program is, to some extent, deterring improper claims. By maintaining the status quo, the FTC would take no further steps to ensure that consumers: 1) are aware of the advertising substantiation program, and/or 2) have ready access to or use of substantiation information. There is no added cost, but it also would fail to take advantage of the opportunity the Internet offers towards the FTC's goal of facilitating informed consumer choices.

LIMITATIONS

There are several limitations to our study and the main thesis of this paper. There are undoubtedly greater costs associated with making the information available than we have considered or presented. There is also the potential for consumers to largely ignore substantiation information, even if it were more readily available. If that were the case, companies who published substantiation data via the Web might well fail to reap the touted benefits in terms of claim-related beliefs. Obviously, should consumers ignore web-based substantiation reports, the FTC's goal of better-informing consumers would go unrealized.

Alternatively, should consumers wholeheartedly avail themselves of ad-substantiation data, were it more readily available, there is also the potential for consumers to incur "excess costs" associated with researching product information (Césare & Salaün, 1995). Many researchers have found that ineffective decision-making has been associated with excessive quantity of information — so-called "information overload" (Jacoby, Speller, & Berning, 1974; Jacoby, Speller, & Kohn, 1974; Malhotra, 1982) — and from its misinterpretation.

Future research is clearly warranted with respect to providing advertising substantiation information to consumers. Such research could take many directions. For example, do certain personality characteristics affect how varying levels of advertising substantiation information influence brand judgments and choices? For example, dogmatism may influence the relationships found between types and levels of information provided and the subsequent beliefs and decisions.

Another direction of future research could relate to issues of missing information. Is missing information in ad-substantiation reports interpreted differently than missing information in advertisements, themselves? Yet another direction of future research could be to investigate the use and effectiveness of advertising-substantiation information in business-to-business situations. When a company looks for suppliers of goods and materials, substantiation information for the claims the suppliers make seems particularly relevant, as those materials may be subsequently used in the purchaser's products. Finally, research into the practicality of making substantiation information more readily available could provide additional impetus for its dissemination, or illuminate excessive hidden costs and barriers. Clearly, there is a great deal of future research that could help to inform us about the usefulness of making ad-substantiation information widely available over the Internet.

CONCLUSION

The results of this Web-based experiment lend some support to making advertising substantiation information available over the Internet. The FTC states that markets work best when consumers are informed with accurate information. Advertisers are required to have substantiation information for claims prior to release of the advertisements, so the costs of gathering such data are currently being incurred. The extra step for a company to post their data on their website would increase the cost. However, we suggest the extra costs would be minimal in comparison to the many benefits resulting from the improved availability of the information. Therefore, we conclude that the plausibility of making advertising substantiation data available on the Internet warrants further consideration by companies and the FTC.

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PROVINCIAL AND TERRITORIAL ON-LINE TOURISM: HOW CANADIAN PROVINCES AND TERRITORIES ARE USING THE INTERNET FOR TRAVEL MARKETING AND PROMOTION

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ABSTRACT

This study examines the online marketing practices of provincial and territorial tourism authorities within Canada. Rather than examining ways in which the federal Canadian government promotes the country, this study examines the tourism website homepages of the provinces and territories. Attention is paid to homepage design, layout and information provided to potential visitors of an area within Canada. It should be noted this paper is a cursory review of provincial and territorial tourism homepages and is intended to be a starting point for continued investigation and research.

INTRODUCTION
CANADIAN TOURISM AND THE ONLINE INITIATIVE IN BRIEF

In 2005 the Canadian Tourism Commission (CTC) launched a campaign to promote a new "brand Canada" strategy. (Hampton, 2005) This effort spearheaded by the CTC seeks to target tourists beyond the U.S. market to make Canada a preferred travel destination. In this new effort the CTC is looking to European travelers rather than American travelers due to declining tourism from U.S. visitors since September 11, 2001. (Gold Medal launches Canada brochure, 2006, Atlantic Tourism ROI comes up short, 2002, Statistics Canada, 2006). "According to the United Nations, Canada is the No. 2 place to live in the world, but it has dropped from seventh to 12th place as a travel destination." (Chiasson and Wentz, 2005, p.13)

The apparent falloff in the number of U.S. visitors to Canada may be attributed to several factors including: a weak U.S. dollar, reduced vacation time for many salaried employees, increased fuel costs, the 2003 SARS outbreak in Ontario and fears of anti-American sentiment in reaction to the Iraq War. Statistics Canada cited at 9.4% decline in the number of Americans traveling to Canada in the first quarter of 2006. The same report noted that the number of visitors from other countries was unchanged and that tourism employment had increased 1.5% from the previous year. (Statistics Canada, 2006)

Travel by American visitors to Canada was growing steadily prior to the 2001 terrorist attacks but declined in the aftermath. By the end of 1998 Canadian authorities were expecting record numbers of visitors coming in from the States compared to what had been seen in 1997. (Canada expects record U.S. visits, 1998) By 1999 the CTC was engaged in direct mail campaigns and trade advertising in the United States. The annual meetings of the (U.S.) Direct Marketing Association and the American Lung Association were held that year in Canada. Tourism was booming with no end in sight. (Daniels, 1999) After September 11, 2001 attempts were made to lure American travelers back to Canada by offering stunning travel deals and assurances the country was among the safest in the world. (Heinzl, 2002) But the 2003 outbreak of SARS in Toronto resulted in cross-border travel disruptions and warnings not to travel to Canada. Additionally tourism officials at CTC were aware that the U.S.-led war in Iraq would cause people to postpone travel plans. (Rendon, 2003) Further instances of other events such as the discovery of Mad Cow Disease or BSE in Alberta cattle, forest fires in British Columbia and a strong Canadian dollar served to increase the hesitant mood of jittery American tourists.

Recognizing there could be a negative impact to the industry the CTC launched a multi-million dollar advertising campaign in major U.S. markets including New York, Chicago, Detroit, Boston, Philadelphia, San Francisco and Seattle that attempted to lure U.S. travelers across the border for summer holidays. (Rendon, 2003) In Britain the CTC launched a TV ad campaign to boost the flagging image of travel to the Great White North. (Hampton, 2003) Yet despite CTC's efforts to promote Canada to American and British tourists the year-end result was a 13.3% decline in foreign travel to Canada in 2003. (Krauss, 2004) Given the realities of the situation the CTC recognized that action had to be taken to restore some vigor into the tourism economy.

Ironically the weak U.S. dollar held some promise for Canadian tourism in 2004. In Europe, particularly in the United Kingdom, people began to recognize that travel to North America was a good deal for Britons; particularly those Britons who wanted to take shopping holidays. For instance a pair of Levi's 501 jeans, which cost ₤55 in London or Manchester, cost only ₤25 in Toronto or Calgary. (Hampton, 2004) Additionally lower cost flights from Britain to Canada had an impact as many British tour operators reported rises in the number of travelers to Canada. (Gill, 2004) Despite the recognized value apparent to European travelers, one Alberta Tourism official remained skeptical: "When the U.S. hits the headlines I could stand naked in the middle of Piccadilly Circus and no one would take any notice." (Hampton, 2004, p. 57) This official may have held some foresight in that statement as travel once again fell in 2005. (Canada, 2005)

In promoting the new Canadian image abroad the CTC is directing the focus toward the "experience" of Canada. The new campaign seeks to "emphasize the different cultures and nationalities that exist in Canada." (Hampton, 2005, p. 51) However there is a desire among some officials to remove part of the traditional focus on Canada's image as a "great outdoors" country because of concerns that Canada will not be perceived as "an exciting destination". One official says Canada suffers from an "…outdated and incomplete image which relies too heavily on nature and the great outdoors." (Hampton, 2005, p. 51)

The new "brand Canada" image seeks to encourage travelers to "keep exploring". As one CTC official stated: "We want people to associate the notion of exploring with Canada, just as they associate freedom with Las Vegas." (Hampton, 2005, p. 51) And despite calls to break away from Canada's nature image one manager stated bluntly: "Canada is a great product for young people. We should be promoting the active adventure product." (Hampton, 2005, p. 51)

While some have concerns about categorizing Canada as a "nature" destination others are seeking to draw from the strength of Canada's natural geography. In 2002 the Government of Ontario announced plans to support a "golf tourism initiative". (Ontario government, 2002) Through the cooperation of the CTC, the Canadian Golf Tourism Alliance and other golf partners the initiative sought to promote the province's more than 600 courses to golfers living primarily in U.S. Border States. (Ontario tees up, 2002)

The CTC has long recognized the importance of the Internet as a promotional medium. In 2002 the CTC sought to explore the effectiveness of the Internet as an advertising medium by conducting a cross-media advertising campaign. (Dillabough, 2002) Sharma, Carson and DeLacy (2000) found that online tourism promotion was an important and effective vehicle for promotion and sustainability of the Australian tourism market. In their examination of the desires of external travelers to Australia Sharma et al found that "[t]here is considerable demand from international visitors for authentic…tourism experiences". (2000, p. 161) Morgan, Pritchard and Abbott (2001) significantly noted that: "The international tourism system is dependent on information technology for its future growth, competitiveness and long term survival – particularly in tourism marketing and distribution."(2001, p. 110) Realizing this importance Canada became the first nation to purchase a "dot.travel" domain in 2006. (Noakes, 2006)

If one considers the fact that in traveling to Canada, a tourist must visit individual provinces rather than Canada as a whole, then the notion of how provinces are using websites to promote tourism is worth considering. If there is a push away from American tourists to tourists from other (particularly European) nations, then what efforts are the provinces making to draw those visitors? Morgan et al (2001) noted that tourism marketing is largely dependent on visual representation. If that is true, then what visual representations will the provinces make? Will the provinces follow the CTC's desired shift in culture away from "moose and Mounties"?

This study seeks to examine how the tourism authorities in each province have chosen to market their tourist offerings on the Internet. A brief survey of the government designated tourism websites of all 10 provinces and three territories was made solely by the researcher. The author of this paper recognizes that other tourism-related provincial websites exist, many run by businesses and organizations separate from provincial or territorial tourism authorities. This exploratory study seeks to examine how government-based tourism authorities are using the World Wide Web to market the tourism and travel offerings of their territories. It is by no means a final or definitive analysis but hopefully a starting point for continued research in this area.

In a cursory examination of the websites 12 items were selected as important by the researcher for brand identification and information provision to visitors. These items were: languages, photos, intro page, survey, travel services, hyperlinks, second official site, cultural info, nature info, search engine, map and flag. Given that Canada is officially a bilingual nation; would both French and English sites be available? Given the emerging focus on tourism outside of North America by the CTC, what other languages might be available for visitors to select? As the Internet is a visual medium how many photos are shown on the websites to visitors? Some provincial websites had an introductory page requiring a visitor to select a language before entering the main page, so how many provinces required this? Some websites offered a travel survey; would all the provincial websites do the same? Would all provincial websites offer travel services such as hotel reservations? How many hyperlinks would be available per website? Would there be an "official" tourism website that is separate from a provincial tourism ministry? In essence is there a duplication of information to information seekers from official government sources? Would the provinces follow the CTC's focus on culture or would they maintain the traditional links to nature that have been the mainstay of Canadian tourism for almost a century? Since flags are often seen as a clear indicator of identity and the red maple leaf is widely recognized as the brand symbol for Canada, would the provinces seek a Canadian identity by displaying a Canadian flag or would they be more independent of a larger Canadian identity by showing their provincial flags on the websites? Also in considering the greater notion of a Canadian identity would provinces display a map showing their location in Canada? These items were chosen given their visual predominance to the researcher in the cursory examination of each website.

THE PROVINCES AND TERRITORIES ONLINE

The objective of this study was to review tourism and travel homepages sponsored by each provincial and territorial government in Canada. The tourism and travel homepage of each province and territory government was reviewed geographically starting from Newfoundland & Labrador in the east to British Columbia in the west, moving north to the Yukon and finally east back to Nunavut. Specific details from the author's website visits are noted in the discussion section of this paper. Information listed in this study dates from early October 2006 and may be subject to frequent change by provincial and territorial tourism authorities due to seasonal changes or other external variables. For organizational purposes the provinces are reviewed in regional groupings: Atlantic Canada, Quebec & Ontario, The Plains Provinces, Western Canada and the Territories.
Atlantic Canada includes the provinces of Newfoundland & Labrador, Nova Scotia, New Brunswick and Prince Edward Island. The Plains Provinces includes Manitoba and Saskatchewan; while

Western Canada includes Alberta and British Columbia. The three territories are Yukon, the Northwest Territories and Nunavut.

In seeking to better understand how the provinces were marketing themselves in their website homepages attention was paid to the following items: available languages, number of photographs (photographs of publications such as tour or guidebooks were not included), the presence of an introductory or gateway page that would lead a visitor to a more detailed homepage, the presence of an online tourist survey instrument, the offering of travel services such as accommodations or travel planning, the number of hyperlinks present on each homepage, specific links to natural features of the province or territory, specified links to cultural items or events for each province or territory, the presence of a provincial, territorial or national flag and the location of the area as defined on a geographic map incorporated into the homepage. In reviewing the websites via Google, the researcher discovered that some provincial and territorial governments operated a separate site for the tourism departments or ministries within their governments. An additional item was added to the findings that indicated whether or not there was an "official" tourism site separate from the ministerial sites. The information presented in this paper reviews only the "official" tourism websites of each provincial government. The ministerial homepages were not reviewed for this study unless the "official" tourism website was that of the provincial ministry or department. The collected information from the "official" websites is displayed in the following regionalized tables.

Atlantic Canada

In reviewing the information related to provincial tourism websites the researcher visited the following websites for this study:

Newfoundland & Labrador – http://www.newfoundlandandlabradortourism.com/

Nova Scotia – http://www.gov.ns.ca/tourism.htm and http://novascotia.com/

New Brunswick – http://www.tourismnewbrunswick.ca/

Prince Edward Island – http://www.gov.pe.ca/visitorsguide/index.php3

It is interesting to note that the Atlantic Canada provinces share some important features on their homepages. All four provinces provide an option for more than one language to be selected on the homepage, three of the four offer users a search engine, while two of the four incorporate a map of the province in a larger geographical setting and offer visitors a travel intentions survey. Features common to each province's homepage included the provision of links to travel services, nature attractions and cultural activities. None of the homepages displayed the Canadian flag while two featured their provincial flags.

Table 1 – Atlantic Canada Provincial Tourism Website Homepages

Province	Newfoundland	Nova Scotia	New Brunswick	Prince Edward Island
Languages	English, French	English, French, German	English, French	English, French, German, Japanese
Photos	6	5	13	5
Intro Page	Yes	No	Yes	No
Survey	Yes	No	No	Yes
Travel Services	Yes	Yes	Yes	Yes
Hyperlinks	31	67	35	46
2nd Official Site	No	Yes	No	No
Cultural Info	Yes	Yes	Yes	Yes
Nature Info	Yes	Yes	Yes	Yes
Search Engine	No	Yes	Yes	Yes
Flag	Provincial	Provincial*	None	None
Map	No	Yes	No	Yes

* Nova Scotia's flag was found on its government website for the tourism ministry rather than the "official tourist" website.

It is interesting to note that the government of Prince Edward Island was the only province in Atlantic Canada to place an "official" tourism website on its government domain. This is particularly interesting given that Nova Scotia maintains separate sites for the provincial tourism ministry and its "official" tourism website under different domains (e.g. dot.com vs. dot.gov).

Quebec & Ontario

Information gathered by the researcher concerning Quebec and Ontario tourism was obtained by visiting the following websites:

Quebec – http://www.bonjourquebec.com/qc-en/accueil0.html

Ontario - http://www.tourism.gov.on.ca/ and http://www.ontariotravel.net/

Table 2 – Quebec & Ontario Provincial Tourism Website Homepages		
Province	Quebec	Ontario
Languages	English, French, Spanish, German, Italian, Japanese	English, French, Chinese, Japanese
Photos	11	7
Intro Page	No	No
Survey	No	No
Travel Services	Yes	Yes
Hyperlinks	68	72
2nd Official Site	No	Yes
Cultural Info	Yes	Yes
Nature Info	Yes	Yes
Search Engine	Yes	Yes
Flag	Provincial	None
Map	No	Yes

Quebec and Ontario shared many of the same features of the Atlantic Canada provincial websites: information on travel services, listings for cultural and nature attractions, and a search engine. The homepages did not present either an introductory page or offer visitors the opportunity to answer a travel survey. The inclusion of the provincial flag for Quebec is not surprising given the sensitivities of Quebec nationalists and the recognition by the federal Government of Canada that Quebec exists as a distinct society within Canada.

The Plains Provinces

Information gathered by the researcher about tourism in the Plains Provinces was obtained by visiting the following websites:

Manitoba – http://www.gov.mb.ca/chc/tourism.html and http://www.travelmanitoba.com/

Saskatchewan – http://www.gov.sk.ca/deptsorgs/overviews/?97 and http://www.sasktourism.com/

Table 3 – The Plains Provinces Tourism Website Homepages		
Province	Manitoba	Saskatchewan
Languages	English, French	English
Photos	6	2
Intro Page	Yes	No
Survey	Yes**	Yes***
Travel Services	Yes	Yes
Hyperlinks	68	66
2nd Official Site	Yes	Yes
Cultural Info	Yes	Yes
Nature Info	Yes	Yes
Search Engine	Yes	No
Flag	National	Provincial
Map	Yes	No

** Manitoba's survey was discovered when the researcher selected the hyperlink for accommodations. It was not a pop-up survey like those found on other provincial websites.
*** Saskatchewan's survey was hyperlinked at the bottom of the homepage.

Saskatchewan was the only province in the entire country not to clearly offer the option to select a language other than English for its website. Manitoba and Saskatchewan like their eastern neighbors offered visitors information regarding travel services and cultural and nature attractions. It was somewhat surprising that Saskatchewan like Newfoundland offered a survey on its website but failed to provide a search engine for users to employ. Both Plains Provinces did display a flag on their homepages however; the national flag of Canada was displayed on Manitoba's homepage, whereas the provincial flag was displayed on Saskatchewan's homepage.

Western Canada

Information gathered by the researcher about tourism in Western Canada was obtained by visiting the following websites:

Alberta – http://www.travelalberta.com/

British Columbia – http://www.hellobc.com/en-CA/default.htm

Table 4 – Western Canada Provincial Tourism Website Homepages		
Province	Alberta	British Columbia
Languages	English, French, Spanish, German, Chinese, Korean, Japanese****	English, Chinese, Korean, Japanese
Photos	3	7
Intro Page	No	No
Survey	No	Yes
Travel Services	Yes	Yes
Hyperlinks	48	42
2nd Official Site	No	No
Cultural Info	Yes	Yes
Nature Info	Yes	Yes
Search Engine	Yes	Yes
Flag	National	None
Map	Yes	Yes
**** Languages accessed by selecting the "change location" hyperlink		

Alberta and British Columbia shared some similarities in their website development. Both provinces offered Asian language websites for tourists traveling from the Far East, as well as the standard travel services, cultural and nature attractions options the other provinces employed. Both provinces also offered search engines and displayed maps yet Alberta was alone in displaying a flag of any type.

The Territories

Information gathered by the researcher about tourism in Canada's territories was obtained by visiting the following websites:

Yukon – http://www.tirc.gov.yk.ca/ and http://www.travelyukon.com/en/

Northwest Territories – http://www.gov.nt.ca/research/tourism/index.html and http://www.explorenwt.com/index.asp

Nunavut – http://www.gov.nu.ca/Nunavut/English/tourism/ and http://www.nunavuttourism.com/site/index.asp

Table 5 – Canadian Territories Tourism Website Homepages			
Territory	Yukon	Northwest Territories	Nunavut
Languages	English, French, German, Japanese	English	English, French, German
Photos	4	4	5
Intro Page	No	No	Yes
Survey	No	No	No
Travel Services	No	Yes	Yes
Hyperlinks	8	49	122
2nd Official Site	Yes	Yes	Yes
Cultural Info	No	Yes	Yes
Nature Info	No	Yes	Yes
Search Engine	No	Yes	No
Flag	None	None	None
Map	No	No	No

The development of territorial tourism homepages may be a result of the fact that politically these entities do not share full recognition as provinces from the federal government. Arguably these homepages were somewhat Spartan in comparison to the provincial homepages. Each territory displayed almost an equal number of photos; none offered a survey option, displayed a flag or provided a map. The Northwest Territories failed to offer any language options other than English, yet the inclusion of a German language option for Yukon and Nunavut may well indicate that tourism authorities in those territories are anticipating (or are trying to attract) a substantial number of visitors from German speaking nations within Europe who might be interested in spending time in the northern territories.

DISCUSSION OF FINDINGS

The review of each of Canada's provincial and territorial tourism website homepages yielded some noteworthy findings. The multicultural emphasis sought by the CTC was present in each of the provincial websites. Only the Yukon Territory did not include any links or mention of cultural offerings on its homepage. Yet despite the desire to move away from the "great outdoors" every province and territory featured photographs of nature settings and offered links to outdoor activities in some form or another. While no moose were noted on any of the websites, Saskatchewan's homepage did feature Mounties in the masthead. Nonetheless the connection to nature in Canadian tourism is hard to escape. Given the vast swaths of undeveloped land, the proliferation of arctic wildlife, the phenomenon of the aurora borealis and the abundance of whales and other marine wildlife, promotion of the “great outdoors” is one of Canada’s strongest selling points as a tourist destination. However provinces such as Alberta and New Brunswick feature links for their cities, Newfoundland features festivals and crafts, Nunavut features Inuit artwork, Nova Scotia and Ontario features their wine regions and British Columbia is promoting golf and spa vacation packages.

Despite the fact that Canada is officially a bilingual nation Saskatchewan, British Columbia and the Northwest Territories did not have an obvious link for a French edition of the website visible on their homepages. As noted above, Saskatchewan and the Northwest Territories appeared to offer tourism information only in English. Newfoundland, New Brunswick, Manitoba and Nunavut each had an introductory or gateway page requesting the visitor to choose a language before accessing the homepage. The presence of German languages pages for Nova Scotia, Prince Edward Island, Quebec, Ontario, Alberta, Yukon and Nunavut seem to reflect provincial and territorial consideration regarding the importance of European tourists particularly those from Germany or Austria. Interestingly Prince Edward Island is the only Atlantic province offering a Japanese version of its website. Chinese language websites are present for Ontario, Alberta and British Columbia; an interesting point given that ethnic Chinese represents the largest minority in Canada. The fact that Alberta and British Columbia offer Korean language sites may be reflective of those provinces proximity to South Korea and potential for tourist visits.

It is ironic to note that given the media attention to Ontario’s “golf tourism initiative” only one link out of 72 on Ontario’s tourism homepage was related to golf. New Brunswick and British Columbia appeared to have better detailed offerings and information for golf tourists (the sections on these homepages were certainly more eye-catching). Additionally places not traditionally considered with golf in Canada were promoting the sport on their homepages. Manitoba, Saskatchewan, Alberta, the Northwest Territories and Nunavut all had a related link to golfing opportunities in their provinces or territories. The noted support of the Ontario government to the golfing initiative was not noticeable on the “official” tourism homepage.

One surprise in the review of these websites was the lack of visual representations (in the form of photographs) on homepages. As noted by Morgan, Pritchard and Abbott (2001) Internet marketing is reliant on visual imagery and representation. Homepage visuals (photos) were as few as two in the case of Saskatchewan but no more than 13 in the case of New Brunswick. Furthermore many of the images were relatively small and potentially difficult to translate. Morgan et al (2001) note that information overload and Web complexity may be issues in translating homepages and it may be that provincial and territorial web designers are attempting to prevent visual overload for visitors.

Newfoundland, Prince Edward Island, British Columbia, Manitoba and Saskatchewan attempted to survey visitors to their websites presumably to gage interest in visiting their provinces. Newfoundland and PEI’s survey was a pop-up survey that appeared upon arrival at the homepage. British Columbia’s survey was embedded in the homepage, while Saskatchewan’s was found through a noted hyperlink at the bottom of the homepage and Manitoba's was accidentally discovered by accessing the accommodations hyperlink. It is interesting to note that none of the territories included a survey in their websites. In seeking to assist visitors in planning trips to Canada all of the websites (excepting Yukon's) offered some form of travel services such as accommodations, planning or directions on their websites. In furtherance of travel assistance all of the provinces, except Newfoundland and Saskatchewan provided search engines on their homepages. In the territories only the Northwest Territories had a search engine available to visitors.

While Morgan et al warn about information overload, each website visited had numerous hyperlinks allowing visitors to navigate through the homepages to other pages in the website and to other websites linked to the homepage. Ranging from eight hyperlinks on the Yukon's homepage to 122 on Nunavut's homepage, visitors have a wealth of information to select when considering their tourism options. Although the mean number of hyperlinks for each province and territory as a whole was 55 (53 discounting the extremes of the Yukon and Nunavut), many of the links are hidden in drop down menus thus reducing the potential for information overload – this was particularly true for Nunavut.

Another interesting point of observation in reviewing the website homepages related to the presence of a flag or map. Would provinces take a distinct provincial identity or a national Canadian identity? Also would provinces choose to illustrate their place in the world with a map? Only the provinces of Manitoba and Alberta provided an illustration of the Canadian flag on their websites. The territories displayed no flags; neither did New Brunswick, Prince Edward Island, Ontario or British Columbia. Nova Scotia displayed its flag on its ministerial website but not its "official tourism" website (that issue is addressed below). The remaining provinces of Newfoundland, Quebec and Saskatchewan displayed their separate flags on the tourism homepages. Several of the provinces, but none of the territories, provided provincial maps on their homepages. In Atlantic Canada only Prince Edward Island and Nova Scotia provided a map on their homepages. Quebec and Saskatchewan were the only other provinces not to provide a map on the homepages. Ontario and British Columbia provided interactive maps breaking the provinces into tourism regions.

Finally the presence of multiple tourism sites for the provinces and territories was a point of potential frustration. Several of the provinces (Nova Scotia, Ontario, Manitoba, Saskatchewan) and all three territories maintain websites for the provincial departments or ministries of travel and tourism. While all of the ministerial websites included a hyperlink to the designated "official" tourism website, their existence can be seen as a double-edged sword. Who will information seekers trust and consult first, the ministerial sites or the "official" tourist sites? Given that hyperlinks exist to send information-seekers from ministerial sites to "official" tourist sites, it seems obvious that government officials want potential tourists to visit designated sites where information they wish to keep separate from government interests can be monitored and maintained. There may additionally be privacy and security issues that provincial and territorial governments are concerned with as well. Also the presence of independently operated tourism websites could possibly produce an added source of frustration for tourism and marketing researchers. Business and trade associations may operate tourism websites for provinces that may contain information not present on government-sponsored websites. That begs the question: what sites are the most reliable? Nonetheless multiple sites can be a common source of confusion for tourists seeking information on travel destinations and researchers seeking to better understand Internet tourism marketing and promotion.

MARKETING AND WEB-DEVELOPMENT IMPLICATIONS

The development of an overarching, all-inclusive "brand Canada" sought by the CTC does not seem to have materialized through the creation and maintenance of individual provincial and territorial websites. It seems as if the provinces and territories are charting their own courses relating to their respective tourism industries and little attention is being given to the CTC's national objectives for Canada. The provinces while seeking tourists and tourism-related businesses also seem to be competing with one another over the larger share of the Canadian tourism market. An effort to streamline and develop a uniform approach to each province's tourism website that reflects the CTC's overall goals of defining (or rather repositioning) Canada could have a greater impact on the success of the campaign. For instance Saskatchewan's English-only website could potentially deter non-English speaking European or Japanese visitors. The CTC should emphasize a uniformity of basic format such as available languages, search engines and the presence of the Canadian flag on each provincial or territorial website to maintain a cohesive brand identity. The provinces could easily maintain their separate identities by providing a map or flag along with photos and appropriate multicultural and natural environment links. The development of templates available from the CTC for each province's or territory's website could be a good step in building the "brand Canada" tourism policymakers in Ottawa are seeking.

Tourism marketers and web developers can find a host of useful information from what the provinces have done or failed to do in relation to their greater role in promoting Canada as a premier travel destination. Web Designers must be able to provide enough appropriate information to target audiences in order to successfully create a resource that will be accepted as credible and legitimate and will be regularly utilized by the traveling public. The inclusion of an overwhelming number of hyperlinks could be potentially detrimental as information overload could possibly occur at high frequencies among individual information seekers. Website design has to function in such a way that visitors are able to receive appropriate information without exposure to material that may be deemed as irrelevant or wasteful. The inclusion of a search engine in each provincial or territorial website may solve some of the overload problems that information seekers could potentially face. The inclusion of a travel intentions survey could be an effective tool for gauging interest among potential tourists for visiting specific places or enjoying certain experiences in Canada.

Newfoundland, Prince Edward Island, Manitoba, Saskatchewan and British Columbia have a device on-line that may help authorities anticipate travel trends to their provinces. The inclusion of similar surveys for the other provinces and territories may be helpful to planners.

Additionally the inclusion of the Canadian flag on all provincial tourism websites may not seem to be a significant point but, the fact is that it is an identifiable icon among millions worldwide. The simple act of including the Canadian flag at some position on a homepage will provide a greater sense of national (and hence brand) identity than currently exists on the majority of provincial and territorial tourism web pages. The advantage Canada has in this area is that a recognizable and readily identifiable symbol exists for the nation. Utilization of the red maple leaf from the Canadian flag would be a strong marketing device for any rebranding effort the CTC is going to undertake given the automatic association of the red maple leaf with Canada that is already held by so many people.

Another point of consideration for web designers is the issue of domain names and URL addresses. In this study there was no common domain extension that all websites used. A dot.ca, dot.com or dot.net was the URL extension used for the provinces' and territories' tourism websites. Given that Canada was the first nation to purchase a dot.travel domain, if the CTC were to allow or encourage provincial and territorial tourism authorities to make use of this domain in promoting their regions, it could lend much help in the creation of a uniform image essential for brand development and enhancement that critics claim is needed for Canadian tourism. Unwieldy domain names such as www.newfoundlandandlabradortourism.com and www.tourismnewbrunswick.ca may hinder the further development of a uniform national tourism identity needed to promote "brand Canada". The development of simpler domain names utilizing the same URL extension such as www.alberta.travel or www.quebec.travel would help to streamline tourism marketing and web development efforts.

Although design and layout of websites is a technical matter, it is the responsibility of the marketers to determine the actual content of the web pages. Marketers must have a clear understanding of what their brand communicates and the position the brand occupies in the mind of the consumer. The provincial tourism marketers seem to understand that the image of Canada as a nature destination is at the forefront of the brand's position in the mind of tourism consumers. The provincial tourism authorities and the CTC officials should try to find some common ground where both multicultural offerings and the natural environment are emphasized to visitors. The fact that nature links are included and emphasized on all but one website in this study shows that local tourism officials understand the importance of nature in their tourism promotions. An opportunity exists for provincial tourism officials and the CTC to mesh the cultural and nature aspects of the nation together. Tourism officials on Prince Edward Island are well-aware of the popularity of L.M. Montgomery's *Anne of Green Gables* in Japan and have taken advantage of that cultural aspect of PEI tourism by incorporating the saga into other aspects of the province including the promotion of nature activities that highlight the island locales featured in the series. Canada does have distinct cultural differences from the United States and Europe. The advantage for tourism marketers in Canada is that there is room to blend these two important aspects of the country to foreign visitors. Canadian nature settings can very well augment the cultural attention desired by the CTC.

A final point to consider regarding cultural promotion of "brand Canada" would be the regional aspects of the country. While the Canadian Territories, Atlantic Canada and Quebec have done a substantial job of creating and maintaining their distinct regional identities, there is room for Ontario, the Plains Provinces and Western Canada to follow suit. There is no reason why the regional identities could not be expanded and incorporated into the cultural strategy set forth at the national level. CTC officials could easily begin to promote regional aspects of the country to distinct target audiences while maintaining the enhanced "brand Canada" image. Quebec already sets itself apart from the rest of Canada through its culture, language and history. Other regions of Canada such as the Maritime Provinces of Atlantic Canada or the Yukon have many of the same cultural resources employed by those in Quebec. The Gold Rush days of the early 20th Century in Western Canada would provide much opportunity for tourism development as would the colonial heritage of Atlantic Canada or westward expansion across the Plains Provinces.

Morgan et al warn specifically that the failure to create a consistent online brand image in conjunction with inferior information quality and "inadequate design expertise" are major problems of tourism Web marketing. (2001, p. 112) Yet understanding when and where these problems exist online can be the first step in correcting deficiencies on web tourism marketing and Web development. It is up to the organizations seeking to promote tourism destinations to understand the deficiencies and to make appropriate adjustments and remedies.

CONCLUSION & IMPLICATIONS FOR FUTURE RESEARCH

This study was conceived to be a brief survey designed to characterize the tourism marketing tactics of Canadian provinces and territories. While noticeable differences exist regionally within Canada, are those differences translatable to the Internet? The cultural differences and highlights of Canada, as borne out in each province and territory, are translatable insofar as symbols allow them to be. Images and words are the symbols by which culture is translated over the medium known as the Internet. Sounds and moving pictures are also transmitted symbols of culture, yet none of the homepages examined included sound and very rarely did images change. Only through the use of photographs and words will the Canada's diverse culture be brought to the world via the Internet. The attempt to separate Canada from its natural environment will not work in the promotion of tourism. Canada's environment is invariably linked to the culture and character of the nation.

For the most part the provinces appear to be reflecting their own character rather than an overall Canadian character. This is most noticeably reflected in the fact that only two of Canada's 10 provinces and none of the three territories actually feature the national flag on their tourism homepages. The Maritime Provinces of Atlantic Canada seem to have a firm grasp of culture as transmitted in photographs and hyperlinks, as does the new territory of Nunavut.

A wealth of information exists in the provincial and territorial tourism websites. This particular topic could occupy a researcher for years. While study in this area would be suitable for a thesis or dissertation topic, the changing nature of the Internet and the technological advances accompanying that change would make any such long term research difficult at best. Beyond this preliminary investigation a content analysis of the tourism homepages could be conducted to examine items such as text length or recurring hyperlinks. Also an in-depth investigation of entire websites, beyond the homepages, may well be in order to determine the extent and offerings of information to website visitors. Researchers undertaking such studies should be prepared to investigate all homepage hyperlinks and subsequent hyperlinks found deeper within websites.

A cross-cultural research possibility exists in undertaking a comparison study between the French and English language versions of websites. It is possible that comparisons may also be made regarding the German language sites or the Asian language sites where these languages have been presented as a user-selected option by the provincial tourism authorities. Additionally studies regarding the evolution of the websites might be considered given the transformational changes taking place in travel, culture and trade worldwide. Given that online travel has impacted travel agents and agencies almost to the point of redundancy, how will the travel service options evolve online at the provincial and territorial levels?

One might also consider the possibility of exploring how the provinces are cooperating in their website development with the CTC's goals and campaign objectives. CTC's current theme of "Keep Exploring" was clearly observed on only one provincial website (Saskatchewan). How is provincial website development complementing or impeding CTC's goals of Canadian tourism at a national level? Will the provinces and territories carry the CTC banner or will they embark on their own campaigns to lure tourists to their specific areas of the country?

It is hoped by the researcher that this preliminary and cursory investigation will result in more extensive research in this area. Understanding how the provinces market themselves to tourists using the Internet may impact understanding in other disciplines including the social sciences, information and hospitality marketing. If "brand Canada" is to succeed in the global tourism market, clear definitions of culture and understanding of the target market (both topics for further investigation) must be obtained.

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MIRROR NEURON NETWORKS: IMPLICATIONS FOR MODELING AND CONSUMER BEHAVIOR STRATEGIES

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ABSTRACT

This is a conceptual study which looks at the anatomical processes involved in modeling and consumer learning, otherwise known as mirror neurons. These mirror neurons allow the consumer to learn vicariously in a passive environment, which is an ideal scenario as it represents most situations in which the consumer is exposed to a marketing message. The concept of mirror neurons is relatively new even from a Psycho-behavioral analysis point of view, and it is a very new concept for Marketing and Consumer Behavior. Yet, it seems to provide a very tangible explanation which supports general marketing theory as to the process and results of modeling behavior. The concept of mirror neurons also has implications for the development and refinement of a variety of marketing strategies.

INTRODUCTION

The recent discovery of mirror neurons has implications that extend far beyond the medical arena. The implications for Marketing are substantial as we begin to develop an understanding of the anatomical process of learning and modeling and its influence on a variety of promotional activities (Coyles and Gokey, 2005; Wortman, 2005). This concept of mirror neurons came about as an accidental finding while conducting observations on the macaque monkeys (Ferrari et al., 2003). One particularly important finding was observed when a scientist simply moved to grab a raisin. The monkey's observation of the scientist reaching for the food triggered similar neuron firing patterns as when the monkey himself made the movement (Ferrari et al., 2003). Subsequent research has shown that this phenomenon also occurs in humans (Rizzolatti, and Craighero 2004).

These mirror neurons have been found to fire in the exact pattern and exact cerebral areas when an action is simply observed as when it is physically performed. Neurologists suggest that this unconscious firing is the underpinning for many of our most instinctive reactions and behaviors, including our ability to empathize, to model the actions of others, and the very mechanism that permits the development of language (Arbib, 2002; Rizzolati and Craighero, 2004). A common conclusion among these studies suggests that this unconscious internalization may enable humans to learn the observed behavior vicariously. This may be a fundamental bridge for imitation and learning that enables us to learn through observation. Learning and modeling are key strategic elements for marketers as we attempt to influence the attitudes, motivational drive, and future behavior of consumers (Peter and Nord, 1982).

THE MIRROR NEURON SYSTEM

Fundamentally, the mirror neuron system is the activation of components of the brain, primarily those involved with pre motor functions, through impulses initiated by visual observations. The anatomy of the mirror neuron system can be divided into two parts (Arbib, 2002). The first part controls the visual component, and it is comprised of the occipital, temporal and parietal areas of the brain. Collectively, these regions are the ones responsible for converting a visual stimulus into an electrical impulse that is later relayed to the motor functional areas (i.e. the second part of the MNN). The bulk of this conversion occurs in the occipital region or the visuospatial processing center of the brain where it receives raw sensory information from the retinas, processes it and provides initial interpretations such as color discrimination, discernment of movement, interpretation of facial gestures and basically creates a virtual map of the outside world. (Buccino et al., 2001).

The second part of the MNN includes the motor regions of the brain which are comprised primarily of the inferior parietal lobule and the precentral and inferior frontal gyrus. This part of the MNN is involved with integrating the visual impulses and adding a motor component. This motor component is the mechanisms that enable human language development, most motor functions, planning and impulse control. It is at this point in the mirror neuron system, when these impulses, now part visual and part motor, are transmitted to the spinal cord (Heiser et al., 2003).

The distinction between the mirror neuron system and the other physiological systems that serves as catalysts for reaction and physical response lies in the spinal cord's unresponsiveness to said mirror impulses. The spinal cord receives and is induced either by the mirror activity occurring in the pre-motor areas or from the direct planning or conscientious desire to react. However, given the varying intensities of the two types of electrical impulses, the spinal cord is embedded with an inhibitory mechanism that serves to decipher between the two, and render the body physically unresponsive to the stimulation incited by mere observation. Therefore, while the person does not physically respond to what it is they are observing, they are still capable of experiencing the internal sensations or vicarious learning (Wolf et al., 2000).

Neurologists, that have been investigating this discovery and the depth of its implications, have conducted a variety experiments to investigate the variances that might occur (Heiser et al., 2003). In one experiment, individuals were asked to observe verbal and nonverbal lip forms (Decety et al., 2002). Of the experimental groups, some individuals were informed that they would be asked to imitate or repeat the lip formations being observed, while another portion of the group was simply asked to observe with no indication that they would be asked to repeat the behavior. In essence, motivation was manipulated. For the experimental group, the results indicated that the entire mirror neuron network was activated even though there were no actual bodily movements. The brain was essentially creating a blueprint of the observed activity. Yet, the control group only activated the first part of the mirror neuron network. Thus, the motor component was not activated, and imitation was therefore limited. From a marketing perspective, we generally assume the consumer is exposed to a message in a passive environment that does not facilitate imitation, especially in low involvement or un-motivated situations. Therefore, passive marketing messages may be relatively ineffective as the information is only partially processed. Yet, if a message can motivate an observer and get them involved in the message, then the message will be more effective because the brain fully processes and replicates the activity observed. In this situation, modeling can be a powerful marketing tool.

The process of breaking down the component parts of an observation facilitates imitation, which enables learning by modeling. Learning has been described as a process that can result from interpreting the sequencing patterns of a model's actions, imitate those actions, and forecasting the expected outcomes that can be achieved (Wohlschager and Bekkering, 2002). As this process is continuously repeated and more observations learned, the individual begins to develop and expand their repertoire of performable activities. When the action being observed is one which resides in or is included in the repertoire of activities that the observer is capable of performing, the impulse is able to influence and penetrate the general mirror neuron network to its full extent (Grezes et al., 2003). To be able to map the observed actions on their motor system, the observer must already internally understand the facets of the brain necessary to physically undergo such an action. If the observer is aware of how to perform that activity, from familiarity, learning or practice, the mirror neuron impulses are able to permeate the complete system and affect not only the visual components but the motor ones as well (Martindale, 2005). Alternatively, when the action being observed is one that is novel to the spectator, either because they have never viewed it before or because they have never physically performed it, the extent of the impulse stimulated is restricted to the visual components of the network, because they are still in the decomposing phase (Maeda et al., 2002). The viewer's lack of experience and knowledge of the activity forces them to internalize the occurrence to a much lesser extent than they would had they previous knowledge of what the physical sensations triggered would have been (Rizzolati and Craighero, 2004).

This is important for marketing because while the physiological processes that categorize the mirror neuron system are complex, their seamless and unconscious execution within an individual makes it a human function that is fundamentally ingrained. It is this ability to experience the nearly identical physiological effects of the one that is acting and reacting through mere observation and inactivity, which enables us to recreate and perform motions that were once foreign to us, in essence to learn through modeling. Furthermore, this practice of imitating or modeling the behaviors and actions of those around us is one that permits the physical development as well as socialization paramount to human existence (Sonnby-Borgstrom et al., 2003). The internal imitation or modeling of the behaviors does not need to be participatory, as we can observe and learn in a passive but motivated state.

MARKETING IMPLICATIONS

Solomon (2007) describes observational learning as a type of learning that has occurred as a result of a vicarious experience rather than a direct experience. Essentially, people watch the actions of others and note the reinforcements they receive for their behaviors, and learning has occurred without actually participating in the behavior (Bandura, 1986). Additionally, Hawkins et al. (2007) suggest modeling or vicarious learning does not require the consumer to directly experience an event to learn from it. "Instead, they can observe the outcomes of other's behaviors and adjust their own accordingly" (Babin and Burns 1998). Yet, for this process to work, the observer has to be motivated to pay attention to the vicarious experience.

Marketers have known for a long time that motivation and involvement are key factors that influence the effectiveness of promotional messages (Akhter et. al, 1987). But, the mirror neuron networks have illustrated that there is an actual physiological reason that supports that concept, which can contribute to our understanding of the processes that enable modeling to be an effective strategy in marketing. By measuring the electrical impulses in specific locations of the brain, specifically where the mirror neuron networks reside, market researchers will be able to ascertain a more accurate indication as to whether modeling or learning has occurred and whether a promotional message has the intended effect.

From a marketing perspective, the mirror neuron network is important for two reasons. First, it provides further support for the concept that motivation and attention are key aspects to vicarious learning, and that creative promotional strategies can actually generate a learning effect. Thus, the creative side of the promotion has to capture the consumer's attention and motivate them to process the information. Secondly, and most importantly, the location and structural understanding of the mirror neuron network system provides marketers with the ability to more accurately measure the anatomical reaction to a promotion, which is an indication of learning. This provides a significant enhancement over current brain wave studies (Buccino et al. 2001), and provides marketers with a more effective form of message research.

Creative Strategy

In terms of creative strategy, marketing promotions should be designed primarily to get the attention of the consumer, then to communicate something simple and of value about the product, and possibly include a call to action. Promotions that simply and bluntly tell the consumer to buy this product or that brand fail, because they do not connect with the motivations of that consumer.

The successful ones tap into the consumer's psyche by appealing and relating to them on a level that is comfortable and familiar to them (Hirschman, 1986; Hunt, 1983; Rothschild, 1981).

The mirror neuron system, its intricacies, subtlety, and pervasiveness have great applications for marketers, but it also emphasizes the need to create effective and motivational advertisements. To begin with, advertisers should construct an ad that motivates the customer to relate to the commercial protagonists and the situations in which they are in (Friedman and Friedman, 1985), and there are different strategies to accomplish this goal. Commercial spots where the message consists of the recounting or rehashing of experiences in the past do much less in the way of cortical activation than ones where the audience is able to see the actors undergo the experience. Using role playing behaviors with characters in advertisements, permits the individual watching to visualize the behaviors and actions the protagonists are employing and to develop and decompose a new manner of accomplishing things or of resolving conflicts. By presenting the common problem or need, and then portraying the physical resolution or application of the product to fulfill that need, it allows the observer to understand the purpose behind it to a greater extent than other approaches might facilitate. This permits the addition of this new approach to their repertoire or the substitution of a new pattern or behavior for an older one (Jerker, 2003). Therefore, when they are later presented with a similar external cue, because the initial observation proceeded from the visual centers of the mirror neuron network to the full extent of the motor ones, they will instinctively react in the fashion they have already internalized, in the way that seems second nature to them.

In a similar case, when a marketer is introducing a new product or service, the key to making it tangible to an audience, that has never had any interactions with the product nor its precise use, is to relate it to the way that the consumer has done it in the past. Rather than trying to market it as a completely innovative item, by drawing the similarities between this approach and the traditional way of doing things, the audience is again able to reach into their repertoire, their bank of performable and inherent responses and preferences, to understand the product in a context they are familiar and comfortable with. If it is a new manner of behaving or of responding to a need, the ability to again resort to some semblance of a previous action, allows the consumer to be more willing to try out this new approach since it is merely a modification of an imitated behavior they have already acquired and are apt at performing (Crimmins and Callahan, 2003).

Sales promotion strategies can also benefit in terms of this concept through the use of sample offers utilizing orchestrated demonstrations. The demonstrative component allows the consumer to first visualize and decompose the facets of the behavior and movements to model. Furthermore, this allows the demonstrator the opportunity to not only transmit instructions on how to perform the movement or activity properly, but also their mood and general disposition during the exhibition. Although unaware of this manipulation, the observing consumer will also internalize the positive attitude exuded by the demonstrator and this will later carry into and impact that of the consumer when they too perform the behavior. The exhibit permits an association of the action performance with the positive emotion exuded by the spokesperson (Mans and Sims, 1981).

The sample component would allow the customer to formalize and execute the internalized actions they have observed being performed without the deterrent of cost and any related expenses. This practice allows the customer to integrate the movement they've now decomposed and visually mapped out and to transcend the inhibitory mechanism of the spinal cord and allow the full extent of the motor cortex activation necessary to perform the action. Consequently, the extent of the individual's repertoire is expanded to allow the full incorporation of this new imitated behavior. Once a component of the actions they are comfortable modeling and performing, the customer is then likelier to become a frequent buyer and to test new innovations that are modifications to the previous form (Curry and Moutinho, 1993).

A significant impact of mirror neuron networks might be in terms of personal selling strategies. Clinical psychologists have been using modeling techniques (i.e. postural mirroring) to strengthen their relationship with clients, by essentially modeling positive behaviors and gestures that their clients could imitate (Wohlschlager and Bekkering, 2002). Their investigations also found that it was productive for the psychologists to consciously imitate the positive behavior of the client, which was subsequently imitated by the client, essentially doubling the modeling process and the learning opportunity. Psychologists extended this conclusion farther by indicating that such a practice didn't have to be a conscious one by either party because our bodies are programmed or hardwired to make the adjustment as it is the cornerstone of the humanity's sense of interconnectedness. Yet, there is certainly an opportunity to manage the process, and facilitate positive outcomes.

This process is the same process being initiated when the salesperson, by modeling the potential client, is suddenly more apt at dealing and relating to that particular individual. This is a technique that relies in large part on the salesperson's ability to understand the potential client and to be able to adapt their methods of communicating to assume those most familiar to the customer (Leigh, 1987). One technique that is a fairly popular tool in this arena of marketing is that of modeling the positive gestures and the overall posture of the consumer as they speak, especially when they are trying to make a point that is important to them. The thinking is that by aping the actions of the consumers, the salesperson creates a zone of friendship in which the consumer is subconsciously made comfortable to persist in. It is assumed that this technique aided the salesperson in pacifying the underlying tensions and apprehensions of the customer and thus making them more receptive to the sale's pitch.

What may in fact be the rationale behind the effectiveness of this technique, however, is not so much that it makes the customer more at ease but that the salesperson's active modeling heightens the degree to which they are attuned to the emotions and concerns of the client. If they approach their sales meetings to singularly achieve those objectives they have established for themselves, they are likely to miss the component that is the crucial determinant of their success, what the consumer needs and needs to hear from them. At times it can be difficult to decipher the real reason for the buyer's apprehension based solely on the things that they are saying and the objections they are raising to avoid a purchase. These limitations, to an extent, are placated if the salesperson responds not to what the customer is consciously saying, but instead to those subconscious cues where the true reasons lay. As body language is a great conveyer and communicator of the sentiments belying them, the salesperson's assumption of these, helps them formulate an understanding for the consumer's perspective. This in turn enables them to respond to what is being said and to more importantly raise and resolve those issues that have remained unspoken but on which the success of the meeting hinges.

Therefore, while this technique has become an effective tool for closing a sale, the reasoning behind its effectiveness may be flawed. Rather than being the cause of the customer's willingness to let their guard down and succumb to the techniques of the salesperson, its value may stem from the salesperson's ability to tailor their pitch in a manner that pacifies the client's conscious and unconscious objections. The difference between these two approaches is that in the latter the deciding factor is the insight gained by the salesperson through modeling the behaviors of the client. It is this insight that then permits them to modify their approach. The clients concerns, those stated and those that are not, are addressed and that is what leads to their willingness to purchase and not some increased sense of familiarity and trust because the salesperson is aping their activity (Weiss, 2003).

There may also be implications for creating and managing word of mouth strategies. The integral component of any word of mouth strategy is too illicit the participation of opinion leaders. The concept of opinion leaders has been well documented in the literature. These opinion leaders have proven to be invaluable spokespersons for companies as consumers rely on their knowledge and opinions, so they can formulate their less involving and less costly consumer decisions. The popularity of this less informed and cognitive approach is accredited to the ease and speed with which one can now acquire information pertinent to the decision. However, the supposition that given the new accommodations the individual's tendency would be to conduct more research and deeper analysis of the decision being made is in fact the exact opposite of what it occurring. People in general feel bombarded by the sheer volume and extent of this information and rather than make the effort and expense of sifting through all this information would rather follow or imitate the practices of those they esteem. Furthermore, the information or behaviors to imitate and model after are heavily publicized and mainstreamed. Therefore, given the individuals' biological proneness to imitate the behavior exhibited by most other individuals, the credibility extended to these sources that serve as the mouth pieces and purveyors of information and behaviors, heightens our readiness to follow suit. To leverage this disposition to the benefit of the marketing profession there are certain steps that will further ensure the success of these opinion leaders as well as guarantee that the message or behavior being imitated is the one intended to be modeled. To do this the sources that are chosen to carry out these endeavors must be ones that are highly regarded and highly visible. As the initial encounters with a foreign behavior focus more of the surveying of the action to understand component parts, the individual consumer must witness the behavior or practice sufficient times to fully comprehend the intricacies and add the new pattern to their pre-existing repertoire (Ulmilta et al., 2001).

To expedite this process, the marketer can make the message being conveyed or the practice to be replicated as simple and rudimentary as possible. This is a logical conclusion since the less complex the components, the faster their full decomposition and later reintegration will take. Given the speed with which conditions and preferences change in the market, especially with the trendier items that by definition are only slated to be a momentary taste, the quicker the consumer buys into and is comfortable with the hype, the more the marketer stands to profit. Furthermore, the ease of the necessary internalization will also suggest that more individuals will be able to adopt the new pattern and to an extent, for at least a while, serve themselves as likely sources to be imitated by their observers (Veryzer, 1999).

Message Research

From a marketing perspective, the significant application of mirror neuron networks lies in the ability to measure the actual anatomical impact of various marketing messages. Measuring the reaction of the mirror neuron network to a marketing stimuli will provide a more meaningful and tangible indication as to whether some type of vicarious learning has occurred. Traditional message research has sometimes been referred to as copy research (dating back to pre-broadcast times when print was the dominant medium), creative research, and sometimes it is referred to as effectiveness research. Message research focuses upon the effectiveness of the message/copy and creative element in the advertisement (Axelrod, 1986). Prior research involved testing storyboards or finished ads using one-on-one personal interviews, theater testing, or in-home testing (i.e. BahaviorScan) to measure variables such as recall, recognition, attitude toward the ad, or physiological measures such as eye-tracking or brain wave patterns (Olson, 2006). Yet, none of these measures have captured the true impact as to whether learning has occurred.

Attempts at improving advertising effectiveness have been splintered, erratic, and unproductive. Over the years researchers have explored likeability, recall, attitude, preferences, qualitative research, perceptual mapping, physiological measurements, brain wave measures of involvement, modeling and so on (Jones, 1998). The prior physiological and brain wave measurements fall short of the potential that mirror neuron networks provide. The significant difference lies in measuring the precise areas of the brain in which these reactions occur. Traditional measurements have focused on the occipital, temporal and parietal areas of the brain. Collectively, these regions are the ones responsible for converting a visual stimulus into an electrical impulse, which indicates that the stimulus was noticed and initially processed. But, it does not suggest whether the more intricate process of learning has occurred. Measuring the mirror neuron network would involve the motor regions of the brain which are comprised primarily of the inferior parietal lobule and the precentral and inferior frontal gyrus. This part of the brain is involved with integrating the visual impulses and adding a motor component. It is at this point in the mirror neuron system, when these impulses, now part visual and part motor, are transmitted to the spinal cord (Heiser et al., 2003). These electrical impulses will provide marketers with an indication as to whether vicarious learning has occurred even though it did not require any physical action on the part of the respondent. Marketing researchers could then more effectively test and manipulate various creative strategies for advertising, sales promotions, personal selling and word of mouth to see which had a more significant impact.

CONCLUSION

While the nuances of the mirror neuron network as well as the role it plays in humanity's daily interactions and behaviors are only beginning to be understood and explored, there is little dispute that their impact is pervasive. The power that can be contained in this network and its psychological mechanisms is all the more intriguing because of the subtlety with which it believed to infiltrate our most inconspicuous and unconscious behaviors and actions. Therefore, while the notion of being able to subconsciously manipulate and influence the behaviors of the general consumer have been deemed unfounded, it does appear that through mere observations a create deal of internalization can be achieved. This changes the idea that in order to be impacted by marketers one must be entirely engrossed in the promotions or appeals because even passive (but motivated) observations allow for the mapping and decomposing of the actions once assumed to be only cautiously viewed.

The concept of mirror neuron networks has two important contributions to marketing. First, it further illustrates the importance of developing creative strategies that get the consumers' attention so the information will be processed at a level that evokes learning. Second, mirror neuron networks will facilitate the process of research and measurement as it will provide a more tangible means by which to assess the effectiveness of our creative strategies.

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

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ABSTRACT

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

INTRODUCTION

Outsourcing has become a popular business strategy for trying to be more efficient in the marketplace as well as attempting to achieve better customer satisfaction with the realization of more business growth for those firms who are outsourcing. To better focus on a firm's core competencies, outsourcing may provide opportunities to save precious resources. Also, the mantra of cutting costs, downsizing, penetrating new markets, supply chain management efficiencies, consolidation of businesses, and globalization have been some major driving forces to more outsourcing..

Professional services, such as accounting, purchasing, human resources, law, and information technology, may appear to be a relatively new outsourcing phenomenon. In comparison, however, the professional services of manufacturers' representatives is a service that been outsourced for decades. These professionals have been providing sales support for manufacturers and middlemen for years. In fact, historians note that the development of the textile industry in the Northeast during the early 1800s was the beginnings of what was to become the modern day manufacturers' representatives in the United States (McQuiston, 2001).

With globalization, manufacturer representatives have become quite essential in many foreign markets (Stephens, Carlson, & Weinrauch, 1996).

Manufacturers' representatives, also known as contract sales agencies, are independent professionals who provide sales and marketing services to manufacturers, suppliers, and distributors (see for example, Anderson and Trinkle, 2005; Johnson, 1999; Kaufman, 1999; McQuiston, 2001; Weinrauch, Stephens, & Carlson, 1991; Weinrauch, Stephens, & Carlson, 1996; Weinrauch, Stephens, & Carlson, 1997; Weinrauch, Stephens, & Carlson, 2001; Weinrauch, Stephens, & Mann, 1998). Most of them are owned and operated by entrepreneurs who operate under a contractual agreement with their principals (manufacturers, suppliers, distributors, and other middlemen) for a defined territory. The representatives typically have multiple related but non-competing product lines in this exclusive sales territory. They are paid on straight commission based on sales.

It is difficult to gauge the exact number of the contract sales force in North America. According to one well-known contract sales industry researcher, the best available statistics is that approximately 50 percent of all companies operating in North America use a manufacturer's representative in some capacity. They may use them for selling a piece of a product line, a certain geographic area or a particular application. In the electrical and food service industries, 80 percent of the firms rely partially or entirely on contract sales personnel. Representatives may also sell services, such as advertising (Anderson & Lodish, 2007).

Most manufacturers' representative organizations (frequently known as agencies) are small firms who may have 5 to 10 individuals covering a well-defined product portfolio and specific narrow geography. The one exception is the food business industry, whereby an agency ("food broker") may employ a few hundred people in the rep organization (MRERF, 2007). It should be further emphasized that professional sales agencies are different than distributors.

Benefits of Using Reps

The Manufacturers Representatives Educational Research Foundation (MRERF, 2007), which is a non-profit research and educational organization that represents 35 manufacturers' representatives associations, outlines a number of benefits in utilizing an outside contractual sales force. In one sponsored publication written by Kaufman (1999), 18 benefits for using contract sales people were identified. They included business advantages like: saving sales costs; attracting knowledgeable and professional sales consultants who know their customers; offering an attractive product portfolio of noncompeting product lines, and are well known by their buyers in a specified defined territory. It is noteworthy that today's independent professional sales representative is a professional, multifaceted, technology adept person who can provide solutions for both the customers and their corresponding principals. Since representatives are well known in their territory and they carry multiple products, they are frequently able to penetrate a geographical market. Interestingly, a study by Dartnell concluded that the average stay of a company salesperson within a given territory is only 22 months, while for manufacturers' representatives the time is more likely to be around 22 years (Kaufman, 1999). This can be an indication of a stable and reliable service that manufacturers' representatives provide for the customers in that territory. Customer relationship management is a core competency for many sales agency firms.

The use of outside sales force will also assist with the principals' cash flow and allocation of limited investment dollars. It is common knowledge and practice that they these independent sales people and their agencies do not get paid until a sale is actually consummated. And frequently, the actual cash may not be received until the principal is paid, and then hopefully the principal will then expeditiously pay their sales agency organization. This salient cash flow benefit allows the principals (often small businesses) to invest precious resources for other strategic options (Weinrauch, Stephens, & Carlson, 1991).

In regard to global expansion, it would be difficult for some firms to penetrate foreign markets. Their lack of contacts and local representation can make global marketing an arduous task. In numerous cases, without the representatives' contacts and sales plus marketing efforts, it would be hard to truly obtain global exposure. In fact, due to restrictions, regulations, or cultural behavior, in some countries it almost required to use sales agents (Weinrauch, Stephens, & Carlson, 1996).

Perhaps one of the most significant benefits in using representatives is the professionalism that they offer to customers and principals. Through the ongoing efforts of Manufacturers' Representatives Educational Research Foundation (MRERF), individual industry based representatives' associations, and the agency firms themselves, there is a concerted determination to constantly improve the agency and elevate the profession to be the very best. For example, MRERF (2007) offers a three-year widely respected exam-based certification program to elevate sales, marketing, and managerial aspects of the agency industry (Weinrauch, Stevens, & Carlson, 1997). MRERF also offers a sales certification process that covers the fundamental skills of effective selling (Weinrauch, Stevens, & Carlson, 2001). It has been noted by some principals that these certificates are an endorsement of professionalism among the principals and the sales contract profession. Moreover, many firms –principals—will not contract with the rep agency and their sales personnel unless they are certified. In a nutshell, the manufacturers' representatives industry and the associated associations within various industries have worked hard to enhance the profession while better serving their customers and principals.

Relationship Between Reps and Their Principals

Principals must rely on its independent representatives to provide sales and marketing services. Alternatively, contract sales people rely on the principals for excellent products and a support system to back up the selling and marketing services of the independent representatives. The whole relationship and process is often coined agency theory, which sometimes highlight the difficulties in pinpointing and monitoring each businesses behavior and support accurately (Brown, 2004; Bergan, Dutta, & Walker, 1992). Naturally, there is constant interest in exploring the behavior and relationships between representatives and their principals. Since they are completely dependent upon each other, it is vital to examine the issues, solutions, opportunities and productivity for enhancing this symbiotic and interdependent alliance (see for example, Anderson & Trinkle, 2005; Anderson & Weitz, 1986; Anderson & Weiss, 1992).

McQuiston (2001) developed a conceptual model for building and maintaining effective relationships between manufacturer representatives and their principals. Based on an exploratory qualitative study, the author concluded that there are six core values that are essential to a smooth working partnership: They are:

1. Shared common goals and objectives
2. Appreciate the mutual dependence that each business has on both of their successes
3. Encourage open lines of communication between the two parties
4. Stress mutual commitment to customer satisfaction
5. Recognize concern for the other's profitability; both principal and agency firm practice a win-win situation
6. Follow through on doing what was promised and building consistent trust through one's business behavior with each other.

The author also uncovers four supporting factors that improve alliances. They were:

1. Investment of effort by top manager
2. Continuous effort to improve over time and never be happy with the status quo
3. Professional respect and empathy for the partner's position
4. Developing both a professional and personal relationship by getting to know the people of both organizations, that is, cultivate positive chemistry with social outings to instill greater personal empathy (McQuiston, 2001).

In another research study (Pass, Schlacter, & Bridges, 2002) on developing a smooth relationship between sales agency firms and their principals, it was concluded that the manufacturers' representative's satisfaction increased with greater levels of instrumental and leadership behaviors. The quality of technical support provided by the principal and the meeting of the agency firm's expectations for principal leadership were important leadership behavior. Satisfaction was also increased with improvements in the quality of support items, which were: (1) case histories of serving accounts, (2) timely delivery of products sold by the reps, (3) amount of technical support, and (4) timely payment of commissions. The writers included a model that had antecedents broken down by principal's leadership behavior, support in sales planning and processes and the administrative support. These were impacted by the moderators of expectations of the antecedents. This then resulted in the work outcomes. In a nutshell, they did conclude that there was a positive relationship between the principal's instrumental (direction given by principal) and participative interaction (a consultative approach is taken) and the manufacturers' representative satisfaction. Also, the four support items mentioned above had a positive relationship with the rep's satisfaction. Technical support also illustrated a positive relationship with a rep's performance. Lastly, participative leadership exhibited by the principals (opposed to overbearing and too directive) had a positive impact on the sales agency satisfaction and performance (Pass, Schlacter, & Bridges, 2002).

It is apparent that the relationship between principals, customers, and an agency firm can impact the sales agency's monetary and non-monetary success measurements in operating and managing the agency (Palmatier, 2007). Customer relationship management experiences and preferences among customers appeared to be more visible and significant with an agency's sales force than the agency itself. As might be expected salespeople in the field build a professional and personal relationship that nurtures loyalty among the buyers. In other words, the buyers will more loyal to the agency sales person than the agency itself. This conclusion has implications to turnover of sales rep and the potential of them taking their buyers with them.

Previous Studies such as McQuiston's (2001); Pass, Schlacter, and Bridges (2002); Palmatier (2007); and Weinrauch, Stephens, and Carlson (1997) have implications to agency firms that are trying to become more successful. Rep firms are seeking ways to better "market their services," find outstanding sales people and support staff for their agency, and enhance their business-financial objectives in terms of profitability, grow sales, and benchmark other successful indicators. Consequently, sales agency firms and the principals must strive for a business- marketing strategy, operational procedures, and staffing policy that has an internal and external symbiosis characteristic. The essential external element will embody the agency firm's customers and principals.

Agencies and Job Expectations from Representatives

Despite the above mentioned benefits of using manufacturer representatives, there are concerns among sales agencies that they are being asked to take on greater business related responsibilities for both their customers and principals. The customers and principals have high expectations for sales agencies.

It is demanded that rep firms spend enough time and resources to satisfy the customers in the defined geographical marketplace. Consequently, rep firms must be sure to provide outstanding service support and professional post sale procedures to insure satisfied customers (Brown, 2004). As professionals this is welcome and understood by agency sales firms and their sales people. Nevertheless, it does become “fuzzy” when knowing how much support to give—especially when the principals may have to carry some of the burden and follow through on actually delivering and servicing the products.

Successful agencies have already established their presence in their geographic regions, and provided satisfactory service to their customers. To be able to continue and increase their level of service, successful agencies may have higher levels of expectations from manufacturers' representatives. This way, expectation can continue and increase the agency firm's level of success and fulfill their responsibilities for both their customers and principals.

The above discussion leads to the following hypothesis:

H_{1a}: Success level of agency have a direct positive effect on the job expectations from manufacturers' representatives.

Agencies and Marketing Methods

Rep firms are being asked to do more marketing functions as well as making sure that the order fulfillment processes are being met in an exceptional manner. Furthermore, rep firms and their professional sales force may be encouraged (and even expected) to start providing more customer and marketing research information to the principals. In addition, although it can be considered as a “gray” area, some principals would like to manufacturers' representatives to be involved in the creative and innovative processes that result in new products for the principals. These complementary services make sense from a business viewpoint since the reps are close to the customer in the marketplace. Yet, there are opportunity costs in terms of selling time and the potential lost of income in forgoing more revenue from actual sales (Fraley, 1991; Mann, Weinrauch, Stephens, & Blackschear, 1997; MRERF, 2007; Stephens, Weinrauch, & Mann, 1993; Stephens, Carlson, & Weinrauch, 1996; Weinrauch, Stephens-Friesen, & Carlson, 2001; Anderson & Trinkle, 2005; Weinrauch, Stevens, & Carlson, 1997; Weinrauch, Stephens-Friesen, & Carlson, 2001; and Weiss, Anderson, & MacInnis, 1999).

Successful agencies have recognized the impact of marketing methods and allocated resources for them as part of their commitment to the six core values of their relationship with their principals (McQuiston, 2001). Therefore, they are expected to continue to invest more on marketing methods. Moreover, they may have resources to be able to do it.

H_{1b}: Success level of agency have a direct positive effect on the degree of importance they give to marketing methods.

Successful agencies may also have more resources to hire and train “green” college graduates. Therefore, they will be more willing to do so. Less successful agencies may expect immediate results from new hires and they may be less willing to hire and wait for training of recent college graduates as sales representatives.

H_{1c}: Success level of agency have a direct negative effect on the degree of unwillingness to hire recent college graduates.

One principal quoted on the MRERF web site noted that rep firms must add value to the partnership. First, a sales agency should add value by providing efficient coverage of their accounts. Second, the agency’s sales force must do consultative selling and go beyond just talking to the purchasing department of a prospective customer. Hence, there may be a trend for a more holistic approach of dealing with the rep customers by dealing and interacting with a cross section of the managerial team. This greater time consuming but necessary selling process is sometimes a mandatory requirement to survive in a competitive and dynamic marketplace (MRERF, 2007).

In short, there are high expectations by principals and customers in the rep marketplace. Consequently, rep firms must consciously spend enough time on marketing their services and actual contributions to the principals. It must be positively perceived and actually understood that the agency firm in question is performing in an admirable manner.

Paradoxically, the marketing success level of the agency may lead to challenges for the agency. When an agency is doing extremely well with selling the principal’s products, the principal observes the high commission checks being written to the manufacturers’ representative firm. The principle then wonders that this is a lot of money for a sale and perhaps an in-house sales person would save some money that is going out for commission. Alternatively, the principal notices the high commissions being paid to the rep firm and begins to think that “wow” the principal could even do better if they employ their own sales people with this account. In a nutshell, the rep could be in danger of losing the principal’s business if they do poorly or if they perform so well that dissonance starts to occur with the principal. This situation is a common situation in the manufacturers’ representatives industry (Anderson & Lodish, 2007).

Staffing and Potential Hiring of College Graduates

There is a common recognition that rep firms seek out highly successful, experienced, and “well-connected" sales force. A good independent sales representative should be self-motivated and the sales agency itself should also be less financial burden than adopting an in-house sales force. A major disadvantage is that if one hires the wrong manufacturers' representatives, the principal has little control with time, prospecting activities, and someone committed to actually driving sales revenue (Kennedy, 1998).

As the job expectations from representatives increase, agencies will be less willing to hire recent college graduates as their on-the-job training may cost more to the agency.

H_{2a}: Job expectations from manufacturers' representatives have direct positive effect on unwillingness to hire new college graduates.

As the job expectations from representatives increase, representatives rely more on marketing methods to gain relative advantage.

H_{2b}: Job expectations from manufacturers' representatives have direct positive effect on the degree of importance of marketing methods.

Based on discussion above on the manufacturers' representatives industry, one may wonder about the opportunities for finding and hiring outstanding sales personnel to meet the multitude of challenges and opportunities to the marketplace. This wonderment may be surprising since many entrepreneurial businesses noted that there number one challenge for the upcoming 2007 year was to retain key personnel. The next biggest challenge was to hire qualified people. These two issues were the top two out of 17 other factors surveyed (Henricks, 2007). Drucker (1954) succinctly wrote that an organization and its leaders must appreciate the contributions of its employees. The importance of hiring and developing employees is critical in the well-being of any organization.

Interestingly, there was one study (Weinrauch, Stephens, & Mann, 1998) that dealt with the rep firms' perceptions and beliefs on the feasibility of hiring new college graduates. It was concluded that many sales agency firms were concerned with the lack of work experience of new college graduates. These concerns dealt with: previous selling background, particular industry based knowledge, maturity, and just having any work experiences at all. Also, rep firms were reluctant to hire new college graduates since they just may not be prepared to operate in an unstructured and self-motivating environment.

As the degree of importance of marketing methods increases, agencies need representatives who are proficient in using these methods effectively and efficiently. Hence, the owners of sales agencies may be unwilling to hire "green" college graduates who have not shown their competency in this area yet.

H_3: The degree of importance of marketing methods has a direct positive effect on the unwillingness to hire recent college graduates.

The authors stated that perhaps sales agency firms may be ignoring the nontraditional (older, 25 and over in age) students who have the maturity, work experiences, time management skills (many work while going to school), and self-motivation. Although the training costs and time constraints may be questioned, there seems to be an untapped manpower staffing market by ignoring recent college graduates (Weinrauch, Stephens, & Mann, 1998).

Given the discussion herein, there seems to be a vital need to study the interrelationship of a sales agency success with the prospects of hiring recent college graduates. Furthermore, it would be interesting to speculate on the interrelationship of sales agency success measurements (such as profit and sales growth), the hiring of new college graduates, selected marketing activities, and principal expectations. A model about the impact of agency success and marketing methods on willingness to hire recent college is in Table 1.

METHODOLOGY

Characteristics of the Sample

Seventeen hundred self-administered surveys were mailed to a list of sales representatives provided by the Manufacturers Representatives Educational Research Foundation (MRERF) followed by a second wave of mailing. Consequently, there were 535 usable surveys returned, providing a response rate of 31.5 percent. Frequency distributions of the respondents indicated that 50.84 percent of the agencies employed 1-3 salespeople, while 38.32 percent had 4-6 sales representatives (Table 1). The majority of agencies had 6-10 product lines with a percentage of 29.34. The second highest percentage of 25.98 was followed by agencies having 11-15 product lines (Table 2). In terms of annual sales revenues, 90 percent of all agencies had less than $20 million. Specifically, 43.18 percent had sales revenues of less than $5 million, while 46.92 percent had sales revenues from $5 to $19.9 million (Table 3). In terms of the number of principals, the most dominant category of agencies had 11-15 principals, conveying a 52.15 percent share. While agencies with larger than 16 principals was somewhat rare with 13.64 percent share, agencies having ten or less principals had a share of 42.43 percent (Table 4).

Table 1: Number of Salespeople

Number of Salespeople	Percentage
1-3	50.84
4-6	38.32
7-9	6.35
10 or more	4.49
	100.00

Table 2: Number of Product Lines	
Number of Product Lines	Percentage
1-5	12.90
6-10	29.34
11-15	25.98
16-20	16.64
21 or more	15.14
	100.00

Table 3: Annual Gross Sales Revenue	
Annual Gross Sales Revenue	Percentage
$ 0-4.9 million	4.18
$5-19.9 million	46.92
$ 20-49.9 million	9.90
	100.00

Table 4: Number of Principals Represented	
Number of Principals	Percentage
1-5	13.08
6-10	29.35
11-15	52.15
16-20	9.53
21 and more	4.11
	100.00

Research Instrument

There were no previously generated usable items for this study. Therefore, 32 new items were generated for the constructs; Success Level of Agency, Job Expectations from Manufacturers Representatives, Degree of Importance of Marketing Methods and Degree of Unwillingness to Hire College Graduates The list of items is in Table 5. After the data screening process, usable 535 surveys were analyzed by utilizing AMOS 6.0. Confirmatory factor analysis revealed the presence of redundant 4 items. At this stage none of the redundant items were removed from the model.

Table 5: Items Labels

Job Expectations From Manufacturers' Representatives		
1	DEMANMOR	Principals seem to be more demanding
2	DISPLAY	Handing out more sales promotion displays
3	LOWCOMM	Looking for ways to lower commission percentages
4	MKTDATA	Doing more surveys
5	MORTECH	Investing in more technology
6	MORTIME	Spending more time correcting principals' mistakes
7	NEGPRICE	Doing more negotiations on prices
8	PRODMKT	Doing more product marketing
9	TIME	Time spent on non-selling activities
10	TRADSHOW	More frequent participation at trade shows
11	UPDATES	Having a need for faster updates for catalogs and price lists
Success Level of Agency		
1	ADPRODLN	Adding more good product lines
2	CASHFLOW	Cash flow
3	JOYPROF	Enjoying the profession and career
4	PRICNEGO	Price negotiations
5	PROFIT	Profit Growth
6	SATPRINC	Satisfying principals
7	YRSALES	Annual sales growth
Degree of Importance of Marketing Methods		
1	IMPADS	Ads in buyers' guides
2	IMPBROCH	Brochures
3	IMPCLSAD	Classified ads in trade publications
4	IMPINTER	Internal correspondence
5	IMPLETER	Mailed personalized sales letters
6	IMPMAIL	Direct mail promotional material about the agency
7	IMPNWLET	Agency newsletters
8	IMPNWREL	News releases about the agency in trade magazines
9	IMPTRAAD	Display ads in trade publications
10	IMPYELOW	Yellow page advertising
11	TELEMKT	Telemarketing our agency
Degree of Unwillingness to Hire Recent College Graduates		
1	GRADCOST	Recent college graduates cost too much money to train
2	GRADEXP	Recent college graduates lack experience as reps
3	HIREGRAD	Too small to hire recent college graduates
4	TRAINTME	Don't have time to train new college graduates

Success Level of Agency has been measured by seven items namely, PROFIT, YRSALES, CASHFLOW, SATPRINC, JOYPROF, ADPRODLN, and PRICNEGO (Table 5). All items loaded significantly on Success Level of Agency construct. High modification indices between the errors of cash flow and profits indicate that these two items are perceived as redundant. Even though they are related, they are not necessarily the same. Therefore, the errors are allowed to correlate.

Similarly, SATPRINC and JOYPROF were perceived as related items, even though they measure different aspects of success level of agencies. The errors of these two items are allowed to correlate.

Job Expectations from Manufacturers' Representatives are measured by 11 items, namely MKTDATA, MORTECH, DEMANMOR, PRODMKT, NEGPRICE, TIME, LOWCOMM, MORTIME, DISPLAY, TRADSHOW, and UPDATES. All items loaded to the same construct. There was no redundancy among items.

Degree of Importance of Marketing methods were measured by 11 items. They include IMPTRAAD, IMPCLSAD, IMPMAIL, IMPADS, IMPNWREL, IMPINTER, IMPLETER, IMPNWLET, IMPBROCH, IMPYELOW and TELEMKT.

Unwillingness to Hire Recent College Graduates was measured by four items. These items are GRADCOST, TRAINTME, HIREGRAD and GRADEXP. They all loaded to this construct significantly with no redundancy.

RESULTS

The fit indices showed that there was a good fit to the model depicted in Figure 1. Chi-Square ratio was 2.279, RMSEA was 0.049, GFI was 0.886, AGFI was 0.868, and CFI was 0.868. The results of the hypothesized relationships and fit indices can be found in the Table 6.

Hypothesis testing revealed that there was a substantial and significant positive relationship between success level of agency and job expectations from manufacturers' representatives. In other words, hypothesis 1a was supported. There was also a significant and positive relationship between success level of agency and the degree of importance that agency gave to marketing methods. Hypothesis 1b was also supported.

However, Hypothesis 1c had not been supported. Even though, the relationship had the proposed direction and sign, the standardized regression weight between these two constructs was not significant. An agency may be successful and have more resources to allocate the hiring and training of new college graduates, but the ability to do so does not directly translate to the willingness to hire "green" college graduates.

Hypothesis 2a stated that as the job expectations from manufacturers' representatives increased, the agencies' unwillingness to hire new college graduates would also increased. This hypothesis was not supported, even though the direction and the sign of this relationship was as expected. However, the relationship between job expectations from manufacturers' representatives and the degree of importance of marketing methods was significant and substantial. Hypothesis 2b was supported.

Figure 1: A Model about the Impact of Agency Success and Marketing Methods on Willingness to Hire Recent College Graduates

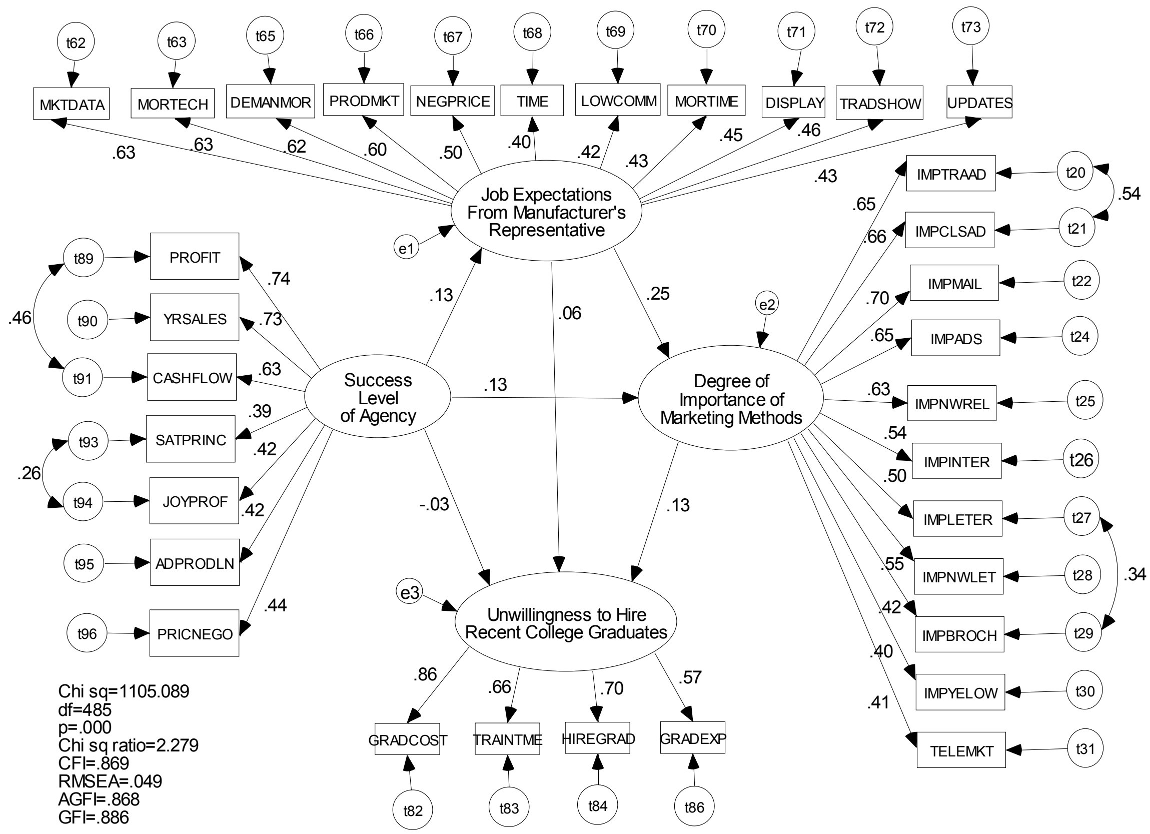

Table 6
Model Fit and Tests of Proposed Relationships in the Model

Model Fit Statistics:

Chi-Sq	df	p	Chi-Sq Ratio	CFI	RMSEA	AGFI	GFI
1105.89	485	0.000	2.279	0.869	0.049	0.868	0.886

Sample Size = 535

Structural Relationships: Hypothesized Paths	Proposed Relationship	Standardized Coefficients	Critical Ratio	Significance at p < 0.05
H_{1a}: Success Level of Agency ? Job Expectations From Manufacturers' Representatives	Positive	+ .13	2.369	Supported
H_{1b}: Success Level of Agency ? Degree of Importance of Marketing Methods	Positive	+ .13	2.451	Supported
H_{1c}: Success Level of Agency ? Degree of Unwillingness to Hire Recent College Graduates	Negative	- .03	-0.587	Not Supported
H_{2a}: Job Expectations From Manufacturers' Representatives ? Degree of Unwillingness to Hire Recent College Graduates	Positive	+ .06	1.109	Not Supported
H_{2b}: Job Expectations From Manufacturers' Representatives ? Degree of Importance of Marketing Methods	Positive	+ .25	4.475	Supported
H_3: Degree of Importance of Marketing Methods ? Degree of Unwillingness to Hire Recent College Graduates	Positive	+ .13	2.283	Supported

Interestingly, the most important factor that had a direct impact on agencies unwillingness to hire recent college graduates turned out to be the degree of the importance of marketing methods. Hypothesis 3 was supported. It seems that as the degree of the importance of marketing methods increase, agencies become less willing to hire recent college graduates. These results have important consequences for agencies, principals, college graduates as well as educators.

As suggested by the qualitative study of McQuiston (2001), principals may be more willing to nurture smooth working partnerships with their more successful agencies. The chances of mutual commitment and dependence increase in those situations. In order to provide what was promised and building consistent trust with their principal, successful agencies expect more from their sales representatives. They also give more importance to marketing methods that promote their principals' products in the geographical area they serve.

They also expect their representatives not only to be familiar with current marketing methods, but also to be able to apply them in their own territories and customer bases. Once the importance of effective and efficient use of multiple marketing methods increase, the agencies unwillingness of hiring and training "green" college graduates as sales representatives increase. These graduates definitely do not have an existing customer base to bring to the agency, which would have an immediate positive impact to the agencies' success. Also, they may not know how to approach customers, and how to negotiate with them. Furthermore, they cannot immediately demonstrate that they know how to design, implement and control the application of necessary marketing methods for their agencies' success.

FUTURE RESEARCH OPPORTUNITIES

Since most agencies are small businesses, there are major concerns on seeking ways to make them more successful in monetary and non-monetary measurements. In short, what practices could be adopted to make them more profitable, grow in sales revenue, increase satisfaction levels for principals and their customers, and provide career satisfaction for the owners and their employees of the agencies?

Despite some progress on the study of manufacturers' representatives and their sales agencies, there seems to still be a dearth of academic studies on the role and scope of manufacturers' representatives. The Manufacturers" Representative Educational Research Foundation and their member associations are doing an admirable job in sponsoring professional and academic studies. But, there still seems to be a critical need to continue research on this significant professional selling group. In addition, this need for more research may even be more transparent when examining the interrelationships and potential interdependencies of new college graduates and manufacturers' representatives (Stephens, Weinrauch, & Mann, 1993; Weinrauch, Stephens, & Mann, 1998).

The study herein generates interesting opportunities for further research. This additional research may provide some solutions to some of the current concerns of the manufacturers' representatives' agencies, customers, principals, college graduates, and marketing educators who are preparing students for a marketing or sales career. Below are a few illustrative research questions that might be considered:

1. What would be the actual costs of hiring and training new college graduates? Will these costs be different for nontraditional graduating students (age 25 and over) versus the younger graduating students?

2. How critical are networking, negotiation, and other skills in becoming a successful rep? If of paramount importance, what pedagogical methods might be adopted to "teach" these skills in the classroom?
3. Could internships overcome some of the potential resistance by sales agency firms in hiring and training new college graduates? How could these internships be designed to include both agency and the principal?
4. What is degree of resistance of hiring new college graduates? Since there are so many diverse agencies—by industry, size, and years in operation—are there any relationships between resistance and expectations plus perceptions on hiring college students?
5. What are some significant antecedents on the job expectations for new college reps? And, what antecedents influence the expectations of the rep firms?
6. MRERF has a three-day Certified Sales Professional seminar that requires successful completion of the seminar and a passing of an exam. With the passing of the two requirements, the sales participants received a Certified Sales Professional Certification. As of this writing, the prerequisite is that the participants must first have two years of practical work experiences. The current cost is $1,395. This fee is usually paid by the agency firms. What would be the degree of interests among contract sales firms in funding new college graduates in taking this industry based course? What role might this seminar play in antecedents of job expectations and the defined success factors described in the paper?

The above research questions are only a sample. But, they show the type of research that needs to be address. Further studies will certainly serve marketing students in job placement as well as helping rep firms, customers, and principals. These studies could have a favorable impact on improving both the efficiency and effectiveness of strategic marketing endeavors.

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A PRELIMINARY STUDY OF DOUBLE JEOPARDY IN SELECTED RETAILERS

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ABSTRACT

The authors investigate the "double jeopardy" (DJ) concept in the domain of retailing. The authors show that DJ is moderately evident within health clubs and medical clinics, but most likely does not exist within convenience store retailers. The authors attempt to test which of three alternative explanations for market share rankings is supported: (1) a familiarity effect, (2) an experience effect, or (3) a design effect. No evidence is found to support the design effect. However, either of the familiarity effect or the experience effect may be a viable explanation for market share (and DJ), depending on the type of retailer. For medical clinics, the familiarity effect may be the source, while for health clubs it may be the experience effect. The authors suggest two mitigating factors in the findings related to DJ across each of the retail types: (i) the strength of brand affiliation/names or (ii) the levels of inherent consumer involvement or effort.

INTRODUCTION

A company needs to focus at least a proportion of marketing efforts on the development, maintenance, or enhancement of customer loyalty (Dick & Basu 1994). This emphasis is important because a company with a large number of brand loyal buyers will be more secure in its markets and should have a higher market share than other firms without this vital customer asset (Raj, 1985; Robinson, 1979; Smith & Basu, 2002). Competitors are at a disadvantage when some firms have a larger number of brand loyal buyers than they have. The many advantages include: a greater response to advertising (Raj, 1982), larger purchase quantities per occasion (Tellis, 1988), and reduced marketing costs (Rosenberg & Czepial, 1983). The advantages garnered from loyalty are especially important since, as markets become more mature, increases in share become more expensive and improvements in the loyalty base might be a viable means of increasing and maintaining share (Gounaris & Stathakopoulos, 2004).

The fact that competitive markets oftentimes exhibit similar market structure characteristics (market share), which in turn was found to be correlated with the number of brand loyal buyers, was first noticed by McPhee (1963). This observance that brands with large market shares usually had the most brand loyal buyers (and vice versa) was termed "*double jeopardy*" (DJ) because it seemed unfair for smaller brands to suffer in both ways. Previous research related to DJ suggests its' applicability to a variety of consumer brands and setting. Additionally, some consumer-specific variables will exhibit a similar relationship with market share as consumer loyalty (Ehrenberg et al., 1990).

This study applies the aspects of DJ to the area of retailing, investigating convenience stores, health clubs, and medical clinics. The dynamic evolution of the 'quick-stop' shopping from small neighborhood grocery and service stations to today's multi-purpose convenience stores located in nearly every city block has transformed the way people all around the world shop for small repetitively purchased items. A continuing worldwide trend towards healthier lifestyles has spawned the boom in businesses providing gym and exercise services to maintain fitness, as well as to lose weight. Also, the healthcare industry has changed from an emphasis on family doctors to more versatile medical clinics over the past twenty years, altering the way most of us get medical treatment. Each type of retailer faces highly competitive environments in their markets and the establishment of a large and loyal customer base is vital for long-term survival. With estimates regarding the number of 'truly' brand loyal buyers for these and related consumer retailers hovering around 25% (Pleshko & Heiens, 1996, 1997), the presence or absence of the double jeopardy phenomenon in these retail segments might be critical to the retailers' decision making. It would be difficult for small-share firms to grow and show long term success with a strong DJ effect evident.

The authors first attempt to identify whether the DJ phenomenon is evident in each of the three retailer areas. This is tested by analyzing the relationship of loyalty to market share. The authors then attempt to test three alternative explanations for the DJ effect. The alternative theories are tested by investigating other factors which may be related to market share: product attributes and consumer choice sets. The article begins with a review of the concept of "double jeopardy" and the related constructs. A description of the data collection, measurement issues, analysis, and discussion follow and conclude the study.

THE DOUBLE JEOPARDY PHENOMENON

A firm’s long-term success depends on both its ability to attract customers and its capability to retain these customers (McDowell & Dick, 2001). Jones (1990) points to this fact by stating that manufacturers should regard sales volume and market share as keys to the future, given that both involve sources of repeat business and scale economies. McDowell and Dick (2001) rightfully offer that a brand’s market performance is driven by both the number of individuals buying a particular brand and the frequency of repeat purchases from these customers. The ability to manage these two factors determines the extent to which a firm maintains and sustains its customer base, as well as its market share. Indeed, Robinson (1979) and Raj (1985) state that the larger the number of loyal customers, the more secure will be the brand’s market share. Therefore, as a priority, all companies must find ways to attract new customers to an existing user base and to retain these buyers over the long term. So, it must be that firms constantly battle with competitors to maintain or increase both the number of buyers and the loyalty of these customers. When a firm fails to hold a strong relative competitive position, it runs the risk of a widespread phenomenon called "*double jeopardy*" (DJ).

Double jeopardy is broadly characterized as a phenomenon whereby small-share brands attract somewhat fewer loyal consumers, who tend to buy the brand in smaller quantities, while larger-share brands are purchased more often by customers who exhibit more loyalty (Ehrenberg & Goodhardt, 2002; Badinger & Robinson, 1997; Donthu, 1994; Martin, 1973; Michael & Smith, 1999). Thus, less popular brands are punished twice for being small. That is, (i) they have fewer buyers who show (ii) less loyalty to the brands they buy. McPhee (1963) explained that DJ occurs when consumers select between two brands of equal merit, one having a larger market share and the other having a smaller market share. This does not signify a weak small brand or a strong large brand. Rather, it reveals that the smaller share brand is less popular than the larger share brand for some reason (Ehrenberg & Goodhardt, 2002; Ehrenberg, et al., 1990).

For any retail business, the firms must determine if DJ is an issue in their industry. Secondly, if DJ is evident, then small-share retailers must assess the causes of their brands' share woes and implement strategies to make their products better known and more often used. But managers must be warned that an increase in marketing efforts will not always have the preferred results. Marketing inputs do not greatly increase loyalty over an extended period unless the brand's penetration is significantly increased. Even then, the marketing mix factors rarely lead to important differences in brand loyalty (Ehrenberg & Goodhardt, 2002). However, marketing factors (such as product quality, attributes, or price) result in sales variations in the immediate term, which if maintained will eventually influence the market share (and the DJ) pattern (Ehrenberg & Goodhardt, 2002).

ALTERNATIVE EXPLANATIONS FOR DOUBLY JEOPARDY

Although long established, the DJ phenomenon has a variety of issues as yet unsettled (Ehrenberg & Goodhardt, 2002). For instance, though previous research has found an obvious relationship between brand share and loyalty, whether loyalty is a cause or a result of high share remains unclear (McDowell & Dick, 2001). Likewise, previous research has focused mainly on the issue of DJ for the product brand while the relevancy for the company brand, the retail brand, or the service brand is rarely discussed. Thus, the main issue - why two equally regarded brands or products differ in their relative shares of the market? - is still not truly defined in most settings. Three possibilities have been drawn from the literature as an explanation for double jeopardy: (i) a familiarity effect (c.f. Ehrenberg et al., 1990; McPhee, 1963), (ii) an experience effect (c.f. Tellis 1988; Raj, 1982; Brown & Wildt, 1992; Johnson & Lehman 1997; Narayana & Markin, 1975; Nedungadi, 1990; Pleshko et al., 1997), and (iii) a design effect (c.f. Ehrenberg et al., 1990; Keith, 1960). These three competing explanations are outlined below.

The experience effect suggests that buyers purchase those brands with which they have previous experiences. In other words, as buyers gain more experience with a brand, that brand is more likely to be purchased in the future. It is believed that longer-term or more permanent attitudes are probably not formed in most instances until after the buyer has used or tried the product (Vaughn, 1980). Also, retailers or brands can be grouped by a target market's past experience with the brand or, in other words, by the outcomes of a buyer's decision process as maintained in memory. So, as buyers gain more experience with a product-market, the category structures in memory become more detailed and developed leading to a larger impact of these remembered experiences on future consumer choices (Alba & Hutchinson, 1987). It might be said that many choices are determined, not by immediate stimuli and attributes, but rather by this previous knowledge and experience, stored as groupings of brands, called choice sets (Narayana & Markin, 1975; Spiggle & Sewall, 1987). Regarding experience, the relevant choice set is the reconsideration set: a grouping of brands/retailers that the buyer would consider in the future when making a purchase from a given product-market (Pleshko et al., 1997). Some might maintain that the evoked set is the appropriate indicator of past experience. However, the evoked set is comprised of brands that the buyer considers at a specific moment, and might not contain all the relevant products, due to situational influences. Therefore, if the 'experience effect' is viable, we would expect firms with larger market shares to also belong to more reconsideration sets. In other words, the customers are more likely to reconsider buying from those stores in the future which have the largest shares.

The familiarity effect suggests that one brand is more popular than another. Buyers will, for whatever reason select those brands with which they are familiar, regardless of whether they have knowledge or experience with the product or not. On any given day the number of image-building or popularity-advertisements shown on television will be large, as the firms must believe consumers choose those brands that come to mind quickly. Repetitive advertising, with the purpose of quickly generating awareness and maybe image, is a useful tool to the firm in generating trial. However, the main result, once awareness is achieved, is to reinforce existing knowledge and beliefs of the consumer target towards the product (Ehrenberg, 1982). Thus, greater number of exposure to the brand should again result in a stronger, more detailed memory structure, with the result being the addition of the brand into a buyer's choice set structure, as outlined above. The learning through repeated exposure may occur via a number of ways: low-involvement learning (Krugman, 1965), exposure effects (Reibstein & Farris, 1995; Obermiller, 1985), or reasoning (Sheppard et al., 1988) to mention a few. The relevant choice set, in this instance, is the awareness-set. The awareness set includes all those brands for which the buyer is familiar or of which he is aware (Narayana & Markin, 1975). Therefore, if the 'familiarity effect' is viable, we would expect those firms with the larger market shares to also have higher levels of awareness, as indicated by inclusion in more buyer awareness sets. In other words, people will be most familiar with large share firms and they will most often select from these large share firms.

The design effect suggests that buyers prefer brands which have attributes that best match their wants because these attributes will best deliver the benefits for which the buyer is aiming. As the basic premise in marketing, the marketing concept, suggests: customers will most often select those firms' products whose design most closely matches their wants (Keith, 1960; Trout & Ries, 1972; Webster, 1993). Thus, through proper design and positioning, a firm should be able to develop over time a group of loyal buyers who prefer the firm's offering over those of another, less well designed competitor, on a variety of salient attributes. Brand attitudes, as often measured by attribute or characteristic evaluations, explain to a large extent the differences in success among brands (Badinger & Robinson, 1997; Farr & Hollis, 1997). Michael et al. (1999) report that the double jeopardy patterns for brand-name products emerge because larger, more-visible brands are closely associated with positive attributes by consumers. Following this line, Castleberry & Ehrenberg (1990) note that brand beliefs are positively correlated with usage or purchase frequency. They also find that consumers' opinions about a brand's given attributes (such as, "reasonably priced" or "high quality") tend to vary with the frequency with which they have bought the brand in the past. Also, users of a brand are more familiar with that brand and are thus more likely to have positive beliefs about its' attributes (Barnard & Ehrenberg, 1990). For this study it is not important whether the buyer has chosen the brand because of the specific attributes or whether those attributes have become more relevant with experience. Under the 'design effect' the buyer has made a selection based on the dominance of certain attributes of the chosen brand, and until another brand is more dominant (or variety-seeking is evoked), the buyer will continue to select the best-designed brand. Therefore, if the design effect is viable, we would expect firms with larger market shares to also have the higher rated attributes.

DATA COLLECTION

The data for the current study are gathered from a buyer group in a large university town in the southeastern USA. The sampling frame is comprised of undergraduate business students, a group of consumers who are frequent users of each of these types of retail businesses. Information is accepted only from consumers who buy from each type of retail outlets. Thus, individuals who do not use health clubs are excluded from the study of health clubs. The data are from self-administered questionnaires collected from three variations of the same research instrument for each type of retailer. The purpose of the instrument variations is to minimize any ordering effects in the collection of the data. Thus, there are nine versions of the questionnaire, three for each retailer type. Nine classes are selected for inclusion in the study from the offering at the university. Each class is assigned to one specific retailer type and the three different questionnaire versions are administered within each class. This process results in the following number of usable respondents: health clubs: 81, convenience stores: 90, and medical clinics: 71. As the nonusers were screened during the sampling process and all those selected responded, few unusable surveys were found.

Many stores in each retailer category are included in the study. The retailers are identified by speaking with the buyers and looking through the yellow pages to locate outlets within an acceptable area of town. An 'others' category was included to catch those retailers not specifically listed on the questionnaire. The retailer types themselves are selected for two reasons. First, it was necessary to find a type of business that was used by the target group under study: students, who are oftentimes heavy users, especially in this university town, of the three types of retailers. Second, it was important to select different types of retailers in order to test the double jeopardy phenomenon across a variety of environments, as we would expect to find differences based on product-classes or retailer types (Chaudhuri & Holbrook, 2002). Thus, the Murphy and Enis (1986) taxonomy was used as a guide. They suggested classification of products based on risk perceptions/efforts undertaken and preferences of consumers. Our three retailer types vary across the risk/effort-preference details as follows: convenience stores – low risk/effort with few preferences (a convenience product), health clubs – high risk/effort with definite preferences (a specialty product), and medical clinics – high risk/effort with no true preferences initially (shopping product).

For health clubs there are sixteen original clubs included on the questionnaire. Eleven of these clubs are eliminated after data collection due to small numbers of users or small market shares. It seems that the student market is focused on only a few health clubs. This resulted in the five remaining health clubs for inclusion in the DJ analyses: club#6, club#9, club#3, club#10, and club#13, all with market shares above 5%.

For convenience stores there are twelve original outlets in the vicinity of the market that are included on the questionnaire. Only four of these stores are eliminated after data collection due to small numbers of users or small market shares. This resulted in the eight remaining convenience stores for inclusion in the DJ analyses: store#8, store#10, store#4, store#6, store#3, store#5, store#2, and store#9., all with market shares above 5%.

For medical clinics there are twelve clinics in the general area that are included on the questionnaire. Six of these clinics are eliminated after data collection due to either a small number of users or a small market share. This resulted in the six remaining medical clinics that are included in the final analysis. In order of market share from lowest to highest, the clinics are: clinic#1, clinic#4, clinic#6, clinic#8, clinic#2, and clinic#7. All six of the clinics have market shares above 3%.

MEASUREMENT

The study includes a variety of constructs for market share, loyalty and usage, choice sets, and salient store attributes. The overall indicators for the single market share indicator, the six loyalty and usage indicators, and the three choice sets indicators are derived by summing across multiple variable components for each indicator. These overall measures are all percentages and are consistent across the store types. The indicators for the salient store characteristics are specific to the store type, but have many commonalities across the types. The attributes were derived through focus group interviews with users of each store type. Most of the variables under study are percentages, except for the attributes which are mean ratings. Details of the indicators are shown in Table1, Table 2, and Table 3 4 for each of the relevant constructs. The variables re described below.

Table 1: Health Clubs

Items	#2	#9	#3	#10	#13	*r*	*p*
Market-share (%)	6	9	11	12	48		
Rank	1	2	3	4	5	n/a	
Loyalty-%-of-use	100	86	70	75	89		
Rank	5	3	1	2	4	-.300	n.s.
Most-used-%	4	7	7	10	41		
Rank	1	2.5	2.5	4	5	.975	<.10
Last-Purchase-%	4	8	14	18	47		
Rank	1	2	3	4	5	1.00	.000
Awareness-set-%	68	52	95	79	80		
Rank	2	1	5	3	4	.600	n.s.
Reconsider-set-%	17	23	49	47	59		
Rank	1	2	4	3	5	.931	<.10
Location: mean	6.2	6.2	4.5	6.0	6.3		
Rank	3	4	1	2	5	.200	n.s.
Convenient hours: mean	6.2	5.5	4.2	5.2	6.3		
Rank	4	3	1	2	5	.100	n.s.
Individual attention: mean	2.2	3.1	3.5	2.4	3.7		
Rank	1	3	4	2	5	.700	n.s.
Friendly employees: mean	3.8	4.8	4.5	3.5	4.7		
Rank	2	5	3	1	4	.000	n.s.
Cleanliness: mean	4.4	5.9	5.5	4.8	7		
Rank	1	4	3	2	5	.600	n.s.
Atmosphere: mean	4.7	4.9	4.8	4.3	7		
Rank	2	4	3	1	5	.300	n.s.
Fair prices: mean	5.9	4.9	5.7	5.7	7		
Rank	4	1	2	3	5	.400	n.s.

Table 1: Health Clubs							
Items	#2	#9	#3	#10	#13	*r*	*p*
Variety of Service: mean	5.8	5.2	4.7	4.8	6.3		
Rank	4	3	1	2	5	.100	n.s.
Variety of Equipment: mean	5.8	5.6	5.3	5.1	6.3		
Rank	4	3	2	1	5	.000	n.s.
Clientele: mean	4.8	4.1	3.0	3.5	5.0		
Rank	4	3	1	2	5	.100	n.s.
No Crowds: Mean	4.5	5.9	5	4.4	6		
Rank	2	4	3	1	5	.300	n.s.
Employee Quality: mean	3.6	3.9	3.7	2.9	6.7		
Rank	2	4	3	1	5	.300	n.s.
Modern Equipment: mean	3.6	4.9	4.3	4.2	6.3		
Rank	1	4	3	2	5	.600	n.s.

Table 2: Convenience Stores										
Items	#8	#10	#4	#6	#3	#5	#2	#9	*r*	*p*
Market-share (%)	6.6	7.2	7.6	8.8	9.1	9.5	12.1	19.1		
Rank	1	2	3	4	5	6	7	8	n/a	
Loyalty-%-of-use	27	32	30	29	35	24	21	34		
Rank	3	6	5	4	8	2	1	7	-.024	n.s.
Most-used-%	6	8	10	10	13	7	9	16		
Rank	1	3	5.5	5.5	7	2	4	8	.542	n.s.
Last-Purchase-%	11	13	4	8	9	9	9	18		
Rank	6	7	1	2	4	4	4	8	.143	n.s.
Awareness-set-%	81	83	92	94	71	82	86	97		
Rank	2	4	6	7	1	3	5	8	.381	n.s.
Reconsider set-%	54	59	63	71	58	62	71	72		
Rank	1	3	5	6.5	2	4	6.5	8	.708	<.10
Location: mean	6	7	6.3	6.7	7	6.9	6.9	6.8		
Rank	1	7.5	2	3	7.5	5.5	5.5	4	.321	n.s.
Fast service: mean	5.5	5.6	5.5	5.7	6.1	4.8	6.3	5.1		
Rank	3.5	5	3.5	6	7	1	8	2	-.018	n.s.

Table 2: Convenience Stores

Items	#8	#10	#4	#6	#3	#5	#2	#9	*r*	*p*
Conv. hours: mean	5.4	5.8	6	6	5.9	6.1	6	5.7		
Rank	1	3	6	6	4	8	6	2	.333	n.s
Easy: mean	3.3	3.4	3.2	5	4.6	4.1	4.6	3.1		
Rank	3	4	2	8	6.5	5	6.5	1	.077	n.s.
Friendly empl: mn	4.3	3.3	4	3.9	4.6	2.9	3.9	3.5		
Rank	7	2	6	4	8	1	5	3	-.286	n.s.
Cleanliness: mean	4.4	4.7	5	4.3	5.3	3.1	5.5	4.8		
Rank	3	4	6	2	7	1	8	5	-.286	n.s.
Atmosphere: mean	4.4	4.8	4	3.4	4.9	3.3	4.3	3.6		
Rank	6	7	4	2	8	1	5	3	-.405	n.s.
Fair prices: mean	3.2	4.1	7	3.9	5.4	4.3	5.1	4		
Rank	1	4	8	2	7	5	6	3	.048	n.s.

Table 3: Medical Clinics

Items	#1	#4	#6	#8	#2	#7	*r*	*p*
Market-share (%)	3.7	3.7	4.5	16.7	17.5	42.3		
Rank	1.5	1.5	3	4	5	6	n/a	
Loyalty-%-of-use	58	46	47	54	56	66		
Rank	5	1	2	3	4	6	.557	n.s.
Most-used-%	5	3	3	18	22	46		
Rank	3	1.5	1.5	4	5	6	.871	<.05
Last-Purchase-%	7	6	0	18	27	37		
Rank	3	2	1	4	5	6	.814	<.15
Awareness-set-%	30	48	53	42	70	76		
Rank	1	3	4	2	5	6	.786	<.15
Reconsider-set-%	18	44	23	31	73	70		
Rank	1	4	2	3	6	5	.700	n.s.
Location: mean	5	3.25	n/a	4.2	3.8	6.2		
Rank	4	1		3	2	5	.525	n.s.
Fast service: mean	5.6	2	n/a	5.1	3.9	4.8		
Rank	5	1		4	2	3	-.025	n.s.

Table 3: Medical Clinics

Items	#1	#4	#6	#8	#2	#7	*r*	*p*
Convenient hours: mean	5	3.75	n/a	4.6	4.4	5.2		
Rank	4	1		3	2	5	.475	n.s.
Service Quality: mean	6.8	5.5	n/a	6.4	6.5	5.3		
Rank	5	2		3	4	1	-.425	n.s.
Special service: mean	5.4	5.25	n/a	5.0	4.8	4.0		
Rank	5	4		3	2	1	-.925	<.10
Doctor quality: mean	6.4	6	n/a	6.3	6.5	4.9		
Rank	4	2		3	5	1	.-.238	n.s.
Friendly employees: mean	4	3.25	n/a	4.6	4.7	4.3		
Rank	2	1		5	6	3	.350	n.s.
Cleanliness: mean	6.8	4	n/a	5.6	5.9	5.4		
Rank	5	1		3	4	2	-.075	n.s.
Atmosphere: mean	6	3.25	n/a	4.5	5.0	4.2		
Rank	5	1		3	4	2	-.075	n.s.
Friendly doctors: mean	5.8	3.75	n/a	5.5	5.2	4.4		
Rank	5	1		4	3	2	-.125	n.s.
Fair prices: mean	5.6	1.75	n/a	5.5	4.8	5.9		
Rank	4	1		3	2	5	.475	n.s.

Market-Share is defined as the visits (uses) for store 'A' divided by the total visits (uses) for all stores. This is the primary variable in the study, as all other constructs are compared to market share. It is calculated for each store in each retail type. The respondents are asked how many 'times' they visit each retailer per month. These 'times' are summed for each store and overall within each store type. Thus, share A = (times for store A)/ (summation of times for stores A, B, C… N). The possible range of market share is from one to ninety-nine percent, but is not that high because many of the competitors all have significant shares.

Loyalty-%-of-use is defined as the % of total times (uses) the respondent uses each store if they are users of that store. This is one of three loyalty variables that are used to determine if DJ is evident. It is calculated for each respondent for each store used. Then an overall sample average percentage is calculated. Thus, for respondent X who uses stores A and B: L%A = times A/(timesA + timesB …+timesN) and L%B = times B/(timesA + timesB …+ timesN). The possible range is from one to ninety-nine percent.

Most-used-% is defined as the percentage that each store is used as primary store in the category. This is the second of three loyalty variables that are used to determine if DJ is evident. Respondents indicate the number of 'times' they use each store. the store is the most used for a respondent when the largest number of times is indicated. Thus, for respondent X, if times A>timesB, timesC…,timesN, then storeA is assigned to respondent X as most used store. The indicator is a summation for each store of those respondents most using each store. The possible range is from one to ninety-nine percent.

Last-purchase-% is defined as the store that the respondent last purchased from in the category. This is one of three loyalty variables that are used to determine if DJ is evident. The indicator is a percentage calculated by summing, for each store, all the respondents who indicated they bought from that store last. Then this summation is divided by the total respondents to get the indicator. Thus, Last%A = (total purchased A last)/ (total respondents). The possible range is from one to ninety-nine percent.

Awareness-set is defined as the percentage of respondents who are aware of a store. This is included in order to test the familiarity effect. Respondents are asked to check boxes next to the stores of which they are aware. The indicator is a percentage calculated by summing, for each store, all the respondents who indicated they are aware of the store. Then this summation is divided by the total respondents to get the indicator. Thus, awarenumA = (total aware of A)/(total respondents). The possible range is from zero to one hundred percent.

Reconsider-set is defined as the percentage of respondents who would consider buying from a specific store in the future. This is included in order to test for the experience effect. Respondents are asked to check boxes next to the stores of which they would consider using again. The indicator is a percentage calculated by summing, for each store, all the respondents who indicated they would consider a store again. Then this summation is divided by the total respondents to get the indicator. Thus, reconsidernumA = (total reconsider A)/(total respondents). The possible range is from zero to one hundred percent.

Salient Attributes are ratings on single variables from one to seven anchored by 'not important at all' to 'very important' for each attribute. The attribute ratings are included to test for the design effect. For the health clubs, these include – good location, convenient hours, individual attention, friendly employees, cleanliness, good atmosphere, fair prices, variety of services, variety of equipment, clientele, no crowds, and employee quality. For medical clinics, these include – good location, fast service, convenient hours, quality of service, special services, doctor quality, friendly employees, cleanliness, atmosphere, friendly doctors, and fair prices. For convenience stores, these include – good location, fast service, convenient hours, easy access, friendly employees, cleanliness, atmosphere, fair prices.

ANALYSIS/RESULTS

The Spearman (1904) rank correlation coefficient is used to analyze the association between market share and the variables under investigation. Spearman's test statistic, *rho* or "*r*", is calculated with data taken from 'n' pairs (Xi, Yi) of observations from the respondents on the same objects, the retail brand outlets. In this study, market share (Xi) makes up one of the observational items in the pair, while the variable under study (Yi) makes up the other item. The observations within each pair of variables is then ordered from smallest to largest and assigned the respective ranks from one to n, where n is the number of retailers in the category. The construct values, rankings, test statistics, and '*p*'-values are shown for each construct of interest and each store in Tables 1, 2, and 3. For example, in Table 1 for health clubs, the calculated market share values for outlet#10 is twelve percent and outlet#2 is six percent. Note also that the rankings for these share values respective to the other outlets are four (highest rank is five) for outlet#10 and one (lowest rank) for outlet#2. Following the same methodology leads to the rankings values for all the variables shown in the tables. Ties are assigned the average ranking value. These "rankings pairs" are then used to calculate the test statistic. See the example which follows for a detailed explanation of the rankings pairs and the test statistic. Due to the limited power of the test statistic, the following cut-off points are established for the '*p*'-values: (i) strong relationship – p </=.05, (ii) moderate relationship – .10 >/= p >.05, and (iii) weak relationship - .15 >/= p > .10.

To calculate the "*r*", the "rankings pairs" are compared: this would include market share and the other variable under study. The test statistic, *rho*, is calculated as follows:

$$r = 1 - 6\frac{\sum d^2}{n(n^2-1)}$$

In the equation, '*n*' equals the number of paired rankings and '*d*' equals the absolute differences between the rankings for each outlet: (Xi-Yi). In this study, the number of paired rankings is equal to the number of retailers in each category: five for health clubs, six for medical clinics, and eight for convenience stores. Again, referring to Table 1, the pair of ranks for outlet #9 regarding market share with loyalty-%-of-use is (2,3). Thus, *d* for the pair equals 1. The *d* values are calculated for all the paired ranking for each variable combination for that loyalty variable. The calculation of the statistic of association, "*r*" follows for our example.

From Table 1, looking at the loyalty-%-of-use variable we see that *r*=-.300 indicating an insignificant relationship between the order of rankings of the two variables. This is calculated as follows:

$$r = 1 - \frac{6\left[(1-5)^2 + (2-3)^2 + (3-1)^2 + (4-2)^2 + (5-4)^2\right]}{5(25-1)} = 1 - 6(26)/5(24) = -.300$$

The test statistic ranges between +1 (perfect positive association) and -1 (perfect negative association). In this study, two-tailed tests are performed, giving the general hypotheses for the paired variables: *Ho***:** independently ranked pairs or *Ha***:** related ranked pairs. Remember, all the analyses use market share as the comparison variable.

Initially, we determine if *double jeopardy* is evident in each of the three retailer types by comparing market share rankings with the rankings of the three loyalty indicators. The reader is referred to the top of Tables 1, 2, and 3 for the analyses related to these variables: loyalty-%-of-use, loyalty-%-self-report, most-used-%, and last-purchase-%. For health clubs, two out of three of the loyalty indicators exhibits a significant relationship. Thus, moderate evidence is provided that the double jeopardy effect does exist in health club retailers. For convenience stores, none of the loyalty indicators exhibit a significant relationship to share rankings. Thus, evidence is insufficient to support a DJ effect in convenience store retailers. For medical clinics, two out of three loyalty indicators exhibits a significant relationship to share rankings. Thus, moderate evidence is provided that the double jeopardy effect does exist in medical clinic retailers. To summarize, the evidence supports DJ in medical clinics and health clubs, but not in convenience store retailers.

Next, the authors move to the *primary purpose* of the study: to pinpoint the better explanation for the market share rankings and the associated double jeopardy effect. The rankings order for the two choice sets and also for all the attributes are tested versus the market share rankings order in each type of retailer. The reader is referred to the tables for the relevant analyses. Remember, a significant relationship with attribute variables would support the design effect. A significant relationship with the awareness set would support the familiarity effect. A significant relationship with the reconsider set would support the experience effect.

For health clubs, the reconsider set is significant, but not the awareness set or any of the attribute rankings. For convenience stores, which did not exhibit a DJ effect at all, the reconsider set is significant, while the awareness set and the attribute rankings are not related to market share. Finally, for the medical clinics, the awareness set is significant, while the reconsider set and all but one of the attributes are insignificant. The one attribute relationship, out of thirty-two, might be found simply by chance, so it will be ignored. Therefore, to summarize the relationships to market share: the design effect is not supported in this study, as only one out of many tests is found to be significant. Evidence is provided for the familiarity effect in medical clinics. Evidence is provided for an experience effect in both health clubs and convenience stores.

DISCUSSION

The findings of this study reveal that the concept of double jeopardy (DJ) does apply to Health Club retailers and Medical Clinics, but not to Convenience Store retailers for the given market segment. Other research has found DJ to be strongly evident in fast-food outlets, as well (Pleshko et al., 2006). Thus, it appears that double jeopardy is an important factor for retailing management to consider in strategic decision making. The current study uses estimates of behavioral data to investigate DJ, while previous studies show the DJ effect to be more predominant when using attitudinal measures (Bandyopadhyay & Gupta, 2004). Therefore, the findings of the current study may be more relevant, since behavioral data is possibly a better indicator than is attitudinal data. Additionally, the inclusion of three loyalty indicators is a definite improvement over previous efforts to study double jeopardy, again providing more confidence in the conclusions of the study, as related to DJ.

The absence of a DJ effect in Convenience Store retailers may be due to either of (i) the low involvement nature of the stores or (ii) the lack of strong brand affiliation with these types of businesses (c.f. Murphy & Enis, 1986). If we consider other research, Fast-Food outlets tend also to be low involvement, but with the presence of strong brand names or affiliations, which are mostly absent in Convenience Store retailing by definition. Thus, the presence of strong brands or affiliation with these brands might explain the finding of DJ in the fast-food product-market and the absence of it in the convenience businesses (c.f. Pleshko et al., 2006). This reasoning would explain the presence of DJ in Health Clubs as well, since these service providers also tend to exhibit strong brand names in a given market. But that does not explain the presence of double jeopardy in Medical Clinics, businesses generally not known for their strong brand names or affiliations. However, consumer decisions pertaining to Medical Clinics are often higher involvement, which might also be the case with Health Clubs. Maybe the Health Club involvement is more product-class involvement, associated with long-term interest in healthy and active lifestyles, rather than the brand-decision involvement with Medical Clinics: increased effort associated with an important choice (c.f. Celsi & Olson, 1988). Therefore, personal relevance or involvement might also explain the DJ effects. This would be contrary to the findings of Lin and Chang (2003), who suggest the DJ relationship to be stronger in low involvement products (such as fast-food). Maybe the previous studies only investigated low involvement products with inherently strong brand names or affiliation.

The primary focus of the study was to determine which theory correctly explains the market share variations in the retailers under study: (i) the design effect, (ii) the familiarity effect, or (iii) the experience effect.

The absence of attribute relationships to market share in all three retailer types reveals the design effect to be questionable as an explanation for double jeopardy. The finding does fit with previous research that showed consumers' beliefs about various brand attributes are not always associated with market share (Castleberry & Ehrenberg, 1990). In general, one would not expect market share to vary with all the attributes of a retailer type. However, if the design effect was relevant, we should have found a few correlations with those attributes described as salient. This was not the evident. The finding that attributes or retailer design is irrelevant to share seems a bit naive. Maybe this null finding has something to do with the fact that all the respondents were users of these retailers, and not new to the market. It might be possible that over time, as buyers gain more knowledge of the brands, that design is secondary to other factors.

The familiarity effect is found to be a plausible explanation for share variations, but only in Medical Clinics. Other research has shown the familiarity effect to also be evident in Fast-Food Outlets (Pleshko et al., 2006). We would expect larger share companies to promote more and place more emphasis on advertising because they have more money to spend. Due to these efforts, buyers are reminded of larger share brands more often than smaller share brands. This has been the basic explanation of DJ up to this time (McPhee, 1963). But the question remains as to the conditions where the familiarity effect is important? We might conclude, from this and other studies, that the familiarity effect is most relevant for those products considered to be either shopping products or preference products (Murphy & Enis, 1986). Shopping products, such as Medical Clinics, require buyers to choose among many unfamiliar brands usually without full information. In those instances, the buyer rightfully selects a famous brand, assuming that it is popular because the brand is acceptable to many people. On the other hand, preference products, such as Fast-Food, have buyers who repetitively purchase from a few well-known brands in a given market. In this instance, the buyers have much information to make an unimportant decision because they are very familiar with each brand from intense advertising and promotion efforts of the businesses.

The experience effect is also found to be a plausible explanation for market share variation, both in Health Clubs and in Convenience Stores. Other research has found this to be true also in Fast-Food Outlets (Pleshko et al., 2006). We would expect buyers to purchase those brands with which they have more satisfying experiences than other brands. Again, the conditions under which the experience effect works are unknown. From this and other studies, we might expect the experience effect to be relevant to either shopping products, preference products, or specialty products. Shopping products, such as Medical Clinics, require intense decision making pertaining to important outcomes. Once buyers gain experience with specific retailers or brands in these conditions, they are likely to continue to purchase those products which meet the purchase goals, rather than to continually reevaluate at every occasion. Specialty products, such as Health Clubs, usually are characterized by buyers who have made an important decision and, having found a satisfying product, tend to stick with that favorite brand. The buyers of preference products, such as fast-food or soda, would also be known to simplify decisions from previous experiences, easily choosing from a select group of brands depending on the situation.

The readers must wonder if the current findings are indicative of general tendencies or simply a characteristic of this limited study. Larger studies with more respondents taken over time are probably needed to truly identify the scope of the double jeopardy phenomenon. Future research might include both different target respondents as well as different product-markets. Since involvement and/or brand preference was suggested to be a relevant factor for DJ, future studies might investigate this more thoroughly. Similarly, future studies might be designed to provide a better test of the three competing theories under a variety of different circumstances. Additionally, future efforts might address these issues in cross-national studies to determine where and under what conditions the double jeopardy construct applies globally. Finally, the question of life cycle issues might also be relevant for this area of study. What are the characteristics of double jeopardy, and is it evident, at various stages of the industry life cycle.

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MALE GENDER ROLE BELIEFS, COUPON USE AND BARGAIN HUNTING

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ABSTRACT

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

INTRODUCTION

Men are becoming more active in the marketplace. In 1995, Dholakia, Pedersen and Hikmet reported 10% of men were the primary grocery shopper for their household and over 50% bought their own clothes. As of 2003, Harmon and Hill found 36% of men were the primary grocery shopper for the household, with over 75% active shoppers in discount and department stores. In 2004, according to the Promotion Marketing Association Coupon Council (2005), 76% of the overall U.S. population used coupons, including 84% of females and 68% of males. NCH/Nu World Marketing (1999) also found 24% of men used coupons every time they shopped and 57% used coupons to plan shopping trips. Male shopping behavior is in a state of change. The question addressed in this study is whether men today hold more gender-neutral beliefs about the appropriateness of men as shoppers and whether such beliefs are associated with more bargain-oriented purchase behavior.

Demographics are Insufficient to Understand Male Bargain Shopping

All but a few studies of bargain-related shopping behavior have been based on the assumption that women are the primary shoppers for the household and have, therefore, only included women, usually a wife and mother. In studying coupon use, demographics have been a primary area of focus. Demographic studies have typically included household size and the wife's education, working status and age. In general, demographic studies (Bawa and Shoemaker, 1987; Cronovich et al., 1997; Gonzales, 1988; Levendahl, 1988; Mittal, 1994) have found both the income and education of the woman positively related to coupon use. [*Coupons* are generally understood to be paper offers that proffer a reduction in price for a product or service (Dotson and Hyatt, 2000).]

Safilios-Rothschild (1969) criticized the study of various aspects of family life based primarily on information provided by wives, as have Gentry et al. (2003), stating with the male's role changing in the household there is a greater need for investigating any associated behaviors and attitudes. A literature search uncovered two studies (Dotson and Hyatt, 2000; Harmon and Hill, 2003) comparing the coupon use of men and women. Not surprisingly, both studies found women continued to use coupons at a greater rate than men. Dotson and Hyatt did not find differences in responsiveness to other sales promotion tools. Harmon and Hill found older women with higher incomes more likely to use coupons, but found these two variables had no effect on male coupon use.

Many researchers (Bagozzi et al., 1992; Mittal, 1994; Shimp and Kavas, 1984) reiterate the insufficiency of the demographic line of inquiry into coupon use and support the notion that psychological studies of shopping behavior and coupon use are needed. However, to date, neither psychological variables nor the age or gender demographics have been related to any motives underpinning bargain-hunting and coupon use. Investigating whether different motives for bargain-related activities exist between men and women seems warranted if men are, indeed, becoming a more potent force in the marketplace.

The Gender Role Question

The concept of gender role attitudes refers to one's beliefs about the appropriateness of specific behaviors for women and men. In general, attitudes vary from the belief that certain behaviors are only appropriate for a man or woman (a traditional orientation) to the belief that any given behavior is equally appropriate for both men and women (an egalitarian orientation) (Fischer and Arnold, 1994). Gentry et al. (2003), in reviewing the history of the gender role concept, cited the view that gender roles are assigned based on the positions each assumes in institutional settings, work organizations, and families. These roles have traditionally been "instrumental" for men (i.e., providing for the family), and "expressive" for women (i.e., nurturing) (Parsons, 1964). By this reasoning, as men and women assume different positions in society and gain experience in the roles once assumed appropriate for the opposite gender, the traditional patterns of gender appropriate behavior should tend toward egalitarianism.

As early as 1974, Cunningham and Green found that decision roles in the home had changed as women entered the work force in the 1960s and early 1970s. As behavior tends to be consistent with attitudes, there is reason to believe that more egalitarian male attitudes will lead men to assume roles stereotypically considered female (Fischer and Arnold, 1994). Alternatively, by assuming traditionally female roles, men might begin to become more egalitarian in their beliefs about appropriate gender roles.

Both Dickson (2002) and Gottman (1979) suggested that women gain more power in the home as the male retires and loses his top earning power position. One might assume that roles in the household begin a progression toward sharing and attitudes shift accordingly as the primary breadwinner retires. Twiggs et al. (1999) stated that when men begin to cross a series of gendered thresholds, they are more likely to first engage in gender neutral tasks such as grocery shopping. Bearden and Etzel (1982) disagreed, stating men will have greater difficulty accepting a task such as grocery shopping because it is a "public" activity. Both, however, concluded future generations would hold different gender role attitudes.

As support for the probability that a large segment of the male population will, by necessity, assume traditionally female roles within the household, a 2004 U.S. Census report (2005) concluded 15% of all households consist of men living alone (11%) and single-father households (4%). These numbers did not include men in traditional family settings who may be assuming the primary shopping role in many purchase situations.

The Influence of Parents

The behavior of one's parents plays a dominant role in the formation of attitudes toward the appropriate roles of men and women in society. Feltham (1998) found female brand preferences were more closely aligned with a parent's preferences than were male brand preferences. An assumption was made that males are less likely to communicate overtly with their parents about issues such as brand preferences and therefore leave home with less purchasing confidence than their female counterparts. No major studies have focused on the impact of beliefs toward gender roles and the use of coupons or other bargain-related behavior. Again, with four percent of all households consisting of single-father families, male children will perhaps experience a different consumer socialization process than children in other family households. A study focusing on these variables could help explain differences in male beliefs regarding the gender appropriateness of various shopping behaviors and, thus, assist in predicting the potential for male coupon use and other bargain-related activities.

RESEARCH QUESTIONS

Men with different socialization experiences, particularly those younger and living in households where they are primary shoppers, as well as men raised in households where the father played a primary shopper role, should develop more gender neutral beliefs about various shopping and bargain-related behaviors.

An analysis of both the theoretical and empirical literature led to the formulation of the following research questions as an initial exploration of male beliefs about gender roles and bargain-related behavior:

> *Is there a correlation between a man's experience as a grocery shopper in the household and his belief in gender role equality for a variety of bargain-hunting activities, including coupon use?*
>
> *Is a man's belief in gender role equality for a variety of bargain-hunting activities, including coupon use, related to his age and/or education?*
>
> *Is a man's belief in gender role equality for a variety of bargain-hunting activities, including coupon use, related to his mother's and/or father's use of coupons?*

METHOD

A two-stage sampling process was used to select male adults for the study. In the first stage, a small number of male business students from a large southern university in the U.S. were recruited to complete the survey. In the second stage, students from a marketing research class were enlisted to administer the questionnaire to non-student male adults based on designated age quotas. The exploratory study reported here is based on the resulting sample of 326 men.

Sample members completed a questionnaire asking whether a basic list of consumer activities are more appropriate for men, women, or are equally appropriate. A belief in gender role equality was defined as the belief that all of the included behaviors are equally appropriate for men and women as opposed to one gender or the other.

Two shopping activities traditionally viewed as female appropriate—shopping for groceries and clothes—and three shopping activities traditionally seen as male appropriate—shopping for cars and technical products, plus car maintenance services—were included. One traditionally gender neutral behavior—having food delivered to the home—was also included. Finally, six bargain-related behaviors generally associated with females were included in this section—using coupons in a grocery store, using coupons in a restaurant, using coupons online, clipping and saving coupons, finding bargains, and saving money on purchases.

A second section asked for respondents' age and education level, whether or not their mother and father use(d) coupons and who in the household is the primary grocery shopper. Whether or not a man is the primary grocery shopper for the household was measured by asking "who shops for groceries most often?" with choices of *yourself, someone else—male, someone else—female,* and *all buy equally often.*

All resulting data was subjected to cross-tabulations using Chi-square analysis as a test of differences.

RESULTS

Experience as a Grocery Shopper and an Egalitarian Gender Orientation

For eight of the twelve activities investigated, men who are the *primary/equal* grocery shopper for the household are significantly more likely to hold an egalitarian gender orientation than men who live in households where someone else is the primary shopper. Seventy percent of men surveyed believe *grocery shopping* is equally appropriate for men and women, thus supporting the theory that grocery shopping is becoming a gender neutral behavior. However, men who are the *primary/equal* grocery shopper are significantly more likely to believe in gender role equality for this activity (85% vs. 54%).

Table 1: Male Primary Grocery Shopper Men and Egalitarian Gender Orientation

	Role of Male in Household					
	Male P/E Shopper			Male Not P/E Shopper		
	Believes purchase most appropriate for					
Product	Male	Female	Equal	Male	Female	Equal
Groceries[a]	1	14	85	1	45	54
Cars[b]	46	1	53	56	4	40
Clothes	2	32	67	1	42	57
Technical	46	0	54	46	1	53
Food delivery[c]	18	6	76	16	17	67
Oil change/tune up[d]	47	2	51	60	4	36

number of primary/equal grocery shoppers=165;
number not primary/equal grocery shoppers=151
$^{a}x^2 = 37.465$, p = .000;
$^{b}x^2 = 8.26$, p = .016;
$^{c}x^2 = 10.83$, p = .004;
$^{d}x^2 = 7.18$, p =. 028.

Significantly more men (53%) who are *primary/equal* grocery shoppers believe *car buying* is equally appropriate for men and women, compared to men in households where someone else is the primary grocery shopper (40%). Overall, however, a large percentage of men in both groups believe shopping for cars is a male activity.

Seventy-two percent of male respondents believe having *food delivered* to the home is equally appropriate for men and women. However, significantly more men who are *primary/equal* shoppers hold this belief (76% vs. 67%). In this case, a previously noted neutral activity continues to be viewed as such.

Only 36% of men in households where someone else is the primary grocery shopper believe purchasing an *oil change or tune-up* for the car is equally appropriate for men and women, compared to 51% of *primary/equal* shopper males. The majority (60%) of men who are *not* the primary/equal grocery shopper believe this activity is more appropriate for *men*, while 47% of *primary/equal* shopper men believe having car maintenance performed is a male activity.

Finally, no significant difference was found between *primary/equal* grocery shopper men and *other* men in the belief that shopping for *clothes* and *technical products* is equally appropriate for men and women. The majority of both groups stated purchasing clothing (67% vs. 57%) and technical products (54% vs. 53%) is equally appropriate for men and women.

To summarize these findings, with the exception of purchasing clothing and technical products, men in households where they are the *primary* grocery shopper or share this responsibility *equally* are significantly more likely than *other men* to believe purchasing a variety of products is equally appropriate for men and women. The difference is significant for the purchase of groceries, cars, food delivery services, and car maintenance services. For clothing and technical products, fairly equal percentages of both groups believe in gender role equality. Perhaps this is related to the fact that so many products purchased today by both sexes are technical (computers, cell phones, digital cameras) and have far less traditional history to overcome. A somewhat different phenomenon has occurred with clothing, as the fashion industry (traditionally focused almost exclusively on females) has paid increasing attention to male fashion trends in the past few decades.

With respect to bargain-related behaviors, significantly more men (64%) who are the *primary/equal* grocery shopper for the household believe *using coupons in the grocery store* is equally appropriate for both men and women, while the majority of *other men* (54%) in the study believe this a female activity. It is possible that men who share grocery shopping responsibilities are using female others as role models in coupon use and become more positive regarding their value. Alternatively, being more involved in grocery shopping might have led these men to use coupons themselves, rendering them more likely to view such activity as gender neutral.

Given their beliefs toward coupon use for groceries, it is not surprising that men who are *primary/equal* grocery shoppers are more likely than *other* men to believe *clipping and saving coupons* is equally appropriate for men and women (54% vs. 39%). Surprisingly, however, men who are *primary/equal* grocery shoppers are only somewhat less likely to believe clipping and saving coupons is a female activity (46%) than they are to believe it equally appropriate (54%). Sixty percent of men in households where someone else is the primary grocery shopper believe clipping and saving coupons is a female activity. It is possible that men who share grocery shopping responsibilities are using female others as role models and become more positive regarding the value of coupon use. Alternatively, being more involved in grocery shopping might have led these men to use coupons themselves, rendering them more positive toward such activity.

Table 2: Primary Grocery Shopper Men and Egalitarian Gender Orientation

	Role of Male in Household					
	Male P/E Shopper			Male Not P/E Shopper		
	Believes behavior most appropriate for					
Behavior	Male	Female	Equal	Male	Female	Equal
Use coupons groceries[a]	2	34	64	0	54	46
Use coupons restaurants	2	19	79	3	27	70
Use coupons online	6	16	78	5	25	70
Clipping/saving coupons[b]	0	46	54	1	60	39
Finding bargains[c]	1	24	75	5	35	60
Saving money[d]	6	10	84	5	19	76

number of primary/equal grocery shoppers = 165;
number not primary/equal grocery shoppers = 151
[a]x^2 = 15.13, p = .001;
[b]x^2 = 7.92, p = .019;
[c]x^2 = 10.83, p = .004;
[d]x^2 = 5.28, p =. 071.

While the majority of men in both groups believe *finding bargains* is equally appropriate for men and women, significantly more men who are *primary/equal* shoppers for their household believe in gender equality with regards to this activity (75% vs. 60%). Thirty-five percent of men in households where *someone else* is the primary grocery shopper believes *finding bargains* is a female behavior.

Saving money on purchases is overwhelmingly believed by respondents to be appropriate for both men and women; however, there are marginally significant differences on this issue between men who are *primary/equal* grocery shoppers (84%) and those who are not (76%). Nineteen percent of men in households where *someone else* is the primary shopper believe saving money is a female activity, while only 10% of *primary/equal* shopper men believe it more appropriate for women.

Using coupons in restaurants is viewed by the majority of respondents as appropriate for both men and women. There is no significant difference between men who are the *primary/equal* grocery shoppers and those who are not in the belief that this activity is gender neutral. An egalitarian orientation toward the *use of coupons online* also does not seem to be significantly related to whether or not a man is the *primary/equal* grocery shopper in the household. The majority of both groups of men (78% vs. 70%) believe using coupons to make online purchases is equally appropriate for men and women.

Thus, in general, we find gender role stereotyping both in purchasing various types of products as well as bargain-related activities. However, a man's experience as a primary grocery shopper for the household appears to be related to a more contemporary perspective on the relative roles of men and women as consumers.

To summarize this section, men who are involved in grocery shopping for the household appear to hold more egalitarian beliefs regarding most of the activities included in this study. Significantly more men in households where they are the primary shopper believe purchasing groceries, cars, car maintenance services, and food delivery services are gender neutral activities; the same was found for using coupons in grocery stores, clipping and saving coupons, finding bargains, and saving money on purchases.

The Impact of Age and Education on Gender Role Beliefs

Given that experience as a grocery shopper is related to a man's belief that various consumer activities are gender neutral, we next tested the proposition that age and education contribute to less traditional beliefs regarding the appropriate roles men and women play as consumers. The majority of men in our study, whether or not they were the primary grocery shopper, believe grocery shopping is equally appropriate for men and women; however, those who bear either sole or equal responsibility for this role are significantly more likely to believe grocery shopping is a gender neutral activity.

Oor initial belief was that younger men, because they have become socialized as consumers in very different family structures than previous generations, are more likely than older men to believe in gender equality for a variety of consumer-related activities. However, our analysis revealed mixed results. Only for *purchasing groceries and technical products* was there a significant age impact. Men *under 60* were more likely than older men to agree that grocery shopping is a gender neutral activity, while men *40 and older* were more likely than younger men to believe purchasing technical products is appropriate for either gender. The first finding might have been expected, as grocery shopping has been found to be one of the first consumer activities to assume gender neutrality for men. However, the second finding is unexpected. The major increase in acceptance and use of standard technology-based products in the American culture has occurred relatively recently, with the under-40 age group, regardless of gender, having had greater exposure to these products than has the older population. The majority of technology-based products are adopted first by young people, typically males, who grow up with technology central to their socialization experiences. This is typically not true for those forty and over. However, the finding might be explained if one looks at what defines technology for men over forty. To these older men technology is represented primarily by television sets, radios, and desktop computers which would seem to be more gender neutral as most have been basic technologies for decades.

Table 3: Age of Male and Egalitarian Gender Orientation

	Male respondent believes purchase is gender neutral		
Product	Under 40	40-59	60 and older
Groceries[a]	76%	73%	59%
Cars	50%	46%	46%
Clothes	58%	69%	57%
Technical[b]	42%	61%	62%
Food delivery	74%	71%	71%
Oil change/tune up	50%	40%	40%

n = 325;
[a]x^2 = 7.35, p = .025;
[b]x^2 = 11.29, p = .004

Table 4: Age of Male and Egalitarian Gender Orientation

	Male respondent believes behavior is gender neutral		
Behavior	Under 40	40-59	60 and older
Use coupons groceries	59%	57%	51%
Use coupons restaurants	74%	72%	81%
Use coupons online	76%	77%	69%
Clipping/saving coupons	52%	45%	46%
Finding bargains	69%	66%	71%
Saving money	82%	80%	80%

n = 325; no significant differences

For none of the other consumer activities included in this study did the belief in gender equality differ significantly by age. The majority of men surveyed believed that *purchasing clothes, coupon use, finding bargains, and saving money* are gender neutral activities largely negating a core hypothesis motivating this investigation—primarily that younger men have had greater involvement in traditionally gender-typed consumer activities than their older counterparts and the experiences have neutralized their attitudes toward the gender appropriateness of the activities.

Education differences were found to be significantly related to the belief in gender role equality for four behaviors: (1) *purchasing groceries (greater for those with technical school and undergraduate college education*), *(2) purchasing clothes (greater for those with undergraduate and graduate college education), (3) using coupons in restaurants (greater for all but those with high school or less education), and (4) finding bargains, with belief in equality increasing as education increases.*

Table 5: Education of Male and Egalitarian Gender Orientation				
	Male respondent believes purchase is gender neutral			
Product	HS<	Tech.	Some Coll	C.Grad
Groceries[a]	58%	75%	81%	68%
Cars	47%	35%	47%	51%
Clothes[b]	51%	47%	61%	70%
Technical products	53%%	50%	50%	57%
Food delivery	65%	60%	74%	76%
Oil change/tune up	37%	35%	45%	48%

n = 325;
[a]x^2 = 11.63, p = .009;
[b]x^2 = 8.10, p = .044

Men with higher levels of education are more likely to be in white collar or professional careers requiring a greater variety and number of clothing items. As a consequence, these men tend to be more involved in the selection of their own clothing. Less educated men perhaps have a tendency to hold to traditional roles more than educated men, particularly when those activities are public. The same reasoning applies to finding bargains, with wives traditionally responsible for paying the household expenses and purchasing products for the household. Finding bargains, thus saving household funds, is a measure of being a good wife in traditional households.

Table 6: Education of Male and Egalitarian Gender Orientation				
	Male respondent believes behavior is gender neutral			
Behavior	HS<	Tech.	Some Coll	C.Grad
Use coupons groceries	48%	50%	54%	63%
Use coupons restaurants[a]	63%	80%	72%	83%
Use coupons online	66%	89%	73%	79%
Clipping/saving coupons	41%	35%	46%	56%
Finding bargains[b]	56%	60%	72%	73%
Saving money	73%	75%	82%	84%
n = 323; [a]x^2 = 9.93, p = .019; [b]x^2 = 7.43, p = .059				

Table 7: Parental Use of Coupons and Egalitarian Gender Orientation				
	Male respondent believes purchase is gender neutral			
	Mother Used Coupons		Father Used Coupons	
Product	Yes	No	Yes	No
Groceries	73%	66%	81%	65%[a]
Cars	47%	54%	57%	45%
Clothes	65%	57%	64%	61%
Technical products	47%	64%	53%	50%
Food delivery	73%	75%	71%	71%
Oil change/tune Up	44%	38%	47%	40%
n = 321; [a]x^2 = 5.17, p = .028				

Parental Coupon Use and Gender Role Beliefs

For only one behavior included in this study--purchasing technical products--was the *mother's use of coupons* significantly related to the belief that the behavior is equally appropriate for men and women. Forty-seven percent of men whose mothers use(d) coupons believe purchasing *technical products* is equally appropriate for both men and women, compared to 64 % of men whose mothers do/did not use coupons. Perhaps the mother's use of coupons is indicative of a traditional socialization experience by male children who thus become less egalitarian when it comes to the female's role in the household.

Table 8: Parental Use of Coupons and Egalitarian Gender Orientation

	Male respondent believes behavior is gender neutral			
	Mother Used Coupons		Father Used Coupons	
Behavior	Yes	No	Yes	No
Use coupons groceries	55%	52%	77%	48%[a]
Use coupons restaurants	73%	79%	83%	72%
Use coupons online	74%	68%	81%	69%
Clipping/saving coupons	46%	47%	62%	43%[b]
Finding bargains	67%	61%	79%	64%[c]
Saving money	83%	76%	89%	76%[d]

n = 321;
[a]x^2 = 13.87, p = .000;
[b]x^2 = 5.85, p = .018;
[c]x^2 = 3.75, p = .055;
[d]x^2 = 4.53, p = .044

The use of *coupons by the father* of male respondents in this study had a more significant impact on male respondents' beliefs regarding appropriate gender roles than did the mother's use. Men whose fathers use(d) coupons were found to be significantly more likely than men whose fathers do/did not use coupons to believe the following behaviors to be equally appropriate for men and women: (1)*shopping for groceries* (81% vs. 65%), (2) *using coupons in grocery stores* (77% vs. 48%), (3) *clipping and saving coupons* (62% vs. 43%), (4) *finding bargains* (79% vs. 64%), and *saving money on purchases* (89% vs. 76%),.

These findings are important indicators of the role fathers play in the formation of male childrens' beliefs regarding what it means to be a male adult. If one looks only at the subgroup of men whose mothers and fathers use(d) coupons, the belief that purchasing various types of products is gender neutral differs little between those men whose mothers used coupons and those whose fathers used coupons. However, the differences are fairly large when the behaviors are bargain-related, particularly saving and using coupons, certainly considered a female activity by men raised in families where the mother is responsible for shopping for the family.

MANAGERIAL IMPLICATIONS AND APPLICATIONS

Once men assume a significant role in shopping for groceries, they appear to be less bound by traditional gender roles for other shopping related behaviors. This suggests that companies could use grocery loyalty card information to target male shoppers for a variety of other promotions. For example, these men would be more likely to respond to coupons they receive in the mail than would the general male public. Furthermore, these coupons need not be limited to grocery items.

In a 1995 study, (Dholakia et. al) 50% of men were found to be purchasing their own clothes. That number should be increasing as the fashion industry pays even greater attention to men. Thus, the notion that women are the primary purchasers of clothes seems to be somewhat outdated. At least men perceive this activity to be equally appropriate for both men and women; it remains to be seen whether their actions match their attitudes.

There are still remnants of attitudes about "traditional" shopping roles for men and women. Furthermore, these "traditional" attitudes are not limited to older consumers; in fact, in terms of bargain-related behavior, age did not factor into perceptions of role appropriateness. As such, companies should be careful how they depict shopping behavior in advertisements regardless of not only the gender of the target market, but the age of the market as well.

Technical products are less prone to gender typing. In addition, online shopping, including the use of coupons for online purchases tends to be less gender typed by males. The Internet, then, would seem to be another promotional medium with potential to reach male shoppers. At present, men use the Internet equally with women; however, women make more purchases online. While men may use online coupons less often than women, this study suggests they would be open to these and other bargain-related promotions if targeted properly.

The 1995 Dholakia study cited earlier found ten percent of men were the primary grocery shopper for their household. In 2003, Harmon and Hill found that number to be thirty-six percent. In the present study, fifty-two percent of men surveyed were either the primary grocery shopper or shared this responsibility equally with someone else. Given that an increasing number of men are playing a major role in household purchasing, the parental influence on male children can be expected to increase as well. The influence of a father's use of coupons on a variety of bargain-related and coupon-based behaviors included in this study suggests the promotions industries might do well to anticipate an openness of men to these promotional vehicles in the coming years.

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IN-BRANDING: DEVELOPMENT OF A CONCEPTUAL MODEL

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ABSTRACT

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

INTRODUCTION

Ingredient Branding is an accepted marketing concept (Norris, 1992; Dover, 1997) that only recently started to thrive (Kotler and Keller, 2006; Kotler and Pfoertsch, 2006). In today's global economy, companies have to establish and maintain competitive advantage, create commercial success in the market and provide criteria to differentiate them from the competition (Bartlett, Ghoshal and Birkinshaw, 2004, Trinquecoste, 1999). Until recently the focus was directed toward tangible resources, but now we see a consideration shift toward intangible resources, such as brands (Kapferer, 2001) and customer loyalty. Companies and organizations embrace branding efforts, which can create value for both the consumer and the company. Companies want to attract and keep customers by creating and promoting value, image, lifestyle and other values important for the understanding and use of the product. Brand identity enables companies to differentiate themselves in a continuously over crowed market. The entry of new market participants drives existing manufacturers to look for new means of exploiting existing brands, a capital which has to be managed appropriately. Strategies most used to leverage the potential of brands are brand extensions and co-branding (Rooney, 1995; Vaidyanathan and Aggarwal, 2000).

In the first half of the 20th century, chemical companies started to market well-known dyestuffs and synthetic as brands to buyers of the next stage in the value chain (Kemper, 1997). Since then an increasing number of firms have "considered co-branding ventures in preference to single-handedly undertaking risky and expensive brand extension, expansion or diversification plans" (Boad, 1999). Other forms for enlarging the branding effects include endorsed brands and the establishment of various forms of brand portfolios (Aaker, 2003).

Early research in this area has shown both positive (Norris, 1992) and negative effects (Shocker, 1995) for the brands employing an inbranding strategy, as well as an impact on consumer product evaluations (Hillyer and Tikoo, 1995). Recent research illustrates that ingredient branding offers a potential for successful brand management and increased profits for companies along with product offerings that create added value for the customer (Havenstein, 2004; McCarthy and Norris, 1999). If the customer understands and knows the function, features and benefits of a component (ingredient), he or she will pay more attentions to this offering, and if it creates a unique product offering it can lead to loyal and profitable customer relationships (Desai and Keller, 2002). This approach surpasses the limitations and dangers of a too narrow and single-sided customer-supplier relationship (Kleinaltenkamp, 2001). The traditional Business-to-Business (B2B) brand strategy of all marketing activities is geared only to the next level of the value chain of the OEM (original equipment manufacturer). The ingredient branding approach can overcome this burden. Intel corporation, the microprocessor manufacturer demonstrated the marketing possibilities that ingredient branding could provide to both component manufacturers as well as to the manufacturers of finished goods (Dover, 1997; Baumgarth, 2001). Since then, numerous suppliers have tried to implement their own marketing concepts modelled on the Intel case in order to escape the anonymity and exchangeability of a supplying part or component.

THEORETICAL BASIS FOR INGREDIENT BRANDING

The concept of branding, including both InBranding and Co-Branding, is built on the foundational theories of information integration and attitude accessibility. Informational integration theory describes the process in which two stimuli, or in this case brands, are combined to form consumers' attitudes toward a product. These attitudes are used in interpreting and evaluating specific brands and manifest themselves through consumers purchase behaviors. The theory of attitude accessibility suggests that the more salient the brand attitude, the more likely that attitude will be used in the creation of a consumer's evoked set. The positive attributes of a brand or brands in a co-branding strategy can result in the consumer electing to include a particular product in his or her evoked set and ultimately lead to the purchase of that product (Simonin and Ruth, 1998).

There is considerable research in the Branding Literature which demonstrates an association between brand names and consumers' abilities to recall product information (Janiszewski and Osselaer, 2000). According to Janiszewski and Osselaer (2000), "the association from a brand name to a product benefit helps a person understand a product's positioning, and the association from a brand name to a product category helps a person recognize potential usage situations. This conceptualization of a brand name as a recall prompt has been used to hypothesize how people create evoked sets, evaluate alternatives, and make decisions about the appropriateness of brand extensions (e.g., Keller, 1993, 1998)" (p. 331).

Previous research also concentrates on how brand names can function as more than associative cues for information retrieval. Brand names were identified as a means to serve as predictive cues about product performance (Erdem and Swait 1998; Keller 1993, 1998). The predictive value of a brand name was considered one of the primary reasons why the brand extension strategy is so pervasive. Using a successful family brand name to identify a new product enhances customer expectations about the performance of the new product, which in turn leads to increased trial and/or reduced promotional costs (Sullivan 1992).

CO-BRANDING

Co-Branding is defined as the combination of two brands to create a single, unique product. This association between the brands can be either long or short-term and can be represented by physically combining two or more brands or symbolically associating the brand names. The first strategy consists in associating to the host brand with a secondary brand that will give it symbolic additional attributes (Cegarra and Michel, 2000). In the second strategy, key attributes of one brand are incorporated into another brand as ingredients (Desai and Keller, 2002). The purpose of co-branding is to capitalize on the equity of the brands and enhance the success of the product. Prior experience with these brands provides consumers with a certain level of quality assurance. Co-branding advantages (Abratt and Motlana, 2002;Leuthesser and Kohli, 2003) include reduced investment costs and risks, and faster paybacks (Boad, 1999). In the French co-branding literature, Michel and Cegarra (2003) further state that, apart from collaboration on physical attributes, co-branding can also be a combination of two recognized know-how or expertises to manufacture the co-branded product. In a co-branding context, the host brand is the "brand originary from the product category in which the co-branded product is launched" (Cegarra and Michel, 2000), while the ingredient brand or secondary brand manufactures the ingredient, or possesses the know-how, to be incorporated into the final product. "Mixing two or more brands to create a co-branded product has become a common strategy during the last decade, especially in the food industry" (Bengtsson, 2002a).

INGREDIENT BRANDING

Ingredient branding is a special form of alliance between two brands, based on their cooperation for designing and delivering the product, with particular emphasis on the possibility to recognize and identify the used components in the final product (Pfoertsch and Mueller, 2006). Ingredient branding occurs when a component part or service of the end product is promoted to the final user. This promotion can occur from two perspectives: the manufacture's perspective or the supplier's perspective.

Ingredient branding is an advanced branding concept that can be very beneficial to both partner brands if successfully implemented (Norris, 1992). However the motivation behind ingredient branding traditionally has been from the host brand's perspective. The host brands wishes to differentiate itself from the competition through the inclusion of the ingredient brand into their final product. The perspective of the host brand using ingredients as brand extension has been researched and documented as a proven concept (Worm and Durme, 2006).

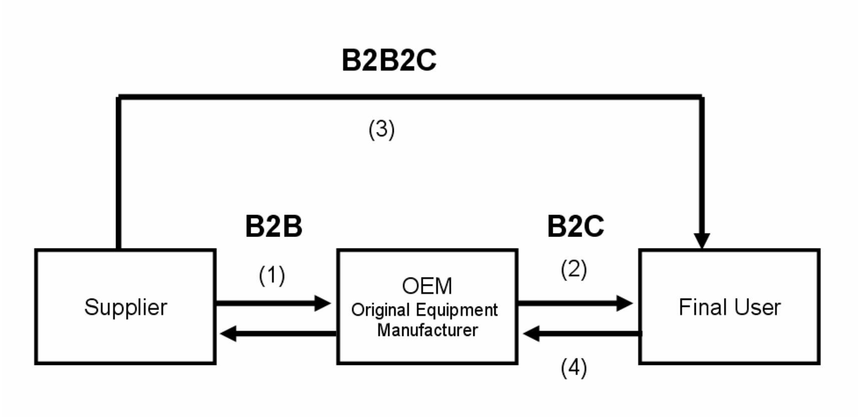
In manufacturing initiated ingredient branding, the manufacture usually chooses an ingredient that represents an existing brand with strong brand awareness. The manufacture then promotes the fact that this ingredient is part of the end product in hopes of persuading final users that end product has certain positive attributes normally associated with the ingredient brand. (Norris, 1992)

"The value of branding has also been recognized by suppliers who produce ingredients or components that are incorporated into final products" (Norris, 1992). Supplier initiated ingredient branding occurs when a supplier of a component part or service initiates the promotion of its ingredient, which is part of the end product, to the final user in an effort to create brand awareness. The supplier hopes that their investment in brand awareness will result in the consumers requesting or "pulling" the ingredient brand from the manufacturer. This supplier initiated branding is what the authors of this article refers to as "InBranding". The concept of InBranding or ingredient branding from the suppliers perspective has received minimal attention in the brand literature. The distinguishing factor between InBranding and traditional ingredient branding is the motivation behind the strategies. The motivation behind traditional ingredient branding revolves around the host brand and usually extends or modifies an attribute of the host brand in an effort to enhance consumer brand evaluations (Desai and Keller, 2002; Hillyer and Tikoo, 1995). The motivation behind InBranding revolves around the ingredient brand or component brand forming an alliance with a product manufacturer in an effort to create brand awareness for the ingredient brand and generate pull effects through the value chain (Olivia, Srivastava, Pfoertsch and Chandler, 2006).

IN-BRANDING MODEL

The push and pull concept is crucial to understanding InBranding and the motivations behind it. The push strategy involves directing the marketing strategy toward the original equipment manufacturers. A pull strategy involves appealing directly to the consumer. One implication of this view is that the marketing mixes for an InBranding strategy involve both push and pull effects. It is the distinction between consumer and manufacturer behavior that separates them. Consumer behavior creates pull and manufacturer behavior creates push. Consider push and pull effects as effects of marketing mix decisions. Supporting pull with push increases the probability of coordination. The combination of the push and pull creates synergy for the complete marketing mix.

Figure 1: InBranding Principle



The supplier offers a component or service to his customer, the OEM. Thus, the supplier has a B2B relationship with the producers of such products as automobiles and electronic products. The OEM produces a product that is to be used by their customer, the final user. The final user buys the product or service in a pure B2C relationship with the OEM. According to this principle, there are two separate stages of customer relationship: supplier with OEM, OEM with final user. In InBranding, the two stages are interconnected: Step (2) follows step (1), and step (3) occurs, where the supplier tells the final user that a particular ingredient is part of the final product offering, which makes the final user choose this product over competitive offerings. In this step (4), the final customer "pulls" the product because the particular ingredient component is desired. This is a continuous process of push and pull, with a high success rate if done appropriately.

A good example of InBranding is Microban. Microban provides manufacturers of spas and whirlpools like AQUA-WHIRLPOOLS with an antibacterial material which significantly enhances the sanitary standards of this kind of equipment. In addition, they have been granted the right to use the brand Microban® directly to end-customers. Microban informs the end user about their product benefits through TV commercials and print advertisements in an effort to generate pull, demand for their ingredient in the product. Other examples of this pull-effect are GoreTex®, Dolby® and recently the successful DLP® from Texas Instruments. This supplier initiated branding is what the authors of this article refers to as "InBranding"

Even companies with strong consumer brands can use InBranding to enhance or protect their competitive position, as Chevron does with TEXTRON, and GM with NORTHSTAR, to power up its Cadillac brand for the performance oriented customer segments (David Aaker, 2003) with racing components in their luxury cars. InBranding is a form of multi-stage branding for industrial manufacturers of parts and / or components. The suppliers of the ingredient brand promote their brand simultaneously to the manufacturer as well as to the end user. This type of promotion fuels a push and pull dynamic for the ingredient brand. In Fig. 1 we show 3 possible stages, but in most cases, we have to consider more stages: components, modules, system, integrations with software and services, etc. This means that all up-stream markets have to be considered, including the end customers who are being included in the marketing of the component. In contrast to multi-stage branding, single stage branding only promotes the brand directly to the next user in the value chain (Baumgarth, 2001).

IN-BRANDING POWER STRUGGLE

InBranding is not beyond reproach, it can create complicated partnerships in which the position of power could change over time, resulting in tension filled relationships between partners. For example, in the automotive industry there are only few companies that have managed to keep their brands mentally and visibly present for end-customers, or their brand visible in the automobile. In Europe, examples of this include, Siemens VDO with fittings, Bosch with electronic parts, Blaupunkt and Becker with car radios, and Keiper-RECARO with car seats. Quite often, these suppliers provide many other components that are part of a finished automobile, yet they are not able to make them visible to the end-customers. In addition, there are numerous other suppliers in the automobile industry who are not able to accomplish what the fore mentioned examples have achieved due to their lack of positioning power in the industry.

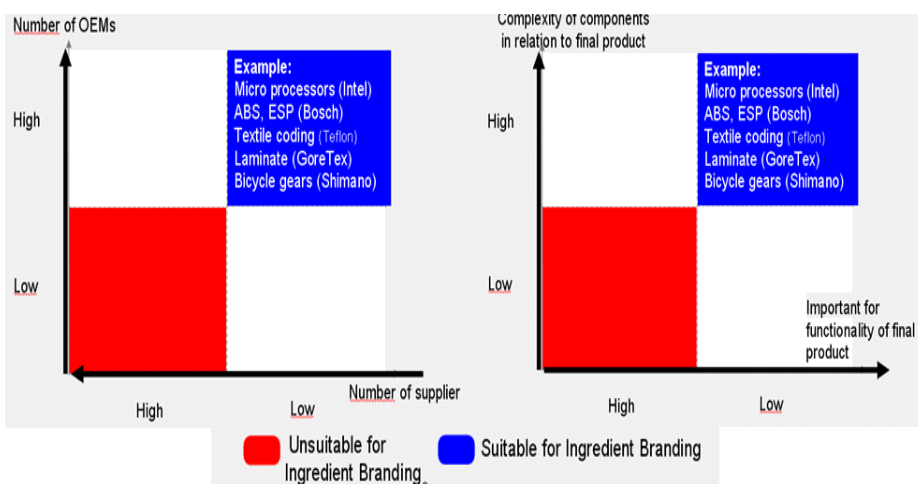
As system and module suppliers rise to the challenge and grasp technological advancements and promote leadership through innovation, they are increasing their position of power in their industry. This is being increasingly perceived by car drivers due to extensive investments in marketing communications. Car drivers are beginning to demand specific ingredient brands at the retail level. As a result, the influence of systems and modules to the image of the end-product car is growing steadily and the OEM is bearing the financial burden of this. Suppliers are challenged in terms of brand strategy and end-customer contact. InBranding offers a way to inform consumers about the additional benefits they are receiving from superior component brands and prime consumers for the price increases needed to cover the enhancements in the product offerings. In one of our preliminary analysis in 2004, we found that end-customers are indeed supporting this notion: Every third car buyer makes his decision based on the origin of parts and components (Pfoertsch, 2004). The right brand names of components translate to a guarantee of safety, comfort and ideal cost/performance ratio.

APPROPRIATENESS OF IN-BRANDING

It took 5 years for Intel to achieve results from its' InBranding strategy and 10 years to achieve market supremacy. Intel showed the world that InBranding can make a difference. They understood their position as a component supplier for electronic components in the computer industry and used the opportunities in the market to become known by the public. By creating market awareness in the end user, Intel increased their market power versus OEMs and established an outstanding market position. They created chances for competitive differentiation and established entry barriers for competitors. Over the years, this strategy increased customer loyalty and created the necessary demand-pull, resulting in establishing themselves as irreplaceable. For their partner, Intel created a positive image of the OEM brands and achieved the price-/volume premium, particularly for the tech-savvy segments, in the early product life cycle stage. One can see here the pull-creation having had its full effect. As a result of their efforts, Intel has achieved the creation of brand equity comparable to the level of consumer goods in 2006 they achieved USD 32 billion according to Interbrand.

There are specific concerns that address the issue of InBranding being appropriate for a supplier to create an alliance with a particular manufacturer and achieve an ideal state of InBranding. First, can the manufacturer brand quality be leveraged and extend to the ingredient brand? Second, does the manufacturer brand have sufficient brand equity that can be leveraged to increase the ingredient brand's awareness? Finally, can the ingredient brand be mentally separated from the product, so that the ingredient brand can build customer loyalty on its attributes alone.

Figure 2: Conditions for InBranding Implementations



The conditions necessary for a supplier to implement an InBranding strategy revolves around functionality and superior performance. Current research stresses the importance of functionality in the final product. If the customer receives a benefit from the superior performance of the final product induced by the ingredient, the consumer will rate the product positively and increase demand for the ingredient brand (Norris and McCarthy, 1999). Also, if the complexity of components in relation to final product is high, the tendency exists that the customer is more likely to recognize the InBrand (Norris and McCarthy, 1999). Other conditions of consumer requirements have to be considered, such as additional customer benefits or degree of innovations.

In the relationship with the OEM, the roles and power situations of the suppliers also play a major role. If there are only a few OEMs and limited suppliers the suitability for InBranding strategies may prove more favorable.

Additional conditions, specific to the particular industry also need to be considered when deciding to implement an InBranding strategy. The specific conditions in the various industries must be analyzed and put into perspective of the expected outcome and the possible investment for this kind of concept. Are there competitors who are currently utilizing an InBranding strategy? Are there any government regulations that might prohibit an InBranding strategy?

IMPLEMENTATION OF IN-BRANDING

An analysis of current research assisted us in constructing a procedure consisting of several steps that could help companies implement an InBranding strategy.

Figure. 3: Life cycle of InBranding

	Steps	Description
1	Raising of credit, exploitations of reputation	Unknown ingredient brand benefits from the association with well-known product brands
2	Break-through and market proof	The unknown ingredient brand becomes known and famous on its own
3	Repayment of credit, synergy	Known ingredient brand is helping its supporter, as well as benefiting itself
4	Fiesco-Effect	The ingredient brand is present everywhere and could not be used as a differentiator. The lack of differentiation increases the chance for a price war amongst former supporters

Step 1: In the beginning is an ingredient unknown to the end consumer although the business partners have known this component for many years. This was the case for Makrolon from Bayer AG. In 2000, Makrolon decided to InBrand in order to improve their brand awareness and market share[1]. Their position today has improved dramatically, particularly against its rival Lexan from GE-plastics.

Step 2: The supplier of the ingredient brand begins to promote the benefits of its' component directly to the end user. A break through will occur when the final end user knows your components and demands that your components be part of the finished product. This step has occurred with the DLP components from Texas Instruments used in HDTV's. This phase could take years.

Step 3: In this step, the company offering the ingredient is managing the relationship between the partners and helping all participants to be successful. This could be a very prosperous stage in development. Success depends on the conditions and the applied strategies; a company could become a major corporation or stay in the million dollar bracket (NutraSweet, Dolby, etc.). Many conditions apply to make use of the synergy between the ingredient and product brand.

Step 4: In this final step, the InBrand cycle comes to an end. The InBrand is present everywhere and can not be used as a differentiator any longer, and it is pushing former supporters into price wars. This has happened to Intel: With more than 18,000 partners, the effect of the ingredient became obsolete, and AMD used the chance to attack Intel by also applying an InBranding concept with a more focused approached. They targeted the high end gamer market and rolled their giant

BENEFITS AND RISKS ASSOCIATED WITH IN-BRANDING

Despite the set-back, "Intel-Inside" campaign proves that InBranding is an excellent strategy that helps suppliers to capitalize on the positive image of end-products, increase awareness among end users, establish entry barriers in their sector, increase customer loyalty, establish a price premium for their product and increase their brand equity (Rao and Ruekert, 1999).

Establishing brand value is the result of a time-consuming learning process. Competitors may need years in order to catch up and create their own brand image.

It is also important to consider the asymmetry of this process: a brand image can be destroyed rather quickly (consider the "Elk test" of the Mercedes-Benz small car model A-Class, which rolled-over at a test at market introduction) (Buttlefield), and will need a long time to become re-established. Similarly, when Olestra came under fire for potentially causing Gastro Intestinal problems, Pringles, a product-brand that used Olestra, suffered too. Additional risks associated with InBranding include vulnerability of the ingredient brand to negative publicity involving the host brand, possibility of loss of host brands' customer base to the ingredient brand partner, lack of sustainable competitive advantage of host brand if there is no exclusive agreement between partners and the threat that the host brand may copy the ingredient brand and ultimately become a competitor (Leuthesser and Kohli 2003).

The initial perceived quality of and attitude toward the partner brands might have implications on the outcome of an ingredient branding strategy, as well as on the selection of ingredient brands by host brand managers.

FURTHER RESEARCH QUESTIONS

InBranding is a compelling solution when a company is selling a differentiated component. It can help direct customers differentiate by facilitating their communications to the end user about product features and performance. For components suppliers, a simpler approach may be a technology license, without any kind of ingredient initiative, but that would leave the company with much less leverage and possibly reduce their component to a commoditized, brand-free offering. As Intel showed us, a successful ingredient initiative can create a marketplace where a company's leading edge technology becomes table stakes for everyone. Many questions are still unanswered. Therefore, it is necessary to better understand how competitive advantage can be achieved through the use of ingredient branding. We should also be aware of types of brand alliance and the applied rules and procedures, but the most challenging task is to establish brand metrics for multi-level branding, and to track and predict ingredient branding success.

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