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ACADEMY OF MARKETING STUDIES JOURNAL

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Allied Academies, Inc.

Jack Sterrett
Peter Gordon
Southeast Missouri State University

Editorial and Academy Information
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ACADEMY OF MARKETING STUDIES JOURNAL

CONTENTS

LETTER FROM THE EDITORS

Welcome to the fourth volume of the *Academy of Marketing Studies Journal.* The Academy of Marketing Studies is an affiliate of the Allied Academies, Inc., a non profit association of scholars whose purpose is to encourage and support the advancement and exchange of knowledge, understanding and teaching throughout the world. The *AMSJ* is a principal vehicle for achieving the objectives of the organization. The editorial mission of this journal is to publish empirical and theoretical manuscripts which advance the discipline, and applied, educational and pedagogic papers of practical value to practitioners and educators. We look forward to a long and successful career in publishing articles which will be of value to the many marketing scholars around the world.

The articles contained in this volume have been double blind refereed. The acceptance rate for manuscripts in this issue, 25%, conforms to our editorial policies.

As editors, we intend to foster a supportive, mentoring effort on the part of the referees which will result in encouraging and supporting writers. We welcome different viewpoints because in differences we find learning; in differences we develop understanding; in differences we gain knowledge and in differences we develop the discipline into a more comprehensive, less esoteric, and dynamic metier.

The Editorial Policy, background and history of the organization, and calls for conferences are published on our web site. In addition, we keep the web site updated with the latest activities of the organization. Please visit our site and know that we welcome hearing from you at any time.

Jack Sterrett
Peter Gordon
Southeast Missouri State University

MANUSCRIPTS

IDENTIFICATION OF INTERNATIONAL MARKETING MANAGER COMPETENCIES: A TRI-COUNTRY STUDY

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Thani Jambulingam, St. Joseph's University
Linda Gorchels, University of Wisconsin-Madison

ABSTRACT

The need to address specific competencies required of unique international marketing positions cannot be overshadowed by the relative difficulty in procuring and analyzing international data. This study identifies competencies required of a growing segment of the international workforce, the domestically-based international marketing manager (D-BIMM), and illustrates how these competencies can be integrated into an international marketing curriculum. Executives from Japan, Germany and the United States provided input that prioritizes skills required if one is to be successful in D-BIMM activities. Subsequently, the paper illustrates how a marketing curriculum can be developed, or modified, utilizing a tri-country model in conjunction with an established cross-cultural training model developed for training within a multinational corporate setting.

INTRODUCTION

Two of the greatest challenges facing business schools are the identification of required international competencies and the development of appropriate curricula. As global business intensity increases, the wide variety of international business positions produces an expansive list of required skills, and the educator is often forced to provide only a cursory coverage of a seemingly endless list of course topics (Abboushi, Lackman, & Peach, 1999; Arthur & Bennett, 1995).

In order to provide a market-oriented international business curriculum the educator must focus his/her educational efforts not only on specific positions, but also on the outcomes or competencies that the business community seeks (Javalgi et al., 1997). This study identifies the skills required of a specific international marketing position based upon input from marketing executives from three global powers and illustrates how these skills can be incorporated into a competency-based business curriculum.

EXPATRIATES AND DOMESTICALLY-BASED INTERNATIONAL MARKETING MANAGERS

A great deal of U.S. international educational effort to date has been placed on the expatriate. Still, the mixed success of U.S. expatriates compels one to question either the proper identification of expatriate competencies or the ability of the educational community to address them. An estimated 60% of U.S. expatriates sent on foreign assignments return prematurely (Copeland & Griggs, 1985). With costs of overseas assignments ranging from $300,000 to over $1 million, one can understand why firms may be concerned with both the poor levels of performance of their expatriates and possibly the educational community's ability to train them (Yates, 1994).

Due in part to the limited success of U.S. expatriates, many firms are now employing domestically-based international marketing managers (D-BIMMs) as alternatives to, or supplements for, expatriates. In this way, firms eliminate relocation issues such as family-related problems, which account for the most commonly cited causes for expatriate failure (Tung, 1982). Thus, firms are better able to control costs and reduce risks while still maintaining an overseas presence. Unfortunately, the ability of U.S. educational institutions to establish performance components for D-BIMMs is hampered because most international management studies have been limited to overseas assignments (Arthur & Bennett, 1995).

LITERATURE REVIEW

Researchers have only recently begun to investigate the international business knowledge and skills deemed necessary by business practitioners (Bush & Bush, 1998). Attention to perspectives of practitioners located outside of the United States has been given even less consideration in spite of the glaring need to address both domestic and international requirements in the development of a global curriculum. A further focus on domestically-based international marketing managers has been nearly absent from the literature to date. Perhaps this explains why only 23.2% of marketing majors feel their schools have done a "good job" of preparing them for a potential career in international business (Turley & Shannon, 1999).

Unfortunately, the work that has been done in identifying the development of required competencies for international assignments has produced intriguing, yet inconsistent, results (Arthur & Bennett, 1995; Beamish & Calof, 1989; Buhro et al., 1989-1990; Hart, Tucker & Muehasam, 1993, 1994; Kobrin, 1984). More recent research such as Bush's and Bush's (1998) goes into some detail regarding the particular skills and characteristics deemed important by experienced international business practitioners. The authors identify 4 categories of skills including 34 specific skills thought to be of importance to if MBAs are to be successful in international business. Lundstrom and White (1997) compare and contrast the importance that marketing academicians and practitioners place on 62 skill and research areas traditionally associated with international marketing education. Of the skills and research items measured, 35 illustrated non-significant differences between the academicians and practitioners, providing at least a foundation from which the academician can begin his/her curriculum design. Lundstrom, White, and Schuster (1996) go into more detail regarding the professional marketer's perspective of the international marketing curriculum.

From this myriad of research, one may ascertain that global management competencies are heavily dependent upon the unique aspects of the position being considered as well as the environment in which the international manager is employed. Therefore, educators developing a competency-based curriculum must closely examine the particular needs of the business community that is being served and develop a clear understanding of the positions for which students are being prepared.

Research into the internationalization of business curricula in general is, however, a relatively widely researched topic providing academicians with numerous studies from which to gain insight into curriculum design. Unfortunately, not all studies are glowing in their findings regarding the current state of global business education. For example, White and Griffith (1998) examine 21 U.S. graduate programs in international business and find that "…it is apparent that the majority of programs have internationalized their curriculum to only a small extent." The authors go on to state that, "…course content has not yet achieved the practical orientation to cultivate high-caliber global managers. The lack of interdisciplinary education, as well as the reliance on old pedagogies, has led to a stale academic climate in the United States." They conclude with a call for a "…re-examination of the structure of U.S. graduate international business programs" and an emphasis on real-world management issues, a better understanding of different cultural perspectives, and more relevance to the operations of business today.

After reviewing virtually dozens of studies in the area of business school internationalization, Kwok and Arpan (1994) find that many international education inconsistencies exist. Still, some major, generalizable conclusions are derived: (1) A large variety of approaches are being used to internationalize both curricula and faculty; and (2) internationalization efforts have increased over time in terms of breadth and depth, yet efforts continue to fall short of fulfilling business' need for personnel who can think and act in a global context.

In addition, Kwok and Arpan (1994) identify three primary approaches to business curriculum internationalization: (1) Infusion of international dimensions within existing courses, (2) a general international business course requirement for all students, and (3) a requirement that all students take an international specialty course in their major field. Marketing is one functional area where the greatest infusion of international material is occurring. Yet across business schools, the percentage who require international courses to be taken subsequent to or instead of an infused core course or courses is increasing.

Regardless of the approach used, the initial step in establishing an international business curriculum for the graduate level begins with an awareness that the outcomes of the learning process should closely match the expectations of those who shape the work environment (Javalgi et al., 1997). Thus, with the increasing importance of D-BIMMs, a thorough understanding of the competencies required of the position is necessary to properly develop an effective curriculum.

METHODOLOGY

To address the needs of firms employing domestically-based *international* marketing managers, three of the world's most industrialized nations were selected for this study based upon each country's economic size (GDP) and geographic location in the most industrialized regions of the world (North America, Europe, and the Pacific Rim). The countries with the highest national GDP and greatest emphasis on international trade (export figures) include North America-United States, Europe-Germany, and Pacific Rim-Japan.

A single, approved instrument that identifies the competency needs of firms employing D-BIMMs could not be found. Thus, a unique instrument was developed for this study based on the insights of Rothwell's (1992) work focusing on training international managers and Kobrin's (1984) survey of U.S. executives concerning the hiring of employees to work solely in international operations. Rothwell addresses three types of required knowledge: general knowledge, national information, and business understanding. Kobrin identifies six contributors to effective international management: people skills and knowledge of function, industry, company, country, and the technical aspects. Personal and corporate demographic questions were added to the survey to provide an opportunity to verify that respondents represent an appropriate sample for the study. The questionnaire was pretested in an executive workshop comprised of international managers.

Four competency categories with seven to ten characteristics within each grouping were developed after a review of international marketing texts (Cateora, 1996; Ball & McCulloch, 1996; Jain, 1996), following discussions with American international marketing managers, and after several brainstorming sessions: Regional knowledge (8 characteristics), marketing knowledge (9 characteristics), general business skills (7 characteristics), and personal qualities (10 characteristics). Two of the categories (general business skills and personal qualities) incorporate many of the skills identified in prior studies of expatriates. Regional knowledge of geographic region in which the company is interested and marketing knowledge were added, however, to reflect the emphasis of marketing managers working out of their home country.

DATA COLLECTION

The research design was an exploratory study using a cross-sectional sample of international executives. Using a mailing list from a commercial database broker (International Decision Makers), a systematic cross-sectional sample of 1,000 marketing executives from U.S., Germany, and Japan was developed. The advantage of this database is that it provides the names of responsive decision makers across a wide range of business activities, all of whom have an international outlook and read English language magazines regularly. Because the survey was designed to focus on competencies sought in new international marketing manager hires and because organizational structures are generally leaner, the highest ranking marketing titles (the people most likely to be involved in new hire decision making) were used as the primary selection criteria.

The marketing executives identified the top three characteristics within each of the four categories of skills (regional knowledge, marketing knowledge, general business skills, and personal qualities) that they believe are required when hiring domestically-based international marketing manager. Using identification of most important characteristics instead of Likert-type answers helps to eliminate base and ceiling effects and forces respondents into making decisions regarding those skills deemed most important.

The questionnaires, written solely in English, were distributed and collected in the United States by the authors and by intermediaries in Japan (Japan Market Resources Network in Tokyo) and in Germany (State of Wisconsin, Department of Commerce, European office at Frankfurt). The assisting organizations affixed stamps on return envelopes, mailed out surveys, and collected and forwarded the completed instruments.

FINDINGS

Responses were divided into early (first 75%) and late (last 25%) categories to test for nonresponse bias based on the time trends procedure suggested by Armstong and Overton (1977) in which persons responding later are assumed to be similar to nonrespondents. The test for nonresponse bias indicates that no significant difference ($p<0.05$) exists between the early and the late respondents on factors such as business type (manufacturing and non-manufacturing industries), customer type (business-to-business and consumer direct), number of years of international business experience, number of international hiring decisions made, and annual sales of the company. Since respondents selected the three most important characteristics from each category, a multiple response analysis was used to create cross-tabulations; ranks were then assigned based on the magnitude of the frequencies.

Table 1: Description of Respondents

Respondent mix:	U.S.A.	21%
	Japan	27%
	Germany	52%
Corporate Information		
Type of business:	Manufacturing	61%
	Non-Manufacturing/Services	39%
Customer type:	Other Businesses/Institutions	77%
	Consumers	18%
	Other	5%
Average percentage of divisions' sales outside of home country:		
	U.S.A.	38%
	Japan	43%
	Germany	41%
Respondent Personal Information		
Mean Age		47 years
Gender:	Male	94%
	Female	6%
Years of international business experience		13 years
Average number of subordinates		7
Number of hiring decisions made in the past three years		11

Of the 3,000 surveys mailed, 195 were returned as non-deliverable and 190 were found usable, resulting in a response rate of 6.8%. Individual percentages for Japan (5.7%) and Germany (10.5%) were greater than the 5% rate of return of surveys from foreign sources found by Jobber and Saunders (1988) in their study of international survey response rates.

Respondent characteristics are shown in Table 1. The information available on the years of international business experience, average number of subordinates, and number of hiring decisions made in the past three years, show that the respondents are an appropriate sample for this study.

Regional Knowledge

The top three Regional Knowledge characteristics identified are the same for all three countries (as shown in bold in Table 2). A clear majority of respondents from each country (between 60% and 78%) selected the following characteristics: social/cultural practices, economic conditions, and trade regulations. The one exception was the percentage of Japanese respondents selecting trade regulations as a top characteristic. Although it received the third highest ranking, the percentage selecting it was only 49%-not a clear majority.

These results are also consistent with the general support for the effectiveness of cross-cultural training found by Arthur and Bennet (1995) and with the findings of Black and Mendenhall (1989) in which a significant relationship between cross-cultural training and corporate performance was obvious in 11 of the 15 studies examined. Lundstrom and White (1997) find that "Business Knowledge/Specific World Regions", and "Specific Regional Cultural Differences" score between 3.79 and 3.85 on a 5 point scale (with 5 being very important) by both practitioners and academicians. Lobel (1990) also believes that cultural differences are key factors inhibiting globalization.

Table 2
Regional Knowledge Characteristics Considered to be Most Important to Respondents
(Percentage of respondents -- totals exceed 100% since there were multiple responses)

Regional Knowledge Characteristic	U.S.		Japan		Germany	
	percent	rank	percent	rank	percent	rank
Social/Cultural Practices	**70**	**1**	**67**	**2**	**67**	**2**
Economic Conditions	**60**	**2**	**71**	**1**	**78**	**1**
Trade Regulations	**60**	**3**	**49**	**3**	**61**	**3**
Infrastructure	38	4	37	5	47	4
Political Conditions	28	5	39	4	24	5
Demographics	23	6	6	7	7	6
Geography	8	7	4	8	2	8
Exchange Rates	3	8	14	6	5	7

* Note: Percentages in bold indicate the top three skills identified in each country.

Marketing Knowledge

A great deal of similarity between American, German, and Japanese marketing executives also exists in Marketing Knowledge requirements. Clearly the most important insight desired of a D-BIMMs, selected by more than 80% of the respondents in all three countries, is knowledge of customers' needs. (See Table 3.)

A significant drop occurs in the percentages yielding the second and third priorities. Both the American (45%) and German (52%) respondents rank knowledge of competition second; their third priority is knowledge of customers' buying habits. The Japanese executives, on the other hand, rank product requirements second (50%) and knowledge of competition third. Although American and German executives consider product requirements to be important, they did not rank it in the top three priorities.

Strong marketing knowledge is supported by Bush and Bush (1998) who go into more detail regarding specific international marketing skills (e.g. "identify overseas marketing opportunities", "identify international marketing research options", "track global business trends") and find that of the ten skills in the marketing area addressed, all had mean scores of 7.00 or higher on a 10 point scale where 10 was "extremely important". Lundstrom and White (1997) illustrate that both practitioners and academicians rank "General Marketing Competence" highest among the knowledge areas tested.

Table 3
Marketing Knowledge Characteristics Considered to be Most Important to Respondents
(Percentage of respondents -- totals exceed 100% since there were multiple responses)

	U.S.		Japan		Germany	
Marketing Knowledge Characteristics	**percent**	**rank**	**percent**	**rank**	**percent**	**rank**
Customers' Needs	**85**	**1**	**90**	**1**	**83**	**1**
Competitors	**45**	**2**	**48**	**3**	**52**	**2**
Customers' Buying Habits	**43**	**3**	20	6	**43**	**3**
Existing Distribution Channels	43	4	32	4	21	6
Product Requirements	43	5	**50**	**2**	39	4
Pricing Policies & Regulations	18	6	24	5	31	5
Promotions Practices	10	7	18	7	16	7
Labor Relations Practices	5	8	14	8	6	9
Public Relations Practices	5	9	2	9	7	8

* Note: Percentages in bold indicate the top three skills identified in each country.

General Business Competencies

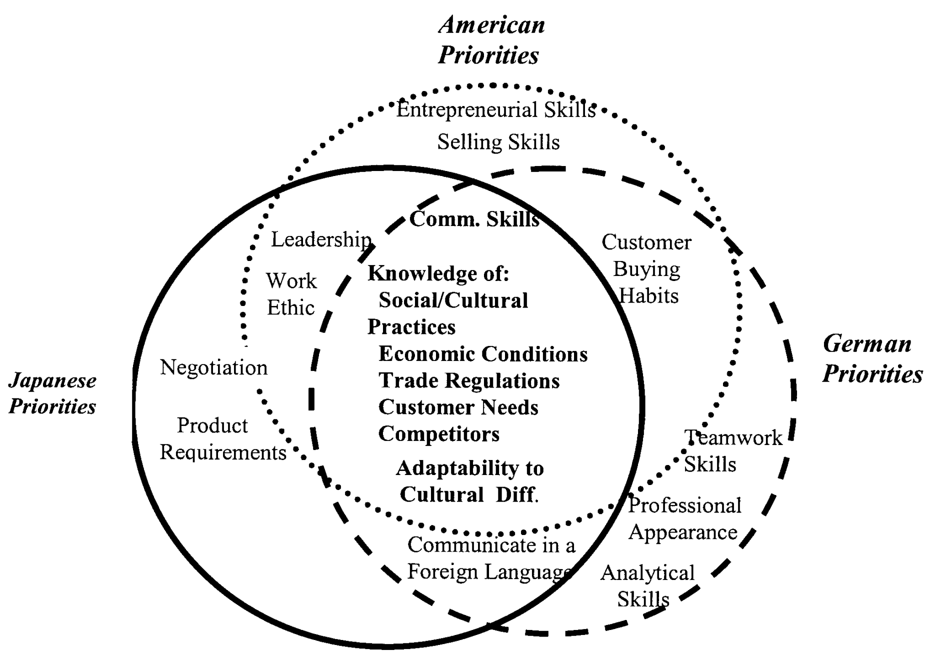
Communication skills surpass all other General Business competencies in importance as proficiencies that D-BIMMs in all three countries must possess. (See Table 4.) After communication skills, substantial differences exist in the rankings.

Table 4
General Business Competencies Considered to be Most Important to Respondents
(Percentage of respondents -- totals exceed 100% since there were multiple responses)

General Business Competencies	U.S.		Japan		Germany	
	percent	rank	percent	rank	percent	rank
Communication	**83**	**1**	**80**	**1**	**79**	**1**
Selling	**53**	**2**	24	6	39	4
Leadership	**43**	**3**	**66**	**2**	33	5
Negotiation	40	4	**42**	**3**	33	6
Teamwork	40	5	28	5	**53**	**2**
Analytical	35	6	40	4	**53**	**3**
Finance Knowledge	5	7	20	7	13	7

Note: Percentages in bold indicate the top three skills identified in each country.

Figure 1
American, German and Japanese D-BIMM Competency Priorities



*Only skills with 50% or more of the responses, or a Top 3 ranking, are listed
**Items in bold are ranked in the top 3 by executives from three countries

The American respondents identify selling (53%) and leadership skills (43%) as the next two important general business competencies. To the Germans, teamwork (53%) and analytical skills (53%) rank second and third, respectively. The Japanese believe that leadership (66%) and negotiation (42%) are subsequent in priority. The only item deemed relatively unimportant in all three countries is knowledge of finance. Even so, 20% of the Japanese respondents believe it to be a significant characteristic. Americans are unique in the emphasis they place upon selling skills; Germans, in their importance on teamwork and analytical skills; and Japanese, in the weight they place upon leadership.

These findings generally coincide with those of Bush and Bush (1998), and Beamish and Calof (1989) who find that communication skills rank highest among the 12 competencies they evaluated. Lundstrom and White (1997) find that "Language Fluency/Oral Communication" are found to be important to both practitioners and academicians, and Buhro et al. (as cited in Lobel, 1990) find effective communication to be an important facilitating factor. Once communication is considered, less agreement exists among study respondents regarding the importance of skill sets.

Personal Qualities

As in the rankings for General Business competencies, several notable differences arise in the Personal Qualities category. While the highest percentage of both the Japanese (76%) and German (77%) respondents consider ability to communicate in a foreign language critical to success, only 45% of American respondents identify a foreign language skill as important. (See Table 5.) These findings support those of Bush and Bush (1998) who find "Language Fluency/Oral Communication to be ranked near the top by both practitioners and academicians.

Table 5
Personal Characteristics Considered to be Most Important to Respondents
(Percentage of respondents -- totals exceed 100% since there were multiple responses)

Personal Characteristics	U.S.		Japan		Germany	
	percent	rank	percent	rank	percent	rank
Adaptability to Cultural Differences	**70**	**1**	**70**	**2**	**62**	**2**
Work Ethic	**65**	**2**	**54**	**3**	33	5
Entrepreneurial Skills	**48**	**3**	46	4	45	4
Communicate in a Foreign Language	45	4	**76**	**1**	**77**	**1**
Psychological Maturity	40	5	30	5	22	6
University Degree	8	6	0	10	5	7
Professional Appearance	5	7	14	6	**50**	**3**
Subject Area of Degree	5	8	6	7	5	8
Age	3	9	4	8	0	9
Gender	0	10	0	9	0	10

* Note: Percentages in bold indicate the top three skills identified in each country.

Work ethic is second in importance for American respondents, while the Japanese place it third. Entrepreneurial skills are third in ranking for American respondents; and for Germans, third is professional appearance.

The importance of adaptability to cultural differences is classified first or second by participants from all three countries. This finding is also supported by the Arthur and Bennet's (1995) study that finds flexibility, adaptability, and cultural openness are important for international success. Harrison (1994) discovered that cross-cultural training has a strong and positive impact on cross-cultural skills development, adjustability, and job performance.

Summary of American, Japanese, and German Priorities

As Figure 1 illustrates, competencies positioned at the center of the Venn diagram are important to marketing executives from all three of the countries surveyed. Moving from the center of the diagram toward American, Japanese, or German bases indicates competencies important to those particular countries. For example, Japanese marketing executives place more emphasis on negotiation, leadership, product management, and a strong work ethic.

The relative lack of importance placed on traditional marketing mix variables as shown in Table 3 also plays a noteworthy role in curriculum design. Apparently, executives are preferring another key element of the marketing concept-customer orientation.

DEVELOPING AND INTEGRATING THE DOMESTICALLY-BASED INTERNATIONAL MARKETING MANAGER CURRICULUM

Addressing the educational needs of a unique market segment can prove taxing for even the most flexible, change-oriented institutions. But developing and implementing position specific curricula is necessary if the academic community is serious about meeting the needs of an ever-changing global market. When debating such changes, academicians must consider the following:

The market's strong demand for curriculum change,
The necessity to design change based upon customer input,
The need to solicit input from domestic practitioners and those located outside the U.S.,
A focus on specific skills required for specific jobs, and
An incorporation of position-specific needs into a framework for manageable implementation.

Unfortunately, most international business programs have not yet internationalized their programs to the level of practical orientation sought by global managers (White and Griffith, 1998). Market discontent with American educational efforts to provide practical training that properly prepares students for positions in global business is well documented (Koch, 1997). Lundstrom, White, and Schuster (1996) go so far as to suggest a need to reconsider the entire process of curriculum revision in light of the requirements of practitioners. The authors recommend a curriculum development process, "…that shifts the focus from faculty preferences to customer needs…to address the current deficiencies in international marketing education."

The academic community, therefore, must consider the inclusion of specific business requirements in the international business curriculum as a benefit to not only the practitioner, but the academician as well.

> *"By establishing and maintaining an open dialogue with the business community, academicians can benefit in two ways: they can better tailor course offerings to fit the outcomes desired by practitioners, and they can reduce the criticism that they are insular and out of touch with the educational needs of the business community. Practitioners may also benefit by adopting a longer-range focus to their thinking. If the melding of both groups' orientations can be achieved through dialogue, students will develop both a portfolio of skills for immediate application and a broad, forward-looking mind-set to guide strategic business decisions." (Lundstrom &White, 1997, 24).*

When considering international education, the academicians must also be willing to go outside the boarders of the United States for direction. Unfortunately, most international marketing textbooks reflect primarily U.S. perspectives on marketing. Texts are too often based on U.S. business practices and reflect its particular attitudes, approaches, and institutions (Koch (1997). As part of a global business community, American institutions of higher education cannot allow their marketing theory to be based solely on the best national marketing practices from any single country. Academicians must realize that educational needs are different, in many cases significantly, among different countries (Gniewosz, 1996).

Just as the academic community cannot afford to be geographically myopic, faculty must avoid being "positionally" myopic as well. It has been noted both in this study and others (e.g. Bush and Bush, 1998) that international marketing professionals desire graduates with skills related to specific positions. Koch (1997) states that, "It may be good (and prudent), not only to vary the approach to marketing education from country to country in order to account for various strengths, weaknesses, and needs of students, but also to treat each education situation, or course, individually."

While the use of a market-driven framework will significantly enhance curriculum design and implementation (Abboushi, Conway & Peace, 1999; Javalgi et al., 1997), the implementation of such a process can be daunting. But by concentrating on the needs of the global market in general, and a specific position in particularly, academic institutions can better focus on achievable, practitioner-oriented goals. White and Griffith (1998) offer three guidelines for optimally developing international business that help focus the educational efforts:

> *1 Educational training must include real-world management issues,*
> *2 To become global managers, students must understand different cultural perspectives, and*
> *3 International business programs must be relevant to the operations of business today.*

Only after specific competencies are prioritized can each skill be placed within the framework of a detailed curriculum. Developing an entirely new curriculum or simply modifying an existing one may be in order, depending upon the status of the particular educational institution. Utilizing a model such as that detailed in Javalgi et al. (1997) provides a framework from which to work and further support for market input from a specific position perspective. This model, consisting primarily of the following elements: 1) Change oriented administration, 2) Internal and External Needs Analysis, 3) Qualitative and Quantitative research, 4) Curriculum development and subsequent feedback from the business community, 5) Marketing of the program, and 6) Monitoring of results, serves as an excellent resource from which minor, or significant, curriculum changes can be identified and implemented.

Addressing the specific skills, or competencies identified in this study can be further enhanced with the use of yet another model. Harrison's (1994) model, which focuses on cross-cultural training within a multinational corporate setting, provides an excellent framework of topical/content elements for international marketing management instruction. It is easily adaptable to a collegiate setting and is based upon the needs of the business community.

Figure 2 illustrates the key competencies identified in this study and delineates how the skills can be organized within an international specialty course as described by Kwok and Arpan (1994). This example, which includes the key competencies identified by the American, German, and Japanese marketing executives in this study, is hardly all-inclusive but does serve as a foundation from which to develop a curriculum aimed at the specific needs of the D-BIMM.

Figure 2
J. Kline Harrison's (1994) Structure and Sequence of Cross-Cultural Training Programs
With Broad-Based D-BIMM Adaptations

	D-BIMM *Competencies*	
I. Self Assessment		*General Orientation*
• Dealing with change	*Adaptability to Cultural Differences*	
• Managing stress	*Work Ethic, Entrepreneurial Skills*	
• Identifying attributes		
II. Cultural Awareness		
• General dimensions	*Social/Cultural Practices*	
• National values	*Customer & Competitor Information,*	
• Workplace incidents	*Product Requirements*	
III. Knowledge Acquisition		*Specific Development*
• Area studies	*Economic Conditions, Trade Regulations*	
• Language studies	*Communication Skills*	
• Host attitudes		
IV. Skills Training		
• Case studies	*Communication Skills, Negotiation and Selling Skills*	
• Area simulation	*Teamwork, Analytical Skills,*	
• Behavior modeling	*Leadership Skills, Professional Appearance*	

Skills de-emphasized in this study should not be ignored, and may be very important to a particular discipline, student body, or corporate sector that the educational institution serves. Educators developing D-BIMMs for work within European markets should refer to the Venn diagram in Figure 1 to address competencies in the center of the diagram and those on the right-hand side. Pacific Rim programs should emphasize those competencies in the center and on the left.

NECESSITY OF FURTHER RESEARCH

The D-BIMM, like any international marketer, must possess a wide variety of skills to be competitive in today's global economy. Marketing executives from the world's three most industrialized countries see many similar requirements of the D-BIMM, particularly within Regional and Marketing knowledge categories. Substantial differences are apparent, however, in General Business competencies and Personal Qualities; but even in these areas, respondents from all three countries strongly emphasize the skills of communication and adaptability to cultural differences.

Based on these findings, three areas require further research. First, a better understanding is needed about why executives from separate countries respond differently. Educators and business practitioners need to know if the identified competencies are based upon corporate strengths, weaknesses, cultural differences, or customer requirements.

Second, to fully understand the differences illustrated in the findings, educators must determine if the skill sets deemed important by each country stem from perceived strengths or weaknesses of the respondents. Teamwork, for example, often considered a strength of the Japanese corporate culture, is ranked only fifth out of seven general business competencies. Yet, this skill is ranked second in importance by German participants. Is the educator to assume that teamwork is an inherent strength within one country but a weakness in another?

Research regarding the teachability of the identified competencies also should be addressed. Stressing competencies in the curricula, which are more teachable, and providing awareness level education for the skills that are more inherent in nature will significantly help to maximize classroom efficiency. Through this type of research, the educational community can dramatically enhance curricula to meet the specific needs of the corporate community for a unique, yet growing segment, of international business.

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MANAGING HEALTHCARE FOR EXPATRIATES: QUALITY ASSURANCE USING A TECHNOLOGY-BASED APPROACH

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ABSTRACT

As organizations expand internationally to compete in the global economy, the healthcare needs of their "expats" increase proportionately. Concerns about access to and the quality of healthcare services are commonly shared by expats. Expats expect quality healthcare coverage and the lack of appropriate international healthcare may result in their decreased productivity. The provision of comprehensive healthcare services for expats similar to those available in their home countries poses a significant challenge for global organizations. Technology innovations, especially those known as telemedicine offer the greatest potential to deliver quality healthcare in the global environment. This paper discusses the role that technology innovation will play in addressing the challenge of providing healthcare services for expats.

INTRODUCTION

The demand for international healthcare is being driven by the globalization of economies (Smith 1997). When organizations send employees from their home country to their international operations (expats), employees expectations of healthcare services, both in quality and access to, are similar to those they are accustomed to back in their home countries. If these acceptable healthcare services are not available, the overall effectiveness of these employees may be impacted. If organizations are going to compete in the global economy, they must provide a comprehensive, modern healthcare system for their employees (Plock 1996).

The failure to provide access to quality healthcare for expats can cause dissatisfaction and may result in poor productivity. Abraham Maslow in his "Hierarchy of Needs" addressed the basic issue managers had to address in order to motivate employees. He broke these into "lower-order" and "higher-order" needs (Robbins 1997). Healthcare can be considered a safety need and is addressed in Maslow's "lower-order" needs. Acceptable healthcare services must be satisfied if the employee is to be motivated. Frederick Herzberg in his "Two-Factor Theory of Work Motivation" described those things that made you feel good about your job and those things that made you feel bad about your job. He called these "motivators" and "hygiene" factors. The "motivators" lead to job satisfaction and motivate employees while the "hygiene" factors cause dissatisfaction when they are absent (Luthans & Hodgetts 1995). Quality healthcare for expats seems to qualify for Herzberg's definition of "hygiene" factors. It should be apparent that the absence of quality healthcare (hygiene) could possibly inhibit or limit the performance of expats. Organizations can resolve these issues associated Maslow's "lower-order needs" and Herzberg's "hygiene factors" through the provision of quality healthcare services for their expats.

The important roles that healthcare plays in human culture are a driving force for international organizations. Future healthcare systems must recognize, maintain, and value human culture while at the same time providing a high quality of healthcare (Kilman & Forslund 1997). International organizations must align themselves in healthcare issues with employees, between the physicians, healthcare providers and insurance companies to ensure the availability and quality of the expats' healthcare services. Merely depending on health insurance companies to provide adequate coverage for their expats will not suffice. In fact, organizations must play an active role in ensuring quality healthcare for their expats. This may include bringing in healthcare providers (managed care) which currently have the have the technology available to provide these healthcare services to their expats (Smith 1997).

Just as global communications has been transformed through the World-Wide Web and the Internet, efforts are being made to build an information infrastructure that will have similar impact on the provision of international healthcare. Clinicians are pioneering Web-enabled healthcare applications that will allow them to function locally, regionally, nationally, and internationally. Hagland (1998) reflects that these systems will provide crucial healthcare information in a manner that will "shrink the miles between the stakeholders in healthcare, while simultaneously improving health status and care delivery and cutting costs." As the use of the World-Wide Web increases dramatically, technology innovation in healthcare can be expected to increase exponentially.

Smith (1997) states that while "no healthcare system in the world is stable," information technology will transform healthcare worldwide. The integrated virtual system developed through technology innovation will allow patients, primary physicians, and healthcare providers to be linked regardless of their locations. Virtual patient records will dramatically impact the ability to provide healthcare in the global economy (Kilman & Forslund 1997). The challenge of this technology innovation is translating the research into innovative products and services (Poste 1997).

TECHNOLOGY INNOVATION

Technology innovation is streamlining the transmission of patient and clinical data (Hoffman 1996). The impact is that the patient can be positioned electronically between his/her primary care physicians and the healthcare provider at their international location. Physicians, nurses and other healthcare professionals are able to have ready access to patient records. As an example, Intermountain Health Care (IHC), a company that has built an integrated delivery system that allows physician systems outside their group (24 hospitals) access to patient data.

George Poste (1997), President, R&D, SmithKline Beecham recognizes “the challenge of translating the remarkable momentum of today’s research into innovation products and services” for the healthcare industry. While incremental advances have historically been the routine, the global demands for healthcare require the dramatic advances available through technology innovation. These organizational linkages will require considerable managerial expertise to successfully deal with the varying organizational goals and objectives and cultural differences.

Telemedicine

Magenau (1997) defines telemedicine as “a wide range of medical services delivered from a remote site via electronic networks. It uses telecommunications networks to transmit medical data (i.e., x-rays, high-resolution images, patient records, and videoconference consultations) from on location to another. Such transmission occurs on the Internet, on corporate Intranets, using videoconferencing equipment, and on ordinary telephone lines.”

Telemedicine is in its infancy and the cost for its implementation may be expensive. However, technology is improving rapidly and primary care physicians in the near future can be expected to provide medical consultations from affordable and convenient multimedia desktop systems. For example, Sprint Healthcare Systems, Sprint’s healthcare-dedicated business unit, recently provided all of Florida Hospital facilities with videoconferencing/telemedicine services. This service allows a cost-effective approach for physicians to perform remote diagnoses and consultations. Ralph Randall, regional client manager for Sprint says, “We will implement technology that changes the way healthcare is delivered and improves the lives of both patients and healthy individuals.” This service allows radiologists to read X-rays and includes electronic storage and transmission of ultrasound, electrocardiograms, and other scanned images. It is interactive and allows patients and physicians to work simultaneously on their records to provide necessary treatment (Mycek, 1997).

The U.S. armed forces have effectively used teleconferencing applications to treat military personnel around the world. Through the use of satellites they have provided healthcare services to over seventy remote sites in such remote areas as Rwanda and Somalia. In their estimation, “the military has cut evacuation (of patients) by eighty-five percent because the personnel on the ground feel surer about their diagnoses” (Magenau 1997). While effective, it should be noted that the military does not necessarily operate under the same cost/budget constraints as private providers of healthcare services.

CHALLENGES & CONCERNS

Organizations offering healthcare services across country borders may encounter geographic and legal barriers to the implementation of their services. For example, in the U.S. there are concerns about physicians who regularly consult in states where they do not have a license to practice. Currently, 21 states require out-of-state physicians consulting across state lines to have a license in the state where the patient is located. In support of telemedicine, two years ago, the Federation of State Medical Boards offered legislation that would allow doctors holding an unrestricted medical license in one state to obtain a reciprocal license to provide electronic consultations in other states (Rose 1998). Healthcare attorney Robert Waters, counsel for the Washington, D.C. based Center for Telemedicine Law suggests "that some of the state bills are also projectionist driven as much by economic factors as by any quality concerns" (Anonymous, 1997). Similar medical licensing difficulties may be encountered when providing telemedicine healthcare services across country borders in the global economy.

Why has the implementation of telemedicine not progressed at a faster pace even though healthcare providers are willing to utilize it and patients will benefit from it? There seems to be two main obstacles:

1. *the cost of this technology is extremely expensive, and*
2. *there has been some resistance to reimbursement from insurance providers (McCue 1997).*

With the increased power and lower cost of multimedia software and personal computers, the overall cost to deliver telemedicine is expected to fall. Insurance providers are discussing this issue and are expected to consider its acceptance in the near future. Further innovative advances in the use of the Internet are also expected to support the delivery of telemedicine.

There are several other areas of concern. Many healthcare providers are uncomfortable with the privacy of patient information. Access controls and methods of authorization must be designed to limit electronic access to patient records (Kilman & Forslund 1997). As demand grows, there is a continuing shortage of trained network professionals (Janah 1998). Potential problems can also occur resulting from language barriers (Allen & Corcoran 1997). And finally, as with any activity in the global economy, cultural difficulties may be encountered when providing healthcare support throughout the world.

GENERAL DISCUSSION & CONCLUSIONS

Expats are empowered when provided with healthcare information and are given responsibility for their healthcare decisions. Innovations in technology will provide a strategic tool for solving the challenges of international healthcare (Allawi 1997). Organizations will have to play a major role in "unbundling" healthcare services for their expats. This role may include acting as an intermediary between insurance companies, healthcare providers, and their expats. The purpose of this new role of intermediary is to limit or eliminate expats healthcare concerns such as negotiating for coverage or reimbursement for healthcare services.

By establishing a diverse network of technical healthcare alliances, whose partners are both domestic and international, expats can be provided with the level and quality of healthcare services that they both expect and demand. An international effort based on virtual patient records that allows physicians, healthcare providers, and patients to work together offers the ability to provide quality healthcare services in an effective and efficient manner (Kilman & Forslund 1997).

In a global economy that stresses quality and cost, organizations must have motivated employees that are able to perform in an effective and efficient manner. Healthcare for expats represents, in the words of Maslow "a low-order" need that must be satisfied. Technology innovation can be expected to change the international provision of healthcare in a rapid and dramatic fashion. This work provides a mere introduction and should function as a solid theoretical foundation upon which to build future research.

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STAGING EXPERIENCES TO SATISFY NEEDS: A GAME HUNTING EXAMPLE

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ABSTRACT

The idea of a profitable exchange is encapsulated in the basic marketing concept of understanding consumers' desires. These desires, or needs, are expressed as wants and have traditionally been satisfied by means of commodities, products and services.

Rising affluence and the movement away from a commodity mindset call for experiences in addition to products and services, as need-satisfiers. Experiences are memorable events staged by providers to engage guests in a personal way on an emotional, physical, intellectual, and/or even spiritual level. Rather than satisfying a basic human need such as thirst and a want for coffee by brewing a cup at home (product) or enjoying one in a coffee shop (service), the consumer might prefer to have coffee in Café Espresso, an exclusive five-star restaurant with a romantic setting, lush decorations and soothing live music (experience).

A study of 616 game hunters showed that the need for a hunting experience is associated with the higher levels of Maslow's needs hierarchy, namely esteem and self-actualization. An entertaining, escapist, aesthetic and/or educational hunting experience is desired, not merely products and services. By setting a well-defined theme, providing positive cues, sensory stimuli and even memorabilia, the game rancher can ensure differentiation and prevent the commoditization of the hunting excursion, while also adding customer value.

INTRODUCTION

Marketing is based on a simple but powerful idea - achieving a profitable exchange between a supplier and a customer (Adcock, 2000: 4). This exchange is encapsulated in an understanding of consumers' desires, expressed as wants.

A human need is a state of felt deprivation or satisfaction. Maslow's (1970: 80 – 106) hierarchy of needs, a popular theory of motivation, arranges needs in ascending order of importance. As a person fulfills a lower-level need, a higher-level one becomes more important. Once physiological needs, the most basic human needs for food, water and shelter have been satisfied, safety needs for security and protection, become more dominant. Social needs, especially for love and a sense of belonging, constitute the third level in the hierarchy. Esteem needs, the fourth level in the hierarchy, focus on one's contribution to a group. Self-esteem needs include self-respect and a sense of accomplishment. They also include prestige, fame and recognition of accomplishments. Self-actualization, the highest human need, refers to finding self-fulfillment and self-expression.

Needs manifest in wants for particular offerings that can satisfy the needs. However, depending on the *level* in the needs hierarchy, products, services and experiences, or a combination of these, are possible satisfiers. This argument is elaborated on in the next section.

MOVING FROM PRODUCTS TO SERVICES TO EXPERIENCES IN SATISFYING NEEDS

Interpretations of the term "product" as need or want satisfier abound. Lamb, Hair and McDaniel (2000: 318) define a product as *everything* "both favourable and unfavourable, that a person receives in an exchange." Kotler (2000: 394), however, describes a product as *anything* "that can be offered to a market that might satisfy a want or need." Apart from the confusion between "everything" and "anything", the term product is also defined from an operational perspective. "Using commodities as their raw materials, companies make and then inventory goods – tangible items sold to largely anonymous customers who buy them off the shelf, from the lot, out of a catalogue, and so on." (Pine II & Gilmore, 1999: 7).

Over time, organizations began standardizing goods for economies of scale. Wealth generated by the manufacturing sector resulted in economic growth that fuelled the growth of the service sector, as increasing prosperity meant that companies, institutions and individuals increasingly became willing to trade money for time and to buy services rather than spend time doing things for themselves (Bateson, 1995: 4).

Services are therefore defined as intangible activities customized to the individual request of known clients (Pine II & Gilmore, 1999: 8). Service providers often use products to perform operations on a particular client (such as a haircut), or on his property or possessions (such as garden services), or on his behalf (cooking and serving a meal in a restaurant). Clients generally value the benefits of services more highly than the goods required to provide them. To escape the commoditization trap, organizations often deliver services wrapped around their core goods. This provides fuller, more complete economic offerings that better meet customer desires.

Over time, however, technological progress, competitive intensity and increased numbers of time-starved consumers and speed-obsessed businesses not only commoditized goods, but also services. Another step in economic value creation was needed to achieve differentiation. Already in 1995 former British Airways chairman, Sir Colin Marshall remarked that "One is to think that a business is merely performing a function – in our case, transporting people from point A to point B on time and at the lowest possible price. That's the commodity mind-set … Another way to compete is to go beyond the function and compete on the basis of experience." (Prokesch, 1995: 105). British Airways thus uses its base service (the travel itself) as a stage for a distinctive en route experience that gives the traveler a respite from the inevitable stress and strain of a long trip. Engaging customers in personal and memorable experiences relevant to their particular needs could hence enhance customer value, create differentiation and assist organizations in their attempts to prevent commoditization.

The call for experiences as want satisfiers furthermore arose as a response to increasing affluence and a movement up the needs hierarchy. Economist Tibor Scitovsky (1992: 67), in writing about the "Joyless Economy and the Psychology of Human Satisfaction" noted that man's main response to increasing affluence seems to be an increase in the frequency of festive meals, adding to the number of special occasions considered worthy of these, and ultimately, making special meals routine. Having coffee at home is replaced by regular outings to an exclusive restaurant. Such a restaurant excursion often has little to do with the coffee (product) or service per se, but rather with the resulting experience, rich with sensations, created within the customer. Lighting and audio equipment assist in creating a sensory experience of sight and sound, while textured materials, flavored ingredients and fragrances serve as props to affect the senses of touch and smell.

The restaurant experience also has little to do with satisfying physiological needs, but rather with satisfying self-esteem and self-actualization needs. The challenge is to determine the needs of the consumer and offer exactly what is desired.

RESEARCH QUESTIONS

Hunting constitutes an important element in the South African game farming industry. During 1998 an amount of R157 million (approximately US$22.7m, US$1 = R7) was generated from daily rates and trophy fees from foreign tourists and South African hunters (Olivier, 1999). This amount excludes the expenditure on aspects such as taxidermy, tours before and after the hunt, air transportation and personal expenses, as well as expenses incurred by hunters not using the services of professional hunters (PHs).

Taking cognizance of Maslow's hierarchy of needs, the question arises:
What needs do particular individuals want to satisfy by hunting wild animals?

Knowledge of hunters' needs raises another question:
What actions can game ranchers take in meeting these needs?

RESEARCH DESIGN

To answer the research questions, responses were obtained from a sample of 616 South African hunters who primarily hunt in the Eastern Cape Province on privately owned farms. The game industry in Eastern Cape is the largest in South Africa and was growing at an average rate of 40% in 1999 compared to the 30% of 1996. By 1998, the industry was worth about R45 – R50 million.

Apart from the geographic demarcation, the study focused on the hunting experience particularly related to kudu hunting. Two reasons were fundamental to this decision: from a hunter's perspective, the kudu is generally considered to be the most impressive of all the antelope species (Young, 1992: 28 - 29) and kudus are considered to have the highest economic yield in the study area. These limitations notwithstanding, the questions raised were generic to the industry and, as such, it would be fair to assume that had a broader geographic area as well as other species been included, the study would probably have yielded very similar results.

Sample selection took the form of non-probability sampling since no accurate database of South African hunters was available. Respondents were identified from information provided by hunting associations, ammunition outlets and by utilizing snowball sampling (as described by Aaker, Kumar & Day, 1998). Invitations to participate in the research were also extended through local newspapers and the monthly publication of a local hunting association. A single mailing of an explanatory cover letter, questionnaire and a postage-guaranteed return envelope resulted in a response rate of 17.4%.

A list of 13 possible needs of hunters was identified from previous research (Eloff, 1993) and from discussions with experts from the hunting fraternity. These needs are listed in Table 1.

Table 1
Factor analysis of hunters' needs

		Factor 1	Factor 2	Factor 3	Factor 4
Cronbach's alpha		0.79	0.67	0.51	0.48
% Cumulative variance explained		32.7%	45.1%	56.3%	66.3%
Item	Need				
9	To be able to say :I've done it"	0.852			
8	To try out something new	0.707			
10	To entertain someone	0.689			
13	For the feeling of achievement	0.629			
4	For the trophy	0.623			
2	To be in nature		0.878		
1	To escape city life		0.798		
5	To see game up close			0.824	
12	To photograph wildlife			0.680	
3	For the biltong / venison				0.841
7	For the social experience				0.698
6	Testing of hunting skills	Did not load well - omitted			
11	Adrenaline rush	Did not load well - omitted			

In any research it is necessary to test the reliability and validity of the measuring instrument (Sekaran, 2000). *Reliability* can be tested by determining the degree to which respondents attached the same overall meaning to each of the items in the measuring instrument. The most popular test of inter-item consistency reliability is Cronbach's coefficient alpha. The closer a coefficient is to 1, the higher the internal consistency reliability and the better the measuring instrument. Reliability coefficients lower than 0.60 are deemed to be questionable, those close to 0.70 as acceptable (Nunally, 1978; Peterson, 1994), and those larger than 0.80 as good (Sekaran, 2000). The alphas in this study ranged from 0.79 to 0.48. Given the exploratory nature of the study, these values were deemed acceptable. However, the low values of 0.51 and 0.48 indicated that part of the research instrument needs to be further refined for future use.

Validity of the measuring instrument is indicative of the extent to which the concept intended to be measured was actually measured (Sekaran, 2000). One way of determining validity is through a factor analysis. A factor analysis is a multivariate technique that would confirm the dimensions of the concept that have been operationally defined, as well as indicate which of the items was most appropriate for each dimension (Sekaran, 2000). The computer programme BMDP4M (Frane, Jenrich & Sampson, 1990) was used, specifying principal component analysis as the method of initial factor attraction and a direct quartimin oblique rotation of the original factor matrix. Eleven of the 13 items loaded onto four factors as shown in Table 1. The values of all loadings were above 0.623. The items "testing of hunting skills and adrenaline rush" were excluded from the analysis either because they did not load at all or because of poor discriminant validity.

MAJOR FINDINGS

Upon analyzing Table 1 it is clear that none of the needs are on a physiological or safety level. Most of the needs are associated with self-actualization, the highest level of the needs hierarchy. These include the need: to be able to say, "I've also done it", to try out something new, to feel a sense of achievement and to show off the trophy. Although the desire to entertain someone could be an esteem need, it could also be classified as self-actualization in terms of having the financial means and ability to treat someone to a hunting excursion. The need to photograph game, or see them up close is linked to the need of prestige, fame and recognition of accomplishment. A biltong hunt can hardly be described as satisfying the physiological need of hunger as there are numerous less expensive ways of procuring meat. A biltong hunt is typically of a social and group orientated nature and could hence be classified as a social need.

Based on the earlier argument that higher level needs are likely to be better satisfied by experiences than merely by products and services, the above findings seem to indicate that the hunting excursion should be treated as an experience.

Products such as game, facilities related to accommodation, slaughtering and cooling, and services such as guides, trackers and transportation, form an integral part of the hunting excursion. All these are, however, subject to standardization and commoditization. In an attempt to enhance customer value and create differentiation, the game rancher could focus on staging the desired experience while maintaining high standards of products and services.

MANAGERIAL IMPLICATIONS

Pine II and Gilmore (1999: 30 – 38) identify four realms of experiences: entertainment, education, escape and aesthetics. These could affect the individual on an emotional, physical, intellectual, or even spiritual level.

Customers involved in an *entertaining experience* are not really actively doing anything other than responding to the performance. The experience is usually absorbed through their senses. Those partaking in an *educational experience* may want to "learn". Unlike entertainment, education involves the active participation of the individual. To truly inform a person and increase his knowledge and/or skills, educational events must actively engage the mind.

The *escapist experience* is what guests want to "do". This experience illustrates the shift from reading the book, watching the movie to experiencing the ride. Rather than watching others act, the individual becomes the actor and is able to affect the actual performance.

Aesthetics is what makes guests "want to come in, sit down, and feel free". However, consumers have little or no effect on the environment, although they are immersed in and touched by the experience.

The above four spheres are often mutually compatible and co-mingle to form uniquely personal encounters. In fact, the richness and realness of the experience is enhanced by blurring the boundaries between the above four spheres.

As all four realms also apply to the hunting experience, game ranchers are challenged to identify and address the needs of hunters in this regard. Taking cognizance of the spheres of an experience as well as of the needs and motives underlying the hunting excursion, the game rancher could differentiate his offering from those of competitors by addressing these in tailoring the experience offered to the needs of his guests.

Listening to thrilling hunting stories told around the campfire or even accompanying and watching other hunters in their hunting encounter could, for example, provide an *entertaining experience*. To ensure an *educational experience*, the game rancher could provide information about the area, vegetation and the characteristics and habits of different species. An educational experience could also result from sharing knowledge about rifle calibers, ammunition and tracking skills particularly suited to kudu hunting.

The *escapist realm* could be addressed by allowing hunters more personal involvement in tracking, retrieving and even skinning game.

A*esthetic experiences* could be achieved by allowing the hunter to simply "be in nature" and enjoy the scenic beauty, peace and tranquility. Observing a female buck suckling her offspring or watching vultures circling overhead could contribute to the experience.

Apart from providing the desired hunting experience, game ranchers should attempt to make the experience a memorable one. This can be achieved by paying attention to four steps: defining a theme, creating positive cues, involving all the senses and presenting memorabilia (Pine II & Gilmore, 1999: 46 – 61).

A well-defined *theme* gives guests something around which to organise the impressions they encounter, while leaving a lasting memory For example, the theme "African experience" already sets the stage and gives hunters an immediate idea of what to expect. Planning a theme could start with anticipating how guests would describe the experience: "It made me feel …" or "It was like …". (Pine & Gilmore, 1999: 52).

With the theme as the foundation, *cues* that affirm the nature of the experience could be introduced. Inanimate cues can arise from a display of trophies or elements such as the architecture or features of the accommodation, which enhance the African image. Animate cues emanate from people, and can originate from the dress code and behaviour of the game rancher and his staff.

Products and services turn into engaging experiences when layered with *sensory* phenomena. The sensory stimulants that accompany an experience should, however, support and enhance the theme and the positive cues. The more effectively an experience engages the senses, the more memorable it will be (Pine II & Gilmore, 1999: 59). The sounds, smells and sounds of the wild experienced during a night drive could considerably enhance the African experience.

People often buy certain goods primarily for the memories they convey and as tangible artefacts of the experiences they want to remember. Providing *memorabilia* is therefore the fourth step in enhancing an experience. Offering themed experiences layered with positive cues and avoiding negative ones, could encourage guests to acquire memorabilia to commemorate their experiences. If the experience, however, does not live up to expectations, memorabilia obviously will not be in demand. An even more important reason for buying memorabilia is the desire to show others what has been experienced, to generate conversation, and, perhaps, to create envy. Memorabilia are thus a way to "socialize" the experience and to transmit parts of it to others, while in the process satisfying esteem needs. It also explains hunters' aspirations to take a trophy or photographs home with them. These memorabilia could even serve as a means of enticing new customers.

In creating a memorable experience, however, game ranchers have to ensure that they do not create a memorable experience of the unpleasant kind. Consumers tend to forget consistently dependable service while remembering the occasional mishap and sharing this with whoever wants to listen. Preventing a negative experience calls for attention to aspects such as conditions of the hunt being clearly spelt out in writing and agreed upon beforehand.

CONCLUSION

The game rancher who wants to be competitive cannot afford to only concentrate on offering quality products and outstanding service, but has to focus on providing a memorable hunting experience. This study shows that individuals hunt to satisfy their self-actualization, self-esteem and social needs. As it is imperative that the experience addresses these needs, the rancher has to find the optimum combination of entertaining, educational, escapist and aesthetic situations. The memorableness of the hunting experience can be enhanced by setting a theme, building in positive cues, involving all the senses and adding memorabilia that will extend the experience in the customer's mind over time.

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GLOBALIZATION AND MARKET ADJUSTMENT: KOREAN CASE

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ABSTRACT

Information revolution is transforming the age of national market into single world market, making the world into a global village. Following this trend, Korea adopted globalization as a national goal in 1995 so as to achieve the status of an advanced nation by means of positive changes in economic and corporate structures , social and cultural life of the nation. Globalization is regarded as the quickest way to become a highly industrialized nation, and as a way to boost an image of a nation in the global community. However, the long-held tradition in addition to structural and behavioral problems of Korean economy were not only the basic causes of 1997-98 financial crisis, but also negative factors to fulfill the process of globalization. A significant market adjustment is needed in the fields of financial structure, corporate governance, labor market, politics, economics and culture. Globalization in Korea is far from its realization. Globalization requires both free market system as well as a high degree of transparency and flexibility to change by the entire society to the changing world.

INTRODUCTION

Information revolution is taking place in every corner of the world, linking people and nations in a most dramatic way in the 2lst century. No human civilization has ever seen such an unprecedented technological breakthrough, which enables almost free flow of knowledge and communication among the citizens of the world. Man in the remote corner of the Himalayan mountains can instantly communicate with the man in the middle of Manhattan, New York through internet networking in our time.

This revolution has a significant impact upon the world trade, business, investment, politics, economic growth, marketing activities, social and cultural aspects of every nation. This change will redirect the course of the future history of mankind. No one can escape from the consequences of this information revolution which is transforming the age of many national market into an age of single world market, turning the world into a global village. The 2lst century is ushering in more stateless, borderless, global market organizations. There is a tremendous pressure to do business across national borders, as globalization can be a means of reducing costs and expanding markets (Ashkenas,2000).

The method of production, pricing, promotion and distribution are greatly affected by the changes in our instant communication. Consumers are also changing their ways of obtaining information of product, quality, pricing, and purchasing. Increasing levels of consumer sophistication can be seen in all the industrialized markets. Thus, managers and decision-makers are required to adopt new innovations in order to accommodate increasingly complex consumer wants and needs. The markets in the new millennium are being integrated in an unprecedented scale worldwide. As a result, competition is becoming stiff worldwide, and the challenge is most often competitive survival in a changing world of market.

Economical and political environments in this new age are hastening the process of globalization in every nation. However, the speed and way of changes are difficult to predict for each country, because of the differences in their cultural and historical backgrounds. The long-held values of each society are so deeply rooted in the minds of consumers that the transformation may be hard to achieve in many cases. Values change on a time scale of generations, not months or years.

In this paper, Korea is chosen to study the impact of globalization and market adjustment. Korea is an ancient country which has held a long tradition of rigid neo-Confucian ethical values, racial homogeneity, and thus a limited experience with racial and cultural diversity. How Korea would react to the globalization and market adjustment should be of great importance to the world citizens, as this country may possess many similarities of several Asian and other nations whose values and traditions are similar to Korea.

GLOBALIZATION AS NATIONAL GOAL

The globalization is more than just simple free market system which allows free trade, free movement of capital and investment among the nations of the world. The concept of the globalization involves political, cultural and social transformation into liberalization. Korea understood that the globalization can be an ideal way to become an advanced industrialized nation in the world through mainly economic changes. Many intellectuals and politicians in Korea thought that globalization may be the quickest avenue to become a highly industrial country, as the concept of internationalization seems to be consistent with democratic system with the free market economy (Kim, 1999).

In 1995, Korea adopted globalization as a national goal to be implemented in several major areas such as market and economic systems, environmental dimensions, cultural life and education.

Many thought that a drive toward the globalization in Korea could boost the image of a mature nation among the nations of the world, so that economic activities and trade could be enhanced in a new height. A philosophical concept of internationalism coincides with a new spirit of cooperation and competition emerging in Korea, as the country has rapidly achieved an industrialized country in recent decades. One explanation as to why Korea has adopted globalization as a national policy was to attract short and long term foreign investment, to transform its closed financial sectors of the economy, and to apply for the OECD (Lee, 1996).

In view of the rapidly changing conditions in the global villages and new strategic planning and policy required by the economic trends of global competitiveness, Korea recognized that the business firms could not and should not depend on governmental protection any longer. Korean business must promote and implement free and open market strategy to enhance her own global competitiveness. Governmental intervention should be ceased, and that the infant industry protection theory should be the by-gone concept. This should be the only strategy for competitive survival and economic growth in the 21st century.

Indeed, in the past several decades, Korean business firms have rapidly expanded into international markets such as North America, Western Europe, Southeast Asia and Latin America. This expansion of trade and investment has generated further impetus to the economic globalization of the nation. The worldwide economic transactions, however, have waken business firms to realize that they should become more competitive in both domestic and foreign markets. The internationalization also works in a two-way street. Korea's trading partners demand that the Korean markets be opened for their products as well as to adopt the fair trade policy. It is important to realize that in a world competition, international companies can enter into every sector of domestic economy, including industrial and service sectors such as banking, legal service, consultation, and physical distribution (Moon, 1995).

MARKET ADJUSTMENT

The Asian financial crisis of 1997-98 was a wake-up call for economic and market reforms in Korea not only for its own need for quick recovery, but also to prepare for globalization. Korea was desperately in need of reforming several major sectors of her economy such as financial market, corporate management, labor market, and conglomerate structure. It should construct an efficient and transparent financial structure. Transparent corporate management should be established. Labor market should not be so rigid that the firm cannot dismiss labor when the market is stagnant. Korea must put an end to the practice of guaranteeing loans to the conglomerates subsidiaries. Conglomerates should concentrate on specialized core business, so as to enhance its core competence and world-wide competitiveness. They should support for small and medium-sized enterprises. Innovation and entrepreneurship should be encouraged in every level of business world, especially in small and medium enterprises. Accountability on the part of majority shareholders and managers should be implemented. The shortage of external liquidity in the form of intra-bank credit might have been the catalyst for the crisis, but ineffective structure and business management was the underlying cause of the 1997-98 financial crisis. It could be a blessing in disguise. Certainly, the weakness of business structure and inefficient management with many problems could not be a sound basis for implementing globalization.

An extensive reform in financial system in Korea has been implemented since the 1997-98 financial crisis. Inefficient and non-productive banks and finance companies have been closed or merged with stronger institutions. An effective legal system has been placed to assist and to improve the bankruptcy process of these weak companies. Productive commercial banking system is in operation to efficiently allocate financial resources (Lee, 1999).

In the area of corporate governance, reform has been very slow and ineffective with no positive result in sight. Conglomerates (called "chaebols") need to be restructured, so that concentration of financial and productive powers, misuse of loans, should be avoided. The empire building of conglomerates should be discouraged at all cost. Core competence and profit orientation based on their increasing capacity to export should be encouraged. Small and medium sized enterprises should be highly promoted so as to enhance the growth of output, employment and the innovations in the economy. Capital venture along with entrepreneurship should be strongly promoted.

A change in foreign direct investment has been emerged with the advent of the Asian financial crisis. In order to reverse the shortage of liquidity, Korea has encouraged FDI. Korea adopted unusual step to permit foreigners to be able to purchase land. This may be the most liberalized policy. However, a cultural and social transformation must precede before the FDI becomes more socially acceptable. This may be the beginning of change for better things to come. People should learn to acknowledge that globalization may mean alliances, and Korean business firms need a significant progress in this thinking pattern (Krause, 1999).

Labor market in Korea is known to be inflexible. This may be particularly true in the labor market in the conglomerates. The strategic response to these problems may include a policy of reducing labor market regulation, so that employers can easily dismiss employees when the economy is slow, while at the same time adopting the policy of national unemployment insurance system and the social safety net (Noland, 1999).

PROGRESS OF GLOBALIZATION

An ideal process of globalization in any society should include economic policy concerning the basic structure and goals of the economy and the society. A strategic economic policy would determine the priority of important national goals and its timeline of actual implementation. Therefore, this means that the process of internationalization includes the timeline and orderly sequence of the market adjustment based on the adopted priority of essential goals of the society. The question will be, then, how to make such strategic decisions on the process of globalization under the situation of conflicting international and national objectives and demanding environment in a changing world. This kind of creative tensions and conflict between national priority and global pressure may be ever present in this process of globalization.

The goals of globalization in Korea was not even close to its reality of implementation, as shown in Table l. In 1998, Korea's globalization rank was 46th place, compared to 43rd place in 1996. Korea's global competitiveness ranking was declined from 27th place in 1996 to 35th place in 1998. This backward movement might have been due to the financial crisis of 1997-98. A sharp decline of GDP in 1998 was apparently due to the Asian financial crisis as well. The same trend was seen in GNP growth rate, which dropped to negative 5.8 percent in the same year. Unemployment rate also increased sharply to 6.8 percent in the same year.

In spite of the fact that Korea adopted globalization as a national goal, and conceptual support of globalization, Korea demonstrated discouraging results as shown in Table l. The explanations for this poor achievement may include the high wages and interest rates, inflexible labor market, questionable financial dealing, and inefficient financial structure. All these factors have had negative impact on the process of globalization. Nonproductive and shady practices of conglomerates such as empire building, expanding the scale of conglomerates rather than profitability from their export and management along with ever increasing investment in subsidiaries, and high debt-equity ratios have not generated positive influences upon the globalization process in Korea (Kim, 1999).

Table l
Korea's Globalization Performance Indicators for 1992 through 1998

Category	1992	1993	1994	1995	1996	1997	1998
Globalization Rank (IMD)/N	6/15	11/15	44/48	40/48	43/46	45/46	46/46
Global Competitiveness Ranking (IMD)/N	5/15	6/15	24/48	26/48	27/46	30/46	35/46
GDP (US $billion)[MOFE]	308	333	381	457	484	443	304
GNP Growth Rate (%	5.1	5.8	8.3	8.9	6.8	5.0	-5.8
GNP per capita (US $)[MOFE]	6,958	7,484	8,467	10,037	10,543	9,511	6,823
Unemployment rate (%)	2.4	2.8	2.4	2.0	2.0	2.6	6.8

Sources: Adopted from International Institute for Management Development [IMD](1998); ROK Ministry of Finance and Economy (MOFE); and United Nations Development Programme (1995-1999) and World Bank (1999).

The culture and tradition of a society may be an important factor on international trade, politics and marketing. Cultural attitudes affect most aspects of international marketing activities such as purchasing behavior, product preferences, consumption patterns, advertising, management, work ethics, and values. In the past few decades, advances in communication and information technology have enhanced the linkage of global economics, politics, society and culture among the nations of the world. The exclusiveness of Korean culture, however, may be somewhat detrimental to the speedy process of globalization. The exclusive cultural nationalism may not be consistent with the gradual integration of various cultures. Globalization, for example, has not sparked any excitement upon younger generations in Korea. They tend to be more isolationist, nationalistic and leftist than old generations, who may have a more global view (Moon, 1995, Kim, 1999).

The political tension between nationalism and internationalism became very obvious when government announced plans which would provide 7 million ethnic Koreans abroad legal status almost equal to that of Korean citizens at home. The issue shook the whole nation, raising the opposition from every direction. As of this writing, this issue is not settled in fear of legal and various oppositions.

Korea may not yet be an advanced and fully globalized country. However, Korean economy in 1999 and 2000 began to indicate positive signs of unmistakable recovery in the credit rating, tourism and export volume, particularly favorable exports in semiconductors and automobiles. National fiscal policy, private consumption and trade surplus have generated positive impact upon the recovery of the Korean economy from the 1997-98 crisis. In the new millennium, however, Korea needs to face the challenges of resolving the basic problems that caused the crisis in the first place, that is, reform in financial structure, labor market, conglomerate structure and practice, and transparent management. Then, the globalization may slowly be progressing in a positive direction in the 21st century.

SUMMARY

Information revolution has transformed the age of many national markets into an age of single world market, making the world into a global village. The 21st century is ushering in more stateless, borderless, global market organization. This revolution has a significant impact upon international trade, investment, marketing activities, social and cultural aspects of every nation. A tremendous changes in instant communication are hastening the process of globalization.

Korea adopted globalization as a national goal in 1995, as people perceived that globalization may be the quickest way to achieve the goal of reaching the level of advanced nations in the world. The process of globalization would involve political, economic, social and cultural transformation. In this context, globalization policy was widely supported by many, as it may promote the image of the country in the world stage and it could assist international marketing activities.

However, Korea has a deeply rooted structural and behavioral problems in their political, economical, social and cultural aspects of national life. The inherent domestic weaknesses in financial system, corporate governance, politics, economic system, and labor market were not only the fundamental causes of 1997-98 financial crisis, but also negative factors to fulfill the goal of globalization. As a result, Korea's globalization is far from its realization.

Globalization requires not only free market and trade system, but also comprehensive openness in social, political and cultural life of a nation. This does take time. Values change on a time scale of generations, not months.

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CUSTOMER SATISFACTION IN THE FINANCIAL INDUSTRY: SAN FRANCISCO VERSUS MELBOURNE, AUSTRALIA

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ABSTRACT

This study uses surveys administered to residents of San Francisco, California and Melbourne, Australia to measure customers' perceptions of their banking environment. We find that on every dimension measured, U.S. customers are more satisfied with their financial institutions than their Australian counterparts. This paper details survey results and presents implications for the marketing banks in the banking industries for both countries.

INTRODUCTION

One of the most important measures of success in marketing financial institutions is customer satisfaction. Although there has been extensive research into the bank marketing environment within a country (see Lisanin, 1998, Gardener, 1994, and Meyers and Mullins, 2000), there is little research measuring customer perception of banks internationally. That is, there are very few studies measuring the customer perception of one country's banking environment compared with another country's banking environment. One exception (Witkowski and Kellner, 1996) is somewhat disappointing because the differences discussed lack significance statistics. This paper measures consumer perceptions of banks in Melbourne, Australia and San Francisco California, and compares consumer perceptions in the two countries.

On every dimension, consumers in San Francisco are more satisfied with their banking environment than consumers in Melbourne. Further, we find that the most significant areas of difference are due to external factors. These factors may be related to bank regulation in the two countries and how banks are allowed to compete. We begin by discussing the methodology.

METHODOLOGY

One of the authors surveyed consumers in Melbourne, Australia and San Francisco, California to determine their perceived level of customer satisfaction with their banking institutions. The respondents were asked to indicate their level of satisfaction with their bank on a scale of 1 to 5 (1 is poor and 5 is excellent). The survey (see Exhibit 1) was organized to determine the split between the external features and the internal features of the banks. External features include location, convenient hours, parking, borrowing rates, certificate of deposit rates, variety of services, and service fees. Internal factors include employee courtesy, employee knowledge, and general ease of doing business. We designed this Internal/External orientation to examine differences caused by management, employee training, and general business savvy compared with factors more outside of normal management control (e.g., history, location, regulation, and economic factors).

The survey concludes by having respondents evaluate their overall impression of their bank. To measure these perceptions, a convenience sample was used. Surveys were administered in different parts of Melbourne and San Francisco to assure a more representative sample.

EXHIBIT 1

1. Do you have an account at a bank? (checking, savings, certificate of deposit, car loan, mortgage, etc.)
   __ yes
   __ no (terminate)

2. On a scale of 1 to 5 please indicate the level of satisfaction for your bank. If you have accounts at more than one bank evaluate the bank where you do the majority of your business.

VARIABLE	POOR	FAIR	GOOD	VERY GOOD	EXCELLENT
Location	1	2	3	4	5
Courteous Employees	1	2	3	4	5
Knowledgeable employees	1	2	3	4	5
Ease of doing business	1	2	3	4	5
Convenient hours	1	2	3	4	5
Borrowing rates	1	2	3	4	5
Rates on certificate of deposit	1	2	3	4	5
Parking	1	2	3	4	5
Variety of services offered	1	2	3	4	5
Fees for services	1	2	3	4	5
Overall impression of bank	1	2	3	4	5

Because the samples were independent, and because the number of participants allowed population tests rather than sample tests, the authors performed a basic difference of population means tests on the data to examine whether there were significant differences between the population means for the two samples.

SURVEY RESULTS

The research focuses on whether the means differed significantly between the respondents who have bank accounts in San Francisco versus those who have bank accounts in Melbourne. Exhibit 2 lists results for each category. The most striking result is that on every dimension measured, the average level of customer satisfaction was greater for customers in San Francisco than in Melbourne. As would be expected, the mean overall bank perception was significantly higher (at the a<1% level) for San Francisco bank customers than Melbourne bank customers. This suggests that consumers in San Francisco have a higher overall level of customer satisfaction than consumers in Melbourne.

The differences were not significant for the variables of courteous employees, knowledgeable employees, ease of doing business, and borrowing rates. Note that with the exception of borrowing rates, all of these factors are internal. This suggests that San Francisco consumers do not significantly more favorably view overall bank management than do their Melbourne counterparts.

The means were significantly different at a < 5% for CD rates and for variety of services offered. The means were significantly different at a < 1% for location, parking. The means were significantly different at a < 0.1% for convenient hours and fees for services. Many of these are external factors having to do with bank history, and economic factors. Even variety of services offered, hours and fees may have a strong regulatory flavor; however, to understand the exact scope of regulation, more research on is needed.

EXHIBIT 2

Variable	Mean Score: San Francisco	Mean Score: Melbourne	z-score	Level of Sig.
Location	3.90	3.36	3.76	1%
Courteous employees	3.39	3.30	0.72	Not Sig.
Knowledgeable employees	3.20	3.15	0.42	Not Sig.
Ease of doing business	3.25	2.99	1.94	Not Sig.
Convenient hours	3.34	2.73	4.35	0.1%
Borrowing rates	2.71	2.65	0.49	Not Sig.
Rates on CD’s	2.50	2.23	2.09	5%
Parking	2.88	2.27	3.90	1%
Variety of services offered	3.48	3.15	2.77	5%
Fees for services	2.33	1.67	4.96	0.1%
Overall impression	3.09	2.70	3.13	1%

The most unfavorable rating for both cities is for fees. The mean score was 1.67 for Melbourne and 2.33 for San Francisco. One reason perceptions might not be as low in San Francisco could be explained by the recent publicity of curbing fees on all automatic teller machines in San Francisco (Harwood).

Survey respondents in Melbourne pointed out that four banks control the majority of the banking business. They are National Australian Bank, ANZ, Commonwealth Bank of Australia, and Westpac. Respondents were concerned that fees would increase because of rumors that there would be mergers among these four banks. These rumors appear to be unfounded because the Australian Prime Minister and Treasurer have reaffirmed their position that there will not be any mergers permitted among the four largest banks (Flint).

Many of the respondents in Melbourne voiced complaints about the government taxes and charges. The government credit tax is applied to any credit made to an account, unless the account has been declared exempt by the government. A government debits tax is also applied to any debits made to an account that has a check processing facility. Note that this, too is an external factor involving government regulation and taxation of the banking industry.

IMPLICATIONS

The banks in both cities are given relatively high marks for location. Many of the respondents indicated that they continue to use their bank because of the convenient and numerous locations. The automatic teller machines are a convenience valued by many of the respondents, and represent a way of improving Melbourne consumer perceptions.

If banks focus their efforts on making improvements in the internal factors such as courteous employees, knowledgeable employees, and ease of doing business, they will not significantly improve their perception levels. Based on this survey, there appear to be no significant differences between San Francisco and Melbourne banks, and this is not an area on which banks should focus.

However, banks should focus their attention on external factors. For example, increasing the use of ATM's would be a way of overcoming a bank's historical physical placement by increasing the number of locations at which a consumer may bank. Further, they could begin lobbying, in concert with their customers to improve the regulation of the financial environment.

SUMMARY

This study has examined consumer perceptions of banks in Melbourne, Australia compared to San Francisco, California. Based on our study of both cities, we conclude that consumers in San Francisco have, on every dimension measured, a better perception of their banks than do consumers in Melbourne. Further, we found that the differences were not due to internal factors, such as management or employee attitude , but rather due to external factors including such things as location, CD rates, etc. Further, we found that San Francisco consumers had a better overall impression of their banks than did consumers in Melbourne.

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Welcome to the fourth volume of the *Academy of Marketing Studies Journal.* The Academy of Marketing Studies is an affiliate of the Allied Academies, Inc., a non profit association of scholars whose purpose is to encourage and support the advancement and exchange of knowledge, understanding and teaching throughout the world. The *AMSJ* is a principal vehicle for achieving the objectives of the organization. The editorial mission of this journal is to publish empirical and theoretical manuscripts which advance the discipline, and applied, educational and pedagogic papers of practical value to practitioners and educators. We look forward to a long and successful career in publishing articles which will be of value to the many marketing scholars around the world.

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As editors, we intend to foster a supportive, mentoring effort on the part of the referees which will result in encouraging and supporting writers. We welcome different viewpoints because in differences we find learning; in differences we develop understanding; in differences we gain knowledge and in differences we develop the discipline into a more comprehensive, less esoteric, and dynamic metier.

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MANUSCRIPTS

RELATIONSHIP MARKETING: JAPANESE STYLE

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ABSTRACT

The relationship marketing takes various forms and practices in many different countries. The practices of relationship marketing are largely shaped by historical and cultural factors. In Japan, in the pursuit of establishing relationships, large manufacturers with their financial and technical resources have expanded their dominance even over distribution channel. They took control of wholesalers and retail outlets. These affiliated stores are known as "keiretsu." The original concept of keiretsu was expanded to greater application in the business structure, creating closely knitted group of diverse business entities. The keirestu has been one of the key elements for the Japanese economic miracle in the postwar era. The keiretsu is a sort of teamwork concept with close cooperation within the members. However, the exclusive nature of the keiretsu structure and practices benefits the members of the group at the expense of unfair competition in the marketplace. The practices have also limited foreign investment and competition in the global village. Obviously, some changes are needed in these structures and practices, especially in the environment of an increasing trend of free trade.

INTRODUCTION

In every college marketing classroom, long-term relationships between sellers and buyers, and between business to business are strongly emphasized so as to enhance long term benefits to both parties. However, the forms and method of establishing relationships are varied in every country. This is so, because the practices of relationships are shaped by historical and cultural context. The relationship marketing has been one of the major subjects of great interest to many academicians and business communities in recent time.

We also stress that customer today is seeking individualized product that meet his/her particular need. They demand a high quality and tailor-made goods and services. This is true, because customers have easy access to information of all kinds of product through internet and website advertising. The information age has caused a tremendous transformation in the customer's behavior and market demand. In this marketing environment, the relationship marketing took an extreme form in such a way that it was even institutionalized in their structure in some cases.

In Japan, in the vigorous pursuit of establishing relationship marketing, large manufacturers have established their own distribution channel, so that the wholesalers and retails are virtually operating by the control of these large firms. These large firms control the distribution channels by imposing their own price through intensive promotion and providing financial benefits to the wholesalers and retailers. The manufacturers were anxious to expand retail coverage to sell their products through their own new retail outlets throughout the country. These retail outlets are known as "keiretsu," or affiliated stores.

This practice of tight control of distribution channel by manufacturers has been subject of controversy over the years among the world communities. In particular, U.S. business community demanded that the strict control of the distribution channel by manufacturers be relaxed so that American firms can penetrate into the Japanese market. Article 23 of the General Agreement on Tariffs and Trade (GATT) dictates that a member country would have the same access and benefits in the competitive marketplace as the host country has. That is to say, open market free trade competition is promoted through the Agreement. This could be a strong basis for protesting against Japanese economic institutions and keiretsu practices (Johansson, l986).

This paper examines the history, structure, and impact of keiretsu system practiced by Japanese business firms in their marketplace. This study is of great importance to both academicians as well as business community, because it could provide secrets of Japanese marketing success as well as potential problem to the business community worldwide. First, how did keiretsu initiate in Japan?

HOW DID THE KEIRETSU BEGIN?

Japan is an island nation. In the ancient time, Japan was ruled by feudal landlords and their samurai (warriors) in small feudal fiefdoms like in many countries. Every feudal landlords and their samurai provides protection to the common citizens within their boundary of feudal fiefdom. In return, the common citizens pay their tax and dues to the feudal landlords as well as their absolute loyalty. This basic relationship has persisted over the years even to the modern time.

The same pattern of this relationship applies to the Japanese corporations today. The corporation is viewed as the landlord, a top in the social ladder, and subcontractors, wholesales, retailers, and consumers are considered as the common citizens in their descending social hierarchy . This structure has provided a historical foundation for a vertical pyramid in the marketplace (Sakai, l990). This structural relationship provides the rationale for intensive Japanese pursuit for market share in both domestic and global marketplaces. If and when the landlords expand their boundary of fiefdoms, that is, market share, they would have a greater power base for taxation and manpower in their territory.

In the l9th century, the Meiji government launched a historical and drastic economic modernization in Japan. A few prominent groups of industrial and financial enterprises were given the task of modernizing the Japanese economy in various fields such as manufacturing, banking, shipbuilding and military industrial production. These enterprises were called zaibatsu. They dominated most of the pre-World War II Japanese industry. The zaibatsu has undergone some difficult times following the World War II, but they have transformed into the form of keiretsu during the recovery period.

Japan is known as a group-oriented society. Teamwork is a well-known practice in Japan. Naturally, Japanese business depends on collegial group relationships formed by family relationship, by affiliation of the firms, and by cooperation with other business firms. This relationship generates deep and enduring mutual reliance and trust in the conduct of business, research, information sharing, and even in joint business ventures. This relationship has been the backbone of the Japanese success in the postwar era. In Japan, the government is also a part of this collegial group relationship.

THE STRUCTURE OF KEIRETSU

A salient development in Japan's postwar marketing system was the extensive control exercised by large manufacturers over their distribution channels. Especially, in several consumer goods industries, centrally controlled distribution systems were emerged. The dominance of distribution systems was initiated by large manufacturers. Large manufacturers have financial resources to initiate such a dominance. In this process of control, large manufacturing firms have taken over distribution functions through outright ownership of retail outlets or by bringing independent wholesalers and retailers under their dominance (Yoshino, l97l).

The keiretsu system has been one of the key ingredients for the Japanese economic miracle. Under this system, they developed better products, efficient methods of transaction, business cooperation, and lower prices for both domestic and global markets. Due to the fact that member firms have the interlocking ownership of various business enterprises within their membership, they could pursue their long-term corporate goals even in time of short-term loss. This is not possible if you are an independent firm, trying to survive in a day to day operation. In addition to the interlocking ownership, keiretsu members involve joint ventures, interlocking directories, intragroup financing, long-term business relationships and social interaction. The keiretsu system is a nucleus and central nerve of business and social relationships in Japan (Herbig, l995).

The structure of keiretsu may be classified as three types: (a) horizontal (financial keiretsu) -- including a major bank, financial institutions, and large trading company, (b) vertical (production keiretsu)--- large manufacturing business firms which control affiliated suppliers and distributors, and (c) distributional keiretsu -- where a manufacturer owns or controls its own distribution channel including wholesalers and retail outlets. For instance, Sanwa keiretsu include commercial banking, life insurance, construction, textiles, food and beverages, chemicals, steel, transportation, department stores, real estate, and distribution, etc.

Horizontal keiretsu may usually be comprised of several diverse industries such as commercial banks, trust banking, life insurance, and trading company. The objectives of this keiretsu are to share their knowledge and to make strategic decisions on their investment portfolio, in addition to their routine management. This closely knitted structure tends to diminish the impact of foreign competition by blocking their entry. At the same time, the members tends to lower the cost of capital and to ensure markets and loyal suppliers with lower prices. They also provide each other preferential access to purchasing and to assist in adopting new technology and information.

Vertical keiretsu can be explained by emergence of a large manufacturer dominating integrated distribution system. It is often found in the consumer industries dominated by oligopolistic firms such as automobile, pharmaceutical, and electric home appliances (Yoshino, 1971). Large manufacturers such as Nissan and Toyota Motor Corporations and their contractors maintain a web of interlocking long-term relationship between the manufacturers and their main suppliers (Blinder, 1991). These small and medium-sized manufacturing firms are basically captives of larger manufacturing company. In 1980, two of every three companies were classified as subcontractors of larger firms (Kotkin and Kishimoto, 1988).

The larger firms with their financial power and business know-how can help the subcontractors with supplies, and technical assistance. It follows that when a subcontractor accepts its contract from a subsidiary of one of the giant companies, its independence is lost. He will become a part of keiretsu. He would be instructed as to what to produce, when to sell it, and what price to charge (Herbig, 1995).

In such a business environment, the vertical keiretsu has made a significant reduction in imports and a great increase in exports to international markets. In a way, keiretsu structure has resulted a great benefits to Japanese producers and negative impact on Japanese consumers (Lawrence, 1991).

Distribution keiretsu can be explained by distribution channeling arrangements between manufacturers and distribution channel members. This means that large manufacturers have their own wholesale operations and even retail outlets. The manufacturer controls many of its retailers through equity ownership or financial dependence. The distribution relationship is simply considered as a natural extension of the company. It is possible for the manufacturer to impose fixed prices at which the goods must be sold. Resale price maintenance helps manufacturers increase profits (Herbig, 1995).

Several patterns of manufacturer-controlled distribution systems are noted. The first one is the case where the manufacturer has complete control of distribution through their own outlets. The second one is the case where manufacturer control franchise system such as distribution of gasoline and automobiles. The third one is the case where the manufacturer brings existing independent marketing intermediaries under their control by organizing them into a group of affiliated wholesalers and retailers (Yoshino, 1971).

Control over distribution channel by manufacturer creates a serious burden on the firm itself, making heavy demands on his already strained financial and managerial resources. To remain effective, a manufacturer's control over the distribution system requires his continuing attention (Yoshino, 1971).

IMPACTS OF KEIRETSU

As noted, the keiretsu system has made a tremendous contributions to the postwar Japan's industrial miracle. This system is a sort of team work concept, in that it is an excellent form of business cooperation. The keiretsu concept is also culturally adaptable and thus it became a corporate culture in Japan. The philosophy of this system is deeply rooted in the spirit of economic cooperation which may lower transaction costs, promoting joint research projects, and development of new technologies.

The members of this system were almost guaranteed of many benefits of financial assistance, dominance of stock voting power, collaborative marketing research and product development, guaranteed markets and sources of supply. In addition, the member firms have an easy access to global export. Vertically integrated industrial entities share the burdens of marketing research costs, thus reducing the financial risk in technology ventures. Interdependency of several business entities can employ technical expertise to resolve both the problems and to explore new territory of business ventures without taking serious long-term risks. Therefore, they also provide a high degree of stability needed to promote risky investment (Herbig, l995).

Keiretsu system has several disadvantages. As noted, non-member companies have some difficulties in competing with this system, thus fair competition would be significantly lessened in the marketplace. This is also true in the realm of global competition. Open market free trade concept is minimized by the practice of keiretu practices. Keiretsu system reaps benefits at the expense of unfair competition in domestic and global markets.

In Japan , the business firms are controlled by management teams, and average investors have little power in business operations. Since keiretsu members have cross-equity shareholdings, their management horizons tend to be a long-term orientation. They are willing to sacrifice short-term profits by lowering prices to gain long-term market share. Individual stockholders have very little input in company decisions. In a way, in its business structure, Japan remains insular and exclusive (Herbig, l995).

It is obvious that the keiretsu system cannot be practiced effectively in the global market. The bureaucracy-industry relationship such as keiretsu can not sustain in the global market, because it will face legal entanglements. The globalization demands that Japan should open up his market for the international communities.

The Keiretsu have been an important ingredient in Japan's economic miracle. However, with the requirement of the global free trade agreement and fair competition, the keiretsu system needs to be altered, to promote fair competition domestically and internationally. They need to eliminate those characteristics which disrupt fair trade. These characteristics must change to meet the demand of international community for free trade and fair competition worldwide.

SUMMARY

The relationship marketing takes various forms and manners in many different countries. These forms and manners of relationship marketing are shaped by largely historical and cultural factors. Certainly, Japan has a unique institutionalized relationship markets in the form of keiretsu. The keiretsu system was deeply rooted in the historical context. In the modern era, the modernization of Japan's industry and economic reformation movement germinated the formation of zeibatsu and keiretsu. In the process of economic expansion, manufacturers have vigorously developed their own network of retail outlets to sell their products, and attempted to control the distribution channel as part of the management expansion. These affiliated outlets are known as keiretsu. The concept of keiretsu has expanded to include closely knitted group of several business entities. The concept of keiretsu is also culturally adaptable and thus it became a corporate culture in Japan.

The keiretsu has been one of the key ingredients for the Japanese economic miracle in the postwar ear. The keiretsu is a sort of teamwork, and it is an excellent form of business cooperation. The members of keiretsu receive many benefits of financial assistance, dominance of stock voting power, collaborative marketing research and product innovation, almost guaranteed markets and sources of supply. The members have an easy access to international export. Interdependency of several business firms can employ technical expertise to explore new business ventures with minimum risk-taking.

The keiretsu system cannot be practiced effectively in the global markets. It does not appear that this system has a future as a global organization. The Japanese market will eventually open up widely for foreign competition in our global village.

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MARKETING CONCEPTS FOR BANKING IN THE NEW MILLENNIUM

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ABSTRACT

This study discusses the marketing environment facing banking and the financial services industry as they compete in the new millennium. There have been more changes in banking in the past five years than the previous fifty years. Reregulation beginning with the Depository Institution Deregulation and Monetary Control Act and continuing through the recent elimination of the Glass-Steagall Act will continue changing how banks market their products.

To be competitive, financial institutions must appraise how they are delivering products and services, determining that their marketing approach meets their customers' needs and demands for financial products. Non-banking entities continue to enter the financial services arena which has given rise to the need to market products more effectively. Additionally, customers' wants and needs are constantly changing, along with changing technology and delivery methods. Attention to service quality is mandatory for those institutions who hope to increase their marketshare. A dilemma is created for those in the financial services industry. Where is emphasis placed--on service or cost? The successful financial institutions will be those who can adapt their marketing approach to meet the demands brought about by changing laws, technology, and customer requirements.

INTRODUCTION

With the beginning of the new millennium, there is a need to focus on the fact that banking has changed and is changing at a very rapid pace. In fact, the industry has undergone more changes in the previous five years than all of the prior 50 years combined. It is also important to realize that this rapid change is not just limited to the banking industry—it touches every phase of American life as the computer, competition, and the Internet change the way products and services are delivered. How can banks position themselves to be competitive?

Some key questions that need to be asked about marketing bank products in the new millennium are:

What will banking look like in the future?
Will bank asset size determine success or failure?
What will banks have to do to insure success?
How will the "new competition" impact the individual bank?
Can all of the banks make the "cut"? If so,
Will banks have a rising investment value?
Will the banks be relevant to their customer/prospect base?

What has changed in banking since 1980? Interstate banking has become a reality. The firewalls between commercial banking and investment banking have been eliminated by the repeal of the Glass-Steagall Act, Bank consolidation has been extensive, with big banks replaced by giant banks. Nonbanks and secondary markets have taken a major role in retail lending. Most loan funding has become almost totally interest rate sensitive. Thrifts have lost any status that they previously held and historic reason for being. The desire to reduce costs has resulted in automation has transformed backroom and delivery systems, and technology has changed in geometric proportions.

What has not changed since 1980? Banks and thrifts are highly profitable and growing. Branches are still the primary focus of banking. Customers prefer small institutions to large ones. Deposit insurance continues to have a major impact on customer money placement. Small business lending remains highly specialized. Quality service continues to be critical to bank customers.

FACTORS IMPACTING FINANCIAL INSTITUTIONS

Looking at the net impact on banking since the 1980s, large banks are in a race for size and national marketshare. Mid-sized banks and stock thrifts are doing well but face the greatest likelihood of having their markets erode and their organizations being acquired. Small banks and thrifts are doing very well, but the future contains a large number of unknowns.

As banking enter the 21st century, they must consider several pertinent factors. Some 43 million households own personal computers. Conservative estimates predict that 60% of the households in our country will be online by the end of the year 2000. Computers are providing more processing power for less money. For example, in the early 1970s, Bank of the Southwest in Houston purchased the first third generation computer mainframe used to process a bank. They paid $1.3 million for that computer. Today, most laptop computers costing some two or three thousand dollars are more powerful than that 70s state-of-the-art computer!

This is the information age. The improvements in connectivity through fiber optic cable had over 10 million households with DSL (digital) technology in 1998. The Internet with its worldwide web has changed and is changing the way Americans conduct their business. With these changes there has been a cultural shift in American living and in the assumptions financial institutions make. The customer expects to get things done instantly, efficiently, and without human mediation. Perception of reality in terms of distance, hours, etc. no longer exists.

When it comes to technology and banking, the market paradigm has been transformed. Today, banks have computer banking, unattended telephone balance response, and automatic bill payment. Banking is evolving with its existing customer bases looking at new and larger arrays of products and financial competitors that they must compete with. Bank consolidation has become a reality with an industry high of 14,500 banks declining below the 9,500 level this past year (FDIC). If banks are going to succeed, they must get over the denial, self-pity, and anger about change, and set a course that will allow competing effectively in the entire financial arena.

FUTURE MARKETING ISSUES

Jeanne Althouse, Director, Future of Money Program for The Institute for the Future located in Menlo Park, California presented a program to the recent Independent Bankers Convention in San Francisco. She said the 21st Century Customer will be:

1	*College educated majority, which will increase to 70%.*
2	*Currently averaging $40,000 family income per year, which should increase to $50,000 annually by 2005.*
3	*On-line computer user, with 46% owning PCs.*
4	*Seeking control, better information, interaction, and convenience as opposed to the traditional customer who is seeking price, accessibility, convenience, and quality.*
5	*Educated customers have more financial accounts. 20% of new consumers and 42% of college graduates have 4 or more financial accounts.*
6	*Like electronic payments (with 18% using them).*
7	*High information comparison seekers with over 40% using 3 or more sources.*

While it is frightening to see how rapidly customers demands are changing, one thing that has not changed is the need to give the customer the services they want and deliver them in such a way that it will be difficult for the competition to take the customer away from the bank. Community banks have a distinct advantage over the large regional or multi-national banks in that they generally know their customers by name and give them personalized service. That is what sets the community bank apart from the competition and insures their place in the market.

ADDRESSING MARKET ISSUES

Turning to some specifics concerning what banks are facing in the new millennium, it is not all gloom and doom, but it is sobering and demands the undivided attention of those banks wishing to be competitive. Banking as it exists now will have to move to the concept of the financial services firm. A financial services firm is a business that supplies financial products and services. The general categories of these products and services include transaction accounts (checking), portfolio accounts (loans and time-related deposits), insurance, investment banking (securities underwriting and broker/dealer transactions), fiduciary services (trust and estate management), financial planning, and data management/processing.

Just months ago, Congress eliminated the Glass-Steagall Act, which since 1933 had provided the "firewalls" that separated investment banking from commercial banking. Congress felt that there would be a rush by aggressive banks to offer the investment banking services, insurance services, and other services that were not allowed under present laws. However, their expectations have been slow to develop as banks cautiously take a conservative wait-and-see attitude. Eventually, it is inevitable that investment banking and commercial banking will be locked in competition for the "total customer".

Another issue that must be addressed by the Congress is who may own a bank, which will have a major impact on marketing and product delivery. Currently, the Federal Reserve has a long list of permissible activities for bank holding companies. Should a non-bank entity such as J. C. Penney desire to own a bank (as defined by law as an organization that both accepts deposits and makes loans) it would have to divest itself of all activities not permitted by the Fed. Likewise, under current law, if a bank holding company wanted to conduct an activity such as manufacture telephones it would have to dispose of its bank.

Assuming that Congress "modernizes" its laws relating to banking, the financial services industry will be made up of all firms that provide financial services and products. As such it will be an amalgamation of traditional firms such as banks, thrifts, securities, insurance, real estate, credit union, and finance companies. Additionally, it will include those firms not traditionally known primarily for the delivery of financial services such as General Electric, Ford, General Motors, Sears, Daimler-Chrysler, J. C. Penney, AT&T, and others.

Consolidation within banking and the financial services industry is on-going at a rapid pace and will continue to be a factor well into the 21st century. All one has to do is look at Citicorp and Travelers, who were so anxious to consolidate and get an advantage over the competition that they consolidated or merged without formal regulatory approval. In fact, if the Glass-Steagall Act had not been repealed and specific legislation had not been passed, they would have had to reverse the consolidation or merger within three years! Additionally, the largest banking organization was created by the merger of Nations Bank and BankAmerica. Another blockbuster merger was BankOne and First Chicago. Lost in the merger of these giants were thousands of mergers and consolidations of smaller banking organizations across the entire nation. All of the above will have a substantial impact on how banks market and deliver services.

As pointed out earlier, there will continue to be mergers and acquisitions both on the national scene and local scene, but with all of the merger activity, the big national and regional banks will not eliminate the community banks, if they do what they do best. What most bankers don't realize is that the large banks are probably more concerned with takeover (and justifiably so) than the community bank. Many of the larger banks have designed elaborate anti-takeover plans to keep some of their peers and other financial industry giants from merging with or acquiring them. Being consumed with take-over, could cause some major banks to fail to come to speed with their marketing effort.

Another major issue facing a changing banking industry is the concern that product expansion will create more risk, which might jeopardize bank safety. The public is not ready to give up its Federal Deposit Insurance Corporation insurance. Congress has already shown that it is unwilling to extend the insurance safety net to cover non-traditional banking products. This could create a major dilemma.

Often, management in banks and other organizations are fearful of introducing new products. As banks move toward a highly competitive financial services industry approach, they must step up and deliver products that will meet the public's needs and make banks more competitive. With the changing technology in banking, there has never been a time like the present when the public was demanding so many new services and products. At the same time, competition should cause the bank's management to look for new products and services to retain existing customers and attract new bank customers. The status quo approach will not allow banks to be competitive in today's environment.

SERVICE QUALITY AS A MARKETING DRIVER

It is becoming more obvious that the delivery of quality service is the single most important element for banks to be successful. Unfortunately, quality is much like the weather, everyone talks about it but very few people do anything about it. Recall, if you will, shortly after World War II the radios and other products coming out of Japan. They were cheap, unreliable and not competitive in the American marketplace. To compete, the Japanese dedicated themselves to a quality discipline that now has them at the forefront of quality. If banks are going to be equal to the challenge, they can accept nothing less than 100% accuracy. Why? Because most banks and companies are willing to accept errors and mistakes in the range of from 1 to 5 percent! Some banks and businesses regard a nominal error rate as routine.

Here is why even 99.9 percent isn't good enough. Jeff Dewar, a researcher for Q.C.I. International, a quality improvement training firm, clearly proves why 99.9 percent isn't good enough. Dewar stated in *USA Today* , "As we face the future, 100 percent performance will become the predominant philosophy." To prove his philosophy, here is what Dewar says would be the result if things were done right "ONLY" 99.9 percent of the time:

A *Two unsafe landings at Chicago O'Haire Airport every day!*
B *16,000 lost pieces of mail per hour!*
C *20,000 incorrectly filled drug prescriptions per year!*
D *500 incorrect surgical procedures performed each week!*
E *22,000 checks debited from wrong accounts per hour!*

Should you be one of the lucky 99.9% this would be fine, but should you be among the "unlucky one-tenth of one percent" in the above examples, the error affects you 100 percent. It is rather obvious why banks cannot accept “nominal errors”.

SUMMARY

To be competitive in the 21st century, banks must create a climate for success. This climate consists of obtaining, training, and keeping good people. People are banks’ most important asset. To involve their people, banks need to build group effectiveness, which cannot be ordered or "willed". Instead, it is a climate that exists in which the employees feel that their ideas are valued, and that they are a part of the group--not outsiders. Further, they need to feel that they have management's support to try new things without fear that they will be second-guessed. They need encouragement to keep going against the challenges that face them. Successful employees need to be rewarded for their successes, and at the same time, those that weren't quite so successful need to be encouraged to try again.

In conclusion, there are many challenges to banking in the future, but there are also many opportunities for those financial organizations flexible enough to adapt their marketing approaches to meet the demands brought about the changing banking scene.

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CONSUMER PRODUCT QUALITY AND THE OPTIMAL CHOICE: A PERFECT INFORMATION FRONTIER APPROACH

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ABSTRACT

Taking a consumer perspective, a conceptual framework of product quality and the technical methods of its measurement are presented. Using Maynes' model of Product Quality and the Perfect Information Frontier, this study also devises a pragmatic and sensible method to combine both subjective and objective elements of the consumer product quality in order to assess different purchase alternatives and reach the optimal consumer choice.

SCOPE AND RATIONALE

Consumer search and evaluation as a process, and consumer information as a product are considered pivotal elements of consumer freedom of choice in the free and competitive market system. Well-informed consumers become able to make their buying decisions wisely and freely which in the long run helps the market in which they operate to prepare for better responses to consumer demand and expectations. The benefits of the knowledgeable choices, therefore, are not only for consumers to reap, but also are more likely to spill over the market structure enhancing its effectiveness and facilitating its operations. According to Wilkie and Dickson (1991), informed consumer choice rewards sellers who offer better marketing mixes, and stimulates other marketers to improve their offerings.

Consumer information, specifically on product quality, purchase value, and price, has been predominately based on subjective assessment by buyers which made consumer perception of those constructs essential determinant of consumer behavior (Bishop 1984; Doyle 1984; Jacoby & Olson, 1985; Sawyer & Dickson 1984; Schlechter, 1984). Part of the fundamental reasons of relying on perceptions is the lack of directions to consumers from theory and previous research on the alternatives to the perceived concepts. Zeithaml (1991) believes that research on concepts such as quality and price and their linkages has provided few conclusive findings where some research efforts have been criticized for inadequate definitions and conceptualizations (Monroe & Kirshman 1985; Zeithaml, 1983), inconsistent measurement procedures (Monroe & Kirshman, 1985), and methodological problems (Bowbrick 1982; Olson, 1977; Peterson & Wilson 1985). The objective of this study is to present a practical method to identify the optimal choice of consumer purchases based on the assessment of product quality and price.

THE CONCEPT OF PRODUCT QUALITY

Zeithaml (1991) defines quality broadly as superiority or excellence of a product. However, the focus for Zeithaml immediately departs from the general sense to the consumer perception of the concept. This shift in the focus takes the term to a higher level of abstraction and farther away from objectivity. It, ultimately, makes the concept of quality limited enough to be sort of an attitude. Perceived quality becomes the consumer's judgment about a product's overall excellence or superiority. Lutz (1986) distinguishes between "affective" and "cognitive" quality. Affective quality is a form of value judgment similar to Zeithaml's perceived quality or a form of attitude (Holbrook and Corfman 1985; Olshavsky 1985). Cognitive quality is related to the dominance of search attributes (assessed before purchase) over the experience attributes (assessed during consumption) of a product.

Maynes (1976) ties the definition of quality to a certain frame of limitations. For him, it is the quality of a specimen versus a product. With the specimen, a product would be put in a normative perspective defined by the relevant combination of the brand and seller. The quality, thus, refers to the extent to which a specimen provides the service characteristics that the individual consumer desires. Service characteristics are defined in terms of the services rendered to consumers throughout consumption. They are those aspects of a product which cause consumer utility to rise such as the durability, beauty, and safety of a product.

Maynes (1976) believes that the concept of quality is universally subjective while other scholars differentiate between subjective and objective quality (Garvin, 1983; Dodds and Monroe, 1984; Hjorth-Anderson, 1984; Holbrook and Corfman, 1985; Jacoby and Olson, 1985; Monroe and Krishnan, 1985; Parasuraman, et. al., 1986; Zeithaml, 1991). Objective quality, according to Zeithaml (1991) refers to the measurable and verifiable superiority on some predetermined ideal standard. Holbrook and Corfman (1985) called the objective quality mechanistic, and the subjective quality humanistic

THE MEASUREMENT OF PRODUCT QUALITY

Maynes (1976) suggests that service characteristics pertain to the product itself for they are defined in terms of the service provided and the satisfaction derived , not in terms of the input producing the service. Service characteristics are measurable, and can be combined with other measurable elements such as the "weights" to calculate quality (QL):

$$QL = [\ Sum\ (W_i S\ c_j) / Sum\ W_i X\ 100\ ]$$

where:

$$0 <= W_i <= 100$$
$$Sum\ W_i = 100$$
$$0 <= S\ c_j <= 100$$

Where W_i refers to the weight which measures the relative importance assigned to a particular service characteristic by the individual consumer, and Sc_j refers to the service characteristics. Each of the weight and service characteristic is denoted by a value ranging from 0 to 100. Assigning 0 to the weight of a specific characteristic means that characteristic is not important at all- a consumer would be indifferent if that characteristic is not available in the desired product. Assigning 100 to the weight of a particular characteristic means it is the only important characteristic of that product for a particular consumer. Consumers can reflect their tastes and preferences in the way they prioritize the characteristics such that the sum of all weights assigned to all characteristics should not exceed a 100.

Unlike the weight which is assigned by consumers, Service characteristic scores are to be professionally measured or ranked in as much as neutral way to reflect the performance of the product characteristics. If a characteristic is ranked by 0, it means that a specific product does not have a specific feature to produce the corresponding service. In contrast, a rank of a 100 refers to a full performance of that feature, hence an ultimate service. Since the performance of the product features and their services are measured and ranked individually and independently, there is no restriction on the sum of the values assigned to the service characteristic.

In his original model, Maynes' calculation of quality produced a subjective measure because it included not only consumer-assigned weights but also consumer-assessed service characteristics. In this study, Maynes' formula of calculating quality is adopted but there is a also crucial divergence from his notion of the purely subjective quality. However, the formula of calculating quality remains additive and time-specific. The two elements in this application of Maynes's formula would offer both subjective and objective measure of quality. The weight (W_i) would be exclusively subjective for it represents consumer's taste and preferences, while the characteristic score (Sc_j) would be objective for it represents a valid and reproducible measure of the services of a product feature that is based on either the technical conformance to the manufacturing specifications and service standards, or on experts' collective view of the extent and effectiveness of the product services, or a combination of both. Professional product testing such as that of the Consumer Reports can provide an objective measure of the service characteristics of a product. Zeithaml (1991) suggested that "published quality ratings from sources such as Consumer Reports are used to operationalize the construct of objective quality"(p.30).

PRODUCT QUALITY VERSUS PRICE

In order to make the best choice of a purchase among several alternatives, information on the quality and price of a particular product has to be collected. The market and certain set of brands of the product have to be defined. When the qualities of different brands in a certain market have been calculated, and prices from different retailers have been collected, the optimal choice of a purchase can be determined by matching the brand of the highest possible quality with the lowest possible price. The "highest possible" refers to the highest quality that can be afforded which may not be the absolutely highest quality available. Similarly, the "lowest possible" refers to the most affordable price of the best qualities which may not be the absolutely lowest price offered. Bei and Widdows (1999) stated that "a perfectly informed, rational consumer faced with an array of price-quality combinations, would choose a combination that would give the preferred level of quality at the lowest price or the highest quality for the preferred price" (p.165).

Example:

Let's assume we want to buy a VCR. The first step is to consult the most recent issue of Consumer Reports in which VCRs have been tested and evaluated. The article on VCR evaluation can provide us with information on the product characteristics, and help us in more closely designate our local market by selecting a set of brands which are available at our defined market. The market may not be limited spatially but we need to be reminded that expanding the market circle may increase the cost of our search. Market expansion is plausible only when the benefits from it exceed the costs incurred in widening its range. From a long list of VCR brands tested in Consumer Reports, let's assume we end up with nominating ten brands that can be purchased at our defined market of ten retailers located within a reasonable radius.

Table 1 shows the calculated quality of ten brands of VCR. Service characteristic scores were obtained by converting the Consumer Reports bubble system of evaluation into numerical values of percentages. Speed shift, childproof lock, jacks, power backup, and index search are features which may or may not be available in a certain brand. The service characteristic scores assigned to these features, therefore, become binary- a 100 for an available feature and a 0 for not. The following are the evaluated characteristics with their consumer-assigned weights:

a	*Picture Quality (weight = 0.25)*
b	*Sound Quality (weight = 0.25)*
c	*Tuner Performance (weight = 0.10): The test of this characteristic indicates how well a VCR filters unwanted signals from channels next to the one being watched or recorded.*
d	*Ease of Use (weight = 0.05): The test here reflects ease of connections, instructions, programming, and using the remote.*
e	*Durability (weight = 0.20): This is based on the repair history during five years after purchase. The highest durability is associated with the least frequency of repair.*
f	*Speed Shift (weight = 0.05): This characteristic refers to the capability of the set to automatically switch recording speed from SP to EP to extend recording time before the tape runs out.*
g	*Childproof lock (weight = 0.05): This feature allows an adult to disable certain functions and buttons on both the set and the remote.*
h	*Jacks (weight = 0.05): This deals with the availability of additional audio and video jacks to hook up camcorder, auxiliary speakers and video game players. It would add an extra convenience if these jacks are front-mounted.*
i	*Power backup (weight = 0): This feature keeps the clock and the programmed shows going for a 10-minute power outage.*
J	*Index Search (weight = 0): This feature allows the set to skip to an electronic bookmark placed automatically every time a recording start.*

The distribution of the weight in this example reflects the consumer's priorities and importance of the features. Picture and sound qualities come first. They represent 50% of this consumer's criteria of a VCR. A closely important feature is durability taking one-fifth of the general criteria. The fourth important feature is the tuner sensitivity taking 10%, followed by ease of use, speed shift, childproof lock, and jacks which were equally weighted at 5%. Features such as power backup and index search do not seem to be important at all for this consumer.

Table 1: Product Quality Scores

Weight (Wi) %	25	25	10	5	20	5	5	5	0	0	Total: 100%
Characteristics	Picture Quality	Sound Quality	Tuner Perform	Ease of Use	Durability	Speed Shift	Child-Proof	Jacks	Power Backup	Index Search	Quality Score
Panasonic	0.90	100	0.60	0.60	0.85	100	0	0	100	100	78.50
Quasar	0.85	0.90	0.85	0.50	100	0	0	100	100	0	74.75
Sony	0.80	100	0.90	0.40	0.55	0	0	100	0	0.50	72.00
Sharp	0.80	100	0.60	0.60	0.75	0	0	100	100	0	69.00
RCA	0.75	0.80	0.80	0.60	0.75	0	0	0	100	0	64.75
Hitachi	0.70	0.80	0.60	0.60	0.80	0	0	100	100	100	62.50
Magnavox	0.80	0.75	0.40	0.40	0.80	0	0	0	100	0	60.75
JVC	0.75	0.75	0.75	0.40	0.60	0	0	0	0	0	59.00
Emerson	0.50	0.60	0.40	0.80	0.65	100	100	100	0	0	53.50
GE	0.80	0.60	0.50	0.40	0.25	0	0	0	0	0	47.00

THE PERFECT INFORMATION FRONTIER AND THE OPTIMAL CHOICE

The Perfect Information Frontier (PIF) is a locus of all points for which a given quality may be purchased for the lowest price. However, not all the points representing the lowest prices for given qualities qualify to be on the frontier. Qualified points are only what Bei and Widdows, 1999 call "smart purchases" which refer to those points the connection of which form positively sloped segments of a line (Maynes, 1976). A series of these segments would form a Perfect Information Frontier.

In our example, calculated qualities of alternative brands of VCR were set against the prices of these alternatives. Each quality score is associated with a vector of prices referring to different prices at different retail outlets (Table 2), and depicted by the upward arrows on the PIF graph. The bases of these arrows represent the lowest prices available for each brand. The Perfect Information Frontier was formed by connecting ACFHJ for which all negatively sloped segments (dashed lines) were skipped. Maynes emphasized that "the restriction of the perfect information frontier to the positively sloped segments is dictated by the interest of consumer. Points on negatively or zero sloped segments would be dominated by other points lying to the right: the points to the right would offer higher quality at either the same or lower price" (p.65).

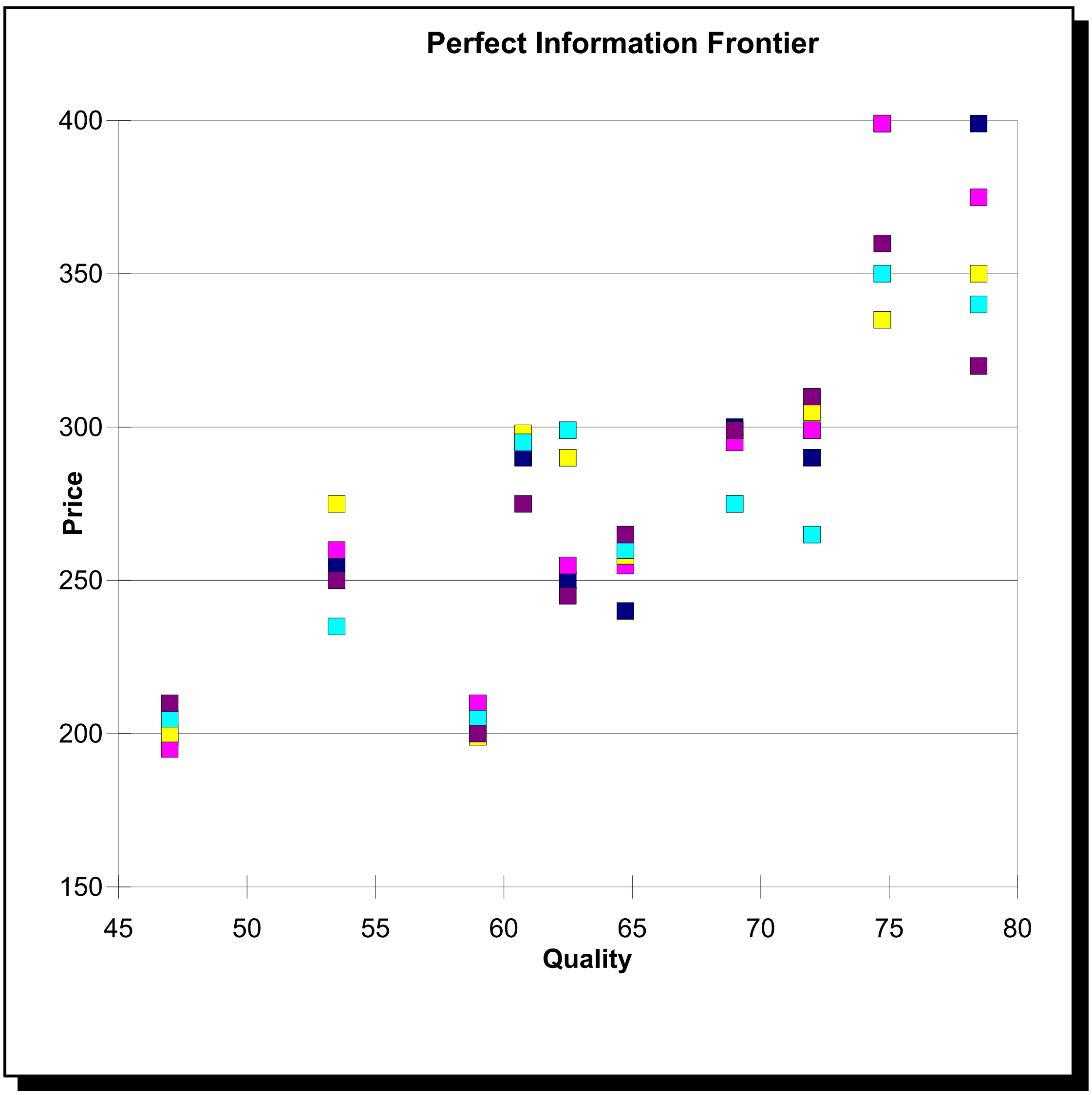
The general rule of thumb in making the best choice is for a consumer to purchase a specimen that is on or, at least, near the perfect information frontier. The justification is that departing away from the frontier would require paying more for equivalent quality. To choose the point on the frontier that represents the best choice would require a consumer to go by the general rule of utility maximization: spend your income so that, at the margin, each penny spent on purchases yields the same increment of utility (quality).

Table 2: Product Prices at Five Retailers						
Alternatives	Quality Score	Retailer 1	Retailer 2	Retailer 3	Retailer 4	Retailer 5
Panasonic	78.50	399	375	350	340	320
Quasar	74.75	399	399	335	350	360
Sony	72.00	290	299	305	265	310
Sharp	69.00	300	295	275	275	299
RCA	64.75	240	255	258	260	265
Hitachi	62.50	250	255	290	299	245
Magnavox	60.75	290	295	298	295	275
JVC	59.00	200	210	199	205	200
Emerson	53.5	255	260	275	235	250
GE	47.00	199	195	200	205	210

Logically, a consumer may limit the comparison to the last three points of the frontier, F, H, and J which represent RCA, Sony, and Panasonic. It would be entirely up to an individual consumers to decide how much money they are willing to spend for extra quality. For instance, the shift from RCA (64.75 quality at $240) to Sony (72.00 quality at $ 265) means gaining 11.2% in quality for paying an extra 10.4% in price. Similarly, moving from Sony up to Panasonic (78.50 quality at $320) would mean gaining 9% in quality for paying 20.7% more. Table 3 shows the comparable gains and losses over the four segments of the frontier. The generalization that could be drawn here is that as a consumer moves along the frontier from left to right, it becomes clear that the lower the slope of the segment, the higher the gain of the additional quality relative to the sacrifice of the extra price paid. Ultimately, the best choice would be subjectively determined by consumers.

Table 3: Gain and Loss for Brand Alternatives Along the Perfect Information Frontier			
PIF Segment	Brands	Gain in Quality (%)	Increase in Price (%)
AC	GE to JVC	25.5	2
CF	JVC to RCA	9.7	20.6
FH	RCA to Sony	11.2	10.4
HJ	Sony to Panasonic	9	20,7

This study may have significant implications for the consumer education programs and marketing strategies. The application of the method to identify the consumer's optimal choice may help increase the efficiency of consumer purchases, the congruence between consumer value and cost, and ultimately elevate market effectiveness.



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ELECTRONIC COMMERCE CURRICULA: AN OVERVIEW OF CURRENT ELECTRONIC COMMERCE COURSES AND IMPLICATIONS FOR MARKETING EDUCATION

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ABSTRACT

Electronic Commerce (EC) has experienced phenomenal growth in the recent years. However, due to the dynamic nature of the field, most colleges of business lack a standardized curriculum for EC. Despite its importance, little research effort has been devoted to the EC curriculum development. To partially fill this void, this study provides a snapshot of the current EC curriculum programs and recommendations to EC and Marketing educators. By analyzing the syllabus of 69 EC courses offered between 1998 and 2000, this study identifies the trends in covered topics, course emphases and teaching methods. These findings gives EC-related course developers valuable insights for future course design and adjustment. In addition to the recommendations for course design, the findings also discovered a number of propositions for EC program design and various implications for marketing educators.

INTRODUCTION

Electronic commerce (EC) is defined by Zwass (1998) as a way of "sharing business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks". EC has experienced phenomenal growth in recent years. Forrester Research Inc. projects that Internet business will grow to $1.3 trillion in 2003, compared to $43 billion in 1998 (Frook and Karpinski, 1999). As the concept of EC and e-business increasingly influences the form of organizations' business strategies, business schools around the world react to the market demand for quality graduates with an EC background by creating electronic commerce and e-business mainstream courses and degree programs within business schools. However due to the dynamic nature of the field, most colleges lack a standardized curriculum for EC. Educators are struggling to keep up with the technological and business rate of change, hence EC courses are often planned in an ad hoc fashion. As the result, many EC courses and programs lack the rigor and comprehensiveness sought in higher education due to their offering a piecemeal coverage on EC issues. Competing programs and various approaches to EC education are making it even more difficult to choose the program that is right for students' and job market's needs.

EC is an interdisciplinary field that is composed of a wide range of business and technical issues. In the 11th annual Electronic Commerce Conference in 1998, researchers in this field identified 174 issues pertinent to EC that were clustered into 22 categories (Electronic Commerce Conference, 1998). As an interdisciplinary field, the education of EC must include the discussion on a variety of topics including information technology (IT) and other managerial areas, most notably marketing. EC courses involve topics that do not have any of the traditions that underlie most business school courses. As such, typically no individual discipline area is ready to provide a comprehensive coverage on these topics. Therefore, a successful EC curriculum requires cross-functional integration and a change in pedagogy. Information Systems (IS) and Marketing are the two fields that have the most intrinsic connections to EC. The current practice of most schools of business can be divided into the following two categories: 1. IS and Marketing departments offer separate EC courses that focus on topics most related to each discipline. 2. Joint teaching effort by instructors from different academic disciplines to provide a more comprehensive coverage of EC. One recurring question is how effective each approach is.

Despite its importance, little research effort has been devoted to the EC curriculum development. To partially fill this void, this study attempts to provide a snapshot of the current EC curriculum programs and recommendations to EC-related educators (e.g., Marketing educators). This study is designed to render insights to the following questions:

1 *Is joint teaching by instructors from different academic disciplines (e.g., IS and marketing) a viable solution for the education of interdisciplinary fields like EC?*
2 *What improvements need to be made to the current EC curricula?*
3 *What are the preferred teaching approaches for EC?*
4 *What are the viable strategies for EC program design?*

By discussing the finding of this study, the authors investigate means of improving future EC curriculum development.

RESEARCH DESIGN

The primary research methodology of this study is syllabus analysis. By analyzing the syllabus of a sufficient number of EC courses, the authors expect to identify the trends in current EC curricula. The further analysis of these trends will generate valuable insights about the pros and cons of the EC curricula today. Data regarding course topics, course focuses, and teaching methods are collected via the analysis of syllabuses.

Data regarding course topics reveal what topics are currently explored in EC courses, and at the same time, it identifies the topics that demand more attention. These data are collected by studying the course description and course schedule sections of the syllabuses. The topics are then classified into four broad categories proposed by Kalakota and Whinston (1996). The four broad categories include:

1	*Business-to-customer transactions such as online banking and online shopping.*
2	*Business-to-business transactions such as electronic data interchange (EDI).*
3	*Transactions that involve information processing such as point of sales (POS) information for marketing research and supply chain management (SCM).*
4	*Transactions that involve information distribution to potential customers and partners.*

Another dimension of interest is data regarding course focuses. Course focuses reveal the approaches an EC course takes to study the topics. An EC course can take different approaches by focusing on technological, managerial, or social and legal issues. For example, by focusing on technological issues, an EC course approaches the topics from an IS (Information Systems) point of view by studying the enabling technologies rather than the underlying business strategies. However, an EC course can focus on more than one type of issue. The current trend of cross-functional integration has given rise to various techno-business course approaches (Slater, et al., 1995). Data regarding course topics and course focuses together give a two dimensional view of the comprehensiveness of the coverage of current EC courses.

As stated earlier, EC courses involve topics that do not have any of the traditions that underlie most business school courses. Effective EC education requires innovative changes in teaching pedagogy. In this age of the WWW and multimedia teaching tools, educators are equipped with a wide variety of tools to enhance teaching effectiveness. Data describing teaching methods and assigned course activities are collected. The analysis of these data will present an overview of the current practice of EC and Marketing educators. This information is expected to help EC and Marketing educators in their development of future courses.

CHARACTERISTICS OF SAMPLES

A search on the World Wide Web (WWW) rendered sixty-nine EC courses offered between 1998 and 2000 by schools of business around the world. Among the 69 EC courses, 63 (91.3%) courses are offered by universities in the U.S., and six (8.7%) courses are offered by foreign universities. The authors conducted detailed study of the course syllabuses and Web sites to collect data regarding topics covered, course emphases, and teaching methods. The characteristics of the surveyed courses are summarized in Table 1.

Table 1
Characteristics of Samples

	Offered by IS Department	Offered by Marketing Department	Jointly offered	Total
Undergraduate level	10	23	0	33
Graduate level	16	16	4	36
Total	26	39	4	69

RESULTS AND ANALYSIS

Data are entered into a spreadsheet for analysis. To minimize data entry errors, all data are entered twice and checked for consistency. The findings of the study are discussed in the forthcoming sections.

Table 2
Course Topics

	B-to-B	B-to-C	Information Processing	Information Distribution
Offered by IS department	14 (53.8%)	20 (76.9%)	3 (11.5%)	18 (69.2%)
Offered by Marketing department	12 (30.8%)	37 (94.9%)	14 (35.9%)	36 (92.3%)
Jointly offered	4 (100%)	4 (100%)	3 (75%)	4 (100%)
Overall	30 (43.5%)	61 (88.4%)	20 (29.0%)	58 (84.1%)

Table 2 indicates that topics related to B-to-C EC and information distribution are the most frequently covered topics among the EC courses surveyed. The reason for this phenomenon is obvious; these two areas are the most visible areas of EC. Less than half of the courses provide coverage on topics relevant to B-to-B EC including EDI, supply chain management and interorganizational systems. Less than a third of the courses offer discussion on topics related to information processing such as POS, data warehousing and data mining. Although less visible to consumers, B-to-B EC and information processing are among the most important building blocks of electronic economy. There is clearly a lack of coverage on these topics in many of the current EC curricula.

One possible reason for this void may be the lack of expertise of a single instructor to cover a wide array of topics. EC courses offered and taught jointly by both IS and Marketing departments consistently have a more comprehensive coverage than those offered by a single department. The results indicate that joint programs are viable solutions for the education of interdisciplinary fields such as EC.

Table 3:
Course Emphasis

	Technological issues	Managerial issues	Social and legal issues
Offered by IS department	22 (84.6%)	18 (69.2%)	10 (38.5%)
Offered by Marketing department	20 (51.3%)	37 (94.9%)	8 (20.5%)
Jointly offered	4 (100%)	4 (100%)	3 (75%)
Overall	46 (66.7%)	59 (85.5%)	21 (30.4%)

Table 3 summarizes the issues that are the primary focuses of the surveyed EC courses. A comprehensive EC course is expected to provide a balanced coverage of all three focuses. Social and legal issues are found to receive the least attention from the current EC curricula. Social and legal aspects of EC include important issues such as privacy, social impacts of EC, taxes and regulations. Understanding of these issues helps Marketing managers and IS professionals develop more effective EC applications and business strategies. However, among the surveyed courses, only less than a third of them provide discussion on these issues. It is clear that EC and Marketing educators should start including them into course designs.

It is expected that courses offered by IS department will have a heavier emphasis on technological issues while the courses offered by Marketing departments focus primarily on managerial issues. This prediction is confirmed by the findings. Nevertheless, besides a clear focus on technological issues, almost 70 percent of IS EC courses provide sufficient coverage on managerial issues. The similar phenomenon is found among Marketing EC courses. A great majority of the Marketing EC courses require more technology-related course work and lab time than the traditional Marketing curriculum involves. This is a positive reaction to the market demand for more technically capable business managers (McGee, 1996). These dual sided courses give students a chance to understand both the enabling technologies of EC and the new managerial challenges and opportunities that stem from these technologies.

EC courses that are jointly offered by IS and Marketing departments are again found to have a more comprehensive coverage of technological, managerial, and social and legal issues. This again confirms that a joint EC course is an effective solution if the comprehensiveness of EC course is important.

Table 4 summarizes the teaching methods and typical assignments found in the surveyed EC courses. Half of the courses require students to be involved in commercial web site development projects. The scope of the projects range from building a web site for marketing a product or service to developing an e-procurement system that allows suppliers to bid for contracts. Students are asked to apply marketing strategies and technological tools to implement a Web-based business component that will support and enhance an organization's overall business strategy. The projects are often judged on their originality, technical merits and soundness of its integration with the overall marketing strategy of the organization. Practicum has become an integral part of many EC courses. Students are given opportunities to apply the concepts being studied in a classroom to practical applications. Research in cognitive theories has found that solving real world problems help students achieve the maximum transfer of a concept (Nitsch, 1979). In the cases of practicum-oriented EC courses, students are often assigned to work in teams to develop acceptable solutions. Such curriculum design has broadened the scope of requirements to include the competency in not only the discipline areas, but in communication and cooperative teamwork as well.

Table 4
Teaching Methods

	Offered by IS department	Offered by Marketing department	Jointly offered	Overall
Commercial web site development project	12 (46.2%)	19 (48.7%)	2 (50%)	33 (47.8%)
Lab assignment	8 (30.8%)	18 (46.2%)	1 (25%)	27 (39.1%)
Case study	12 (46.2%)	12 (30.8%)	2 (50%)	26 (37.7%)
Paper	5 (19.2%)	13 (33.3%)	0 (0%)	18 (26.1%)
Guest speaker	3 (11.5%)	7 (17.9%)	3 (75%)	13 (18.8%)
Commercial web site analysis project	7 (26.9%)	5 (12.8%)	1 (25%)	13 (18.8%)
Written e-business plan	5 (19.2%)	6 (15.4%)	2 (50%)	13 (18.8%)
Online discussion	4 (15.4%)	5 (12.8%)	0 (0%)	9 (13.0%)
Company diagnosis	1 (3.8%)	3 (7.7%)	0 (0%)	4 (10.3%)

39.1% of the surveyed courses include a lab assignment component in their course work. The lab assignments often include exercises on web page development, accessing Internet resources and other Internet applications. Almost half of the Marketing EC courses require hands-on lab assignments that allow students to learn the enabling technologies of EC. These courses are designed to supply the job market with more technically capable business managers.

Another popular teaching method implemented in the surveyed EC courses is case study. Real-life cases are an integral part of many EC courses offered today. It is found in 37.7% of the survey courses. They present real-world problems and situations to be analyzed by students. Students will be evaluated by their understanding of the case, quality of analysis of alternative solutions to problems stated in cases, and ability to offer feasible recommendations. As a qualitative method, case studies are preferred research method to answer the "how" and "why" questions, and they are most appropriate for new and dynamic areas (Yin, 1989; Benbasat et al., 1987). In the education of EC, using case studies should also be a preferred method because it conveys abstract and complex business strategies through real-world examples. We expect to see an increasing use of case studies in EC courses in the future.

Only less than a third of the surveyed courses use a term paper as a means of evaluating students. Term papers have traditionally been used for evaluation in special topic courses, but in the case of EC courses, instructors seem to replace term papers with project based assignments like commercial web site analysis and written e-business plans. Many instructors that the authors talked to have expressed their intention to incorporate more guest speaker sessions in their EC courses, but few were able to actually do so. The reason for the small number of EC courses that currently invite guest speakers from the industry is mainly due to the lack of partnering with industry.

Two interesting and innovative teaching methods emerge from EC courses: online discussion and company diagnosis. While only a fraction of the surveyed courses utilize these two methods, the feedback from the instructors and students involved in these exercises is very positive. Online discussion allows students and instructors to exchange opinion on the course or any related issues in a virtual chat room. It opens up a new channel of communication, and at the same time, it help students realize the power of the communication medium. Company diagnosis exercises are to some extent similar to case studies, but they often involve local companies. Students are brought to the company as business and technical consultants to analyze a wide range of EC related issues that the company is facing. Company diagnosis exercises give students real world experience, and the instructors have sensed great enthusiasm from students during the exercises.

DISCUSSION

This study presents an overview of the EC courses currently offered in business schools around the world. The findings regarding course topics, course focuses, and teaching methods reveal the pros and cons of these courses. This information provides EC and Marketing course developers with valuable insights and recommendations for their future course design and adjustment. In addition to the recommendations for course design, the findings of this study also discovered a number of propositions for EC program design.

Jointly taught EC courses are consistently found to offer a more comprehensive coverage of EC topics. Today, the majority of business schools use the one-course approach for EC. As most modern business systems are cross-functional systems (Wetherbe, 1991), graduates are expected to understand a wide range of business and technical issues. Hence joint EC course and program development would be a preferred approach when the comprehensiveness of course coverage is important

The results also indicate the inability of a single EC course to provide students with a comprehensive understanding of EC and e-business. The limitation of the expertise of a single instructor and the time prescribed by course length may be at fault here. There is a clear need for a more comprehensive EC curriculum for business schools, and two strategies are recommended. The first strategy is to diffuse the concept of EC and e-business through existing curriculum. Within some colleges of business, the concept of EC is being diffused into a number of traditional IS courses including System Analysis and Design, Software Engineering and Network Concepts. The diffusion strategy allows the college to provide students with the necessary technical background for the EC capstone course without major modification in current IS curriculum. This approach has been used and proven successful in other academic disciplines (French, 1994). The key to integrate EC into current curriculum in a meaningful way is to have a critical mass of faculty who are comfortable with the technology and committed to the curricular changes.

The second recommended strategy is to "reinvent the wheel" by developing a brand new EC concentration or degree program within the business school. The advantage of developing a brand new EC program is that the new program can be designed to better meet the needs of the job market for highly skilled EC professionals. Universities like DePaul University chose to implement this strategy in their EC curriculum design (Knight et al., 1999). DePaul University's MS in e-commerce technology was designed following four curriculum principals. These four principals include exposing students to a brand mix of technologies and tools, flexible curriculum design to adapt to rapid changes in technology and industry norms, compliance with industry needs, and maximum opportunities for practicum and team projects. The program consists of nine courses offered by a number of academic disciplines covering a wide range of EC topics.

CONCLUSION AND FUTURE RESEARCH

This study is designed to provide an overview of the current EC courses offered by business schools around the world. The findings indicate that the lack of comprehensiveness of coverage is discovered in most EC courses today. This raises some serious questions about the effectiveness of the "one course" approach of EC education. The analysis of course focuses suggest that while courses offered by different academic disciplines are able to address the EC issues most relevant to their discipline, they are also making an effort to expose students to other discipline areas. Positive reactions to the market needs for technically capable business managers and business oriented IS professionals are found in the courses. While educators seem to realize the equal importance of technological and marketing issues of EC, social and legal issues are found to receive the least amount of attention from the surveyed EC courses. Changes in teaching pedagogy are reflected in the surveyed EC courses. Most courses are designed to be practicum-oriented by requiring students to be involved in hands-on projects to maximize transfer of concepts. More partnering with industry is needed to bring more guest speakers and opportunities for real world company diagnosis exercises to these courses. As EC becomes an integral part of business, more research in developing effective EC curricula is needed. Qualitative research methods such as case study are most appropriate for new and dynamic areas where previous research is scarce (Benbasat et al., 1987; Davis and Cosenza, 1993). They produce much richer information relevant to the study than quantitative research. Future qualitative research on EC curriculum develop will be of great interest to IS educators.

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SEQUENTIAL DECISION-MAKING STRATEGIES OF EXPERT AND NOVICE CONSUMERS

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ABSTRACT

In the current study, the authors investigate how expert and novice consumers decide to stop acquiring information and choose a brand. Differences in stopping strategies were found for experts and novices. Although experts acquired about the same amount of information as novices, they were found to more easily break ties between brands, and to do so with less information than novices, when they adopted a threshold approach to differentiating between alternatives in a sequential binary choice task.

INTRODUCTION

In stark contrast to the tremendous amount of theoretical work that has been conducted in the field of decision making, very little is known about how consumers actually make decisions. Given the current state of knowledge, it is practically impossible to predict which brand will be chosen by a consumer based on the amount of information available to that consumer. The literature of information search and acquisition is mostly normative (i.e., prescriptive): Additional information should be sought as long as the benefits of the information acquired outweigh the cost of its acquisition (e.g., Stigler, 1961). Behavioral research, which is more descriptive in nature, is more concerned with the question: How do people actually make decisions? Indeed, consumers seldom consider all relevant information prior to making a purchase. Instead, they use various strategies to decide when to stop acquiring product information and to commit to one brand.

Payne (1982), for example, observed that consumers' choice processes are largely contingent upon the complexity of the task (i.e., how many brands and/or features are being considered), with different strategies being used for more complex decisions than for simpler ones. Consumers, however, can acquire information in many different ways. One way is sequentially, one piece of information at a time, one piece after another. How many pieces of information do consumers typically consider? Five? Ten? When consumers evaluate product information sequentially, the essential decision is not so much which alternative to choose, but when to stop acquiring information (Saad & Russo, 1996).

PREVIOUS RESEARCH

Different researchers have developed competing hypotheses to explain how consumers acquire and use information sequentially. One of them is the Core Attributes (CA) heuristic. According to the CA heuristic, consumers acquire and consider a pre-determined set of core attributes about several brands, then choose the brand that is ahead at that point (Busemeyer & Townsend, 1993). Another hypothesis is the Difference Model (DM), in which consumers stop looking after they reach a desired level of differentiation between two brands being compared (Aschenbrenner et al., 1984).

Saad and Russo (1996) found that both approaches were used, albeit by different decision makers. The crucial factor in determining when decision makers make use of the CA heuristic is whether they have control over the order in which information is acquired. Saad and Russo also found that decision makers utilizing a DM approach had stopping criteria which did not remain fixed. That is, the threshold for the degree of differentiation required for choosing between two competing brands was lowered as the number of attributes evaluated increased. Said a different way, smaller actual differences in the alternatives counted for more subjective differences as more and more information was considered without a clear winner appearing. So a difference between two alternatives that might not be sufficient to indicate a clear winner when just a few pieces of information had been considered, might be sufficient later in the process after a great deal of information had been considered and the alternatives appeared to be tied. That is because for the decision maker, as Russo and Saad (1999) point out, the choice process may change from, Which alternative is best? to, Can I stop acquiring information now and commit to the alternative that is currently leading?

These findings, however, are likely to be moderated by decision maker expertise. In general, experts are known to differ from novices in their decision-making ability. However, the question of whether they always differ in their use of information when making a purchase decision remains unanswered, especially for information acquired sequentially. Shanteau (1992), for example, noted that there is no difference in information usage between experts and novices. Devine & Kozlowski (1995), on the other hand, found that experts use more information, particularly in unstructured tasks.

RESEARCH OBJECTIVES

The current study investigates the effect of product familiarity, or experience, on the sequential choice process. This is done by taking into consideration the characteristics of the consumer when making a purchase that is either complex, expensive, or otherwise important. If he or she is an "experienced" buyer, then that consumer may feel more comfortable acquiring less (but more useful) information than an inexperienced buyer. That suggests that, first of all, experienced (expert) consumers will acquire less information overall than novice consumers when they are engaged in a fairly structured task. Second, if the experienced consumer makes his or her choice only after finding a suitable difference (DM) between two brands, will that difference be greater or lesser than for the less-experienced buyer? Said another way, when experts utilize a DM strategy, will their required difference-thresholds decrease at a faster rate?

METHOD

Thirty-five students recruited from an introductory marketing course at a medium-size West Coast state university agreed to participate in return for extra course credit. Participants were exposed to a well-structured decision problem in which they were directed to choose between two brands of compact-35mm cameras. The choice task was presented on a personal computer using a special purpose-built software program described below. The program recorded the activity of the subject in the task, which allowed the data to be retrieved later by the researchers. A moderately expensive, durable consumer product familiar to typical college students was used in the study to ensure a reasonably high level of involvement in the choice process. Compact cameras were selected from several products identified in pre-tests as potentially appropriate (price range: $25–$300).

The subjects' initial knowledge of the product was assessed by their performance on a short multiple-choice test. The questions were selected on the basis of earlier pre-tests. An example of a question from the knowledge screening test is: "The camera lens providing an image most nearly like that of the human eye is (choose one): 25mm, 35mm, 40mm, 50mm, 75mm?" Scores on the objective test were used to screen for low and high levels of knowledge. Those scoring low on the test were assigned to the "novice" condition (N = 29); those scoring high were assigned to the "expert" condition (N = 6). The difference between the numbers of expert and novice subjects reflects the difficulty of finding highly-knowledgeable participants. The existing gap in knowledge was subsequently widened by having participants in the expert condition study packets of information relevant to the product category (cameras), and having participants in the novice condition study packets of information relevant to another product category (bicycles).

During the experiment, subjects met in a dedicated computer lab equipped with 20 Macintosh computers running the Sequential Multi-Attribute Choice (SMAC) program (Saad 1996). First, an experimenter described the task, then provided a demonstration of the DSMAC program using a choice situation familiar to participants but different from the experimental choice task. The demonstration lasted about 15 minutes, during which the experimenter actively involved all or most of the participants in the demonstration task while explaining the features of the program. Questions were encouraged.

Second, subjects were directed to begin DSMAC on the computer in front of them, which began by asking them first to perform a Q-sort of the 25 camera features, then to assign weights to each on a scale having a range of 1–100, with 100 being the most important. Following the Q-sort, subjects engaged in 15 binary choice trials, one after the other, for 15 different pairs of cameras. At the end of each trial they indicated whether they preferred the first camera, the second, or neither.

In each of the 15 choice trials they were presented with, subjects acquired attribute information from a list of the 25 product features by clicking a mouse on the desired feature. By doing so, subjects were able to view attribute information for both alternatives in the "Information

Integration" screen. In this window, they used the mouse to move a pointer on a scale (the "Cumulative Confidence Measure"), which ranged from "100 percent confidence in alternative A" to "100 percent confidence in alternative B," to indicate the likelihood of their choosing either alternative A or B at that time if no other attribute information were considered. The mid-point of the scale was "50 percent" likelihood.

Three options were available to subjects after viewing attribute information: (a) choose brand A or B; (b) choose neither; (c) acquire additional attribute information. If either of the first two options was selected, a new binary choice for two different brand was presented. If subjects elected to acquire additional information, then the list of 25 product features was again presented. The procedure described above was repeated until subjects indicated that they chose either brand A, brand B, or neither.

ANALYSIS AND RESULTS

First, how many pieces of information (attributes) were acquired by experts was compared to how many pieces were acquired by novices? Second, their stopping policies were examined in light of the difference Model. The hypothesis that experts acquire less information was tested by counting the number of attributes acquired by the two groups. Out of 25 available, the mean number of attributes acquired by experts was 13.60; for novices, the mean was 11.06. Experts, then, actually acquired slightly more attributes than novices, though the difference was not statistically reliable (*t*-test n.s.).

The hypothesis that when experts utilize a DM stopping strategy their difference-thresholds decrease at a faster rate (i.e., the required level of differentiation diminishes as the number of attributes acquired increases) was tested by comparing the levels of confidence of the decision makers with the number of attributes they acquired in each trial. Using a DM strategy implies that consumers stop searching once they reach a desired level of differentiation between brands. As in Saad & Russo (1996), this study uses the subject's stated degree of confidence (50-to-100% range) to represent the extent of the difference between the two brands. To test that this suitable differentiation threshold drops at a faster rate for experts than for novices, the relationship between level of confidence (the dependent variable) and the number of attributes examined (the independent variable) was estimated using non-linear regression modeling. If the level of differentiation diminishes as the amount of acquired information increases, then the model's beta is greater than 0. Larger values of beta indicate a faster decay of the difference-threshold (i.e., lower required levels of differentiation for any number of attributes examined). As predicted, the threshold decayed more rapidly for experts than for novices (mean beta = 0.228 vs. 0.197, $p = .07$). This means, first of all, that experts (and novices) accept a lower level of differentiation (i.e., a lower threshold) between two alternatives when they have acquired and considered many attributes than when they have considered fewer. Second, it means that, compared to novices, the rate at which the threshold falls is greater for experts. The implication is that expert consumers need less information than novices to distinguish the superior brand when it is closely tied with another brand.

CONCLUSIONS

The current study addresses a controversy that exists in the field today about whether expert consumers acquire more purchase information than novices. In a structured, repeated sequential choice task, expert consumers were found to acquire about the same amount of information as novice consumers. Because of the relatively small number of participants in the study, and because of the nature of the population from which the sample was drawn (undergraduate business students), readers are cautioned against over-generalizing the results of the study. This study can be regarded as a pilot study of how some knowledgeable consumers make decisions for a single product category that raises some interesting research questions. Clearly more studies are warranted using other product categories, at the very least. It would also be worthwhile conducting a similar study using "real-life" experts (e.g., members of a camera club, or professional photographers). Indeed, such a study would likely find differences between experts and novices that were even more pronounced. In contrast, this study found differences in search behavior between consumers who had relatively small differences in knowledge, as measured by a short questionnaire, and slightly amplified by the study of product-category information.

In summary, some differences in stopping strategies were found between experts and novices. Although experts acquired about the same amount of information as novices, they were found to more easily break ties between alternatives, and to do so with less information than novices.

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ADVERTISING EFFECTS ON CHILDREN'S BUYING HABITS IN THE U.S.

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ABSTRACT

Children in the U.S. control billions of buyer-power dollars, and marketers are striving to get a stronghold into their share of the money. Television advertising plays a key role in reaching this market, and it has come under scrutiny. This paper contains an overview of the buying behaviors of children in the U.S.; and it offers information on the market, in general, advertiser initiatives, and the concerns and reactions of key stakeholders.

INTRODUCTION

Today's Americans spend in excess of $150 billion dollars every year on babies and children (Cardona & Cueno, 2000). Children age 4 to 12 control some $9 billion dollars of their own money and have a vote in how parents spend their disposable income on hundreds of products such as cars, computer and video equipment, and vacations (Moore, 1990). The juvenile furniture business alone, grew from $2 billion in 1995 to $4.5 billion in 1999 (Cardona & Cueno, 2000), so it is no wonder that advertisers are racing to attract children to their corner and keep them buying their brands. In this paper the child as a consumer is first analyzed, along with their buying habits, likes and dislikes. Then the discussion turns toward the ways marketing firms have geared-up to capture their attention. Finally, the effects (mostly negative) of television advertising on children are explored and some strategies that parents might use to derail them are offered.

THE BUYING FADS OF CHILDREN IN THE U.S.

Researchers at the Child and Family Lab at the University of Texas at Austin have determined that children begin showing brand preferences around 23 months (Pope, 1993). Moore and Lutz (2000) found that younger children are more actively involved in advertisements and their recall of ad content is significantly higher than older children. Children are exposed almost from birth to advertising to the degree that before they can form a complete sentence, they can recognize a McDonald's when they pass by one, or see an advertisement on television. The brand-conscious children of today no longer wear hand-me down clothes and ask for a bicycle for Christmas. They want their own cellular phones and pagers, designer jeans (preferably from Gap or by Levi), costly kid-club t-shirts, hot video games (Sony's Playstation 2, Sega and Nintendo), shoes that pump up their image (Reebok pumps), and flashy Rayban sunglasses, all to help them fit in with the "cool" crowd at school.

The Importance of "Fitting In"

For children age six to 13, "fitting in" is of utmost importance to their mental growth and "at this level, peer pressure is so intense it's stronger than family, stronger even than their own internal smarts" (Pope, A5). Children pay particular attention to what their friends are wearing, what products their friends and their family consume, where friends spend their leisure and vacation time, and even what kind of car their peers arrive at school in. At the ripe old age of eight, children begin to place specific demands on family purchases of all kinds, influenced by what they think is cool and through peer pressure (Cardona & Cueno, 2000). Many children would not think of wearing a pair of jeans, or buying a video game that was not endorsed by their peers. *The Wall Street Journal* cited a study which indicated that around 70% of adults buy private-label store brands, but only 7% of their children would consider the stuff. Children also do not want sale items because they are viewed as unpopular products that stores just want to get rid of. Brands give children a form of identity that allows them to be part of the group, and non-brands are suspect. (Pope, 1993)

The Costs of "Fitting In"

These high-demand products do not come without a huge price tag. US toy retailers posted a record, $28 billion sales year in 1997, not counting an extra $5 billion spent on video games, which are accounted for separately (Hinger, 2000). This industry has grown significantly since 1993 when spending on toys for the six to thirteen age group for the1993 Christmas season was projected to hit $10 billion. That was another record-setting year for an industry that had not hit a slump in 30 years (Pope, 1993). Children fund part of their purchases through allowances, which are four times higher than they were ten years ago (Cardona & Cueno, 2000), but parents and grandparents foot the major portion of the bill. Even though household income had somewhat stagnated from 1983 to 1993, spending on children had grown some 20% per year over the same period (Pope, 1993), reaching nearly 2% of the entire U.S. economy (Newcomb, 1990).

Many parents openly admit that they over-extend their budgets to purchase the "cool" toys that their children are demanding, especially around the Christmas holidays and on their birthdays. This trend toward overspending may have been brought about by three different yet sometimes overlapping types of parents: (1) parents who feel that they do not spend the quantity of time needed to properly raise their children, so they lavish their children with expensive gifts to dull their own guilt; (2) by the old "race-with-the-Joneses" type parents who do not want the children of their own peers to have more "gadgets" than their own children; and (3) those parents who just want their children to have much more of everything life has to offer than they had as children. Older parents and younger professionals are getting their finances in order and waiting longer to have children. This has led to their ability to spend more on their children (Cardona & Cuneo, 2000). Whatever the cause, the spending on these high-cost, highly demanded products is not slowing down and marketers are taking advantage of the chance to rake in the profits.

GOODS AIMED AT KIDS

Parents can remember advertisements for decoder rings, Keds, and Mickey Mouse Club ears, but children today have more sophisticated merchandise and advertisements aimed at them. Kids in the U.S. without a TV in their bedroom with DVD/VCR, a computer with internet access from home and school, and a video game player with several games just cannot make it to the top of the peer chart. Products that were originally marketed to adults are now being directed toward children through flashy advertisements and kid-style, eye-catching packaging. Some of the most popular goods directed at children are toiletries, clothing, food , electronics, movies and music, and they all use cross-marketing efforts to increase their impact (Hinger, 2000).

Toiletries

Although children under 12 rarely need deodorant, it and similar "grown-up" products form a big business because advertisers have attached kids' self-esteem to their products. Bert Sherm Products, Inc. has a deodorant for kids called "Fun'n Fresh" that comes in cool-spice scent for boys and rose petal for girls, and is directed towards children as young as seven years. Firms such as Revlon, Crabtree and Evelyn, Avon and William & Clarissa have lines with milk baths, hair mousse, herbal lotions, and perfumes for boys and girls from infants to teens. Many of these products are cross-marketing with characters from their favorite cartoons or movies. Retailers are also getting in on the action by installing health and beauty aids sections for children with the plan to keep them as customers when they are over 12. They also utilize the lower sections of many other isles to push products right into kids' faces and Mom and Dad's pockets. Children tend to think of the products as a necessity since all the cool kids have them, and are rarely found at school without their sweet or spicy smells lingering through a ginger game of kickball (Moore, 1990)!

Clothing

As mentioned earlier, children identify with clothing and seek out the most expensive brands to give them bragging rights. Companies such as L. L. Bean, Gap, Espirit, Land's End, and Eddie Bauer (to name a few) have "miniversions" of their fashion lines. Land's End's kids-only catalog has Oxford shirts for the four-year-old crowd that compare to the ones that Dad wears, and run around the same price. Any parent who has purchased a pair of designer jeans lately knows that children's jeans cost roughly as much as adults, even if they are only a size 2 toddler. High-top Reeboks that pump air around the ankles "for more support", Air Nikes, Mitre and Adidas are popular brands among children involved in sport activities.

Today, at the turn of the new millennium, clothing companies, such as Eddie Bauer, Fubu, Tommy Hilfiger and Nautica launched lines aimed only a children and not scaled versions of adult clothing via new e-commerce stores. Eddie Bauer tried the scaled version of Mom and Dad's clothing but found it to be unsuccessful. Their new line offered to children includes clothing that kids think is cooler, such as flare jeans with fringe, velvet trim and embroidery; and backpacks, baseball caps and redesigned footwear. EddiebauerKids.com will be marketed via a 2-page spread in Disney Magazine, Family PC, Family Fun, and Working Mother. The site will also be promoted in Eddie Bauer's catalog, in-store, and via online banner ads. (Cardona & Cuneo, 2000)

With all their fashion garb in tact, it is not unusual for a child to go off to school on a cold morning wearing hundreds of dollars worth of clothing, counting the designer/superhero underwear and other accessories. This trend toward dressing children on the expensive side led to the release of a national commercial in 1992 launched at parents. This commercial showed a child dressed in very expensive clothing listening to a CD player. The child was shown to be a potential target of drug dealers who would steal the child's clothes and sell them for drug money. It ended with a warning not to dress your child so as to become a target for a ripoff or a possible life-threatening attack. Certainly what was true in 1992 is even more true today.

Food

With children helping make more decisions on the foods that are purchased at the supermarket, food manufacturers are vying for a portion of the economic action. They are particularly interested in brand recognition by latchkey children, with product lines such as Banquet's Kid Cuisine, Tyson's Looney Tunes, and Healthy Choice for Kids in easy to microwave packaging. McCain Ellio simply repackaged its failing line of frozen pizza into Teenage Mutant Ninja Turtles boxes and doubled its sales. They are pushed as being more nutritionally balanced and filling than hotdogs and chips. (Moore, 1990)

Pasta is another big hit with kids and can now be purchased in all sorts of shapes and sizes to fit a child's taste, be it monsters, teddy bears, dinosaurs, o's, sharks, or whatever current cartoon or movie character is most popular. Candy, which has always been a favorite of children, is given catchy names and loud colors to attract their attention, such as neon-colored "Nerds". Critics of such marketing to kids argue that advertising these food and candy products, as well as fast-food industry products, has led to the overwhelming and alarming rate of obesity in children (Linnett, 2000).

There is an observable trend among adults to eat in a more healthy manner. As parents become more health-conscious, so should their children. In addition, scrutiny by the Federal Trade Commission (FTC) and the Federal Communications Commission (FCC) may encourage food manufacturers to promote "healthy" products to children. The trend toward consuming more fat-free products has caused children to accept these items, and they carry them to school for snacks and to share with their friends. Changing the packaging to appeal to children could boost sales and help children become more health-conscious. To some extent, the dry breakfast cereal industry has already taken the lead toward health-conscious kids. Many cereals which are advertised to kids already brag of having low or no fat, being low in cholesterol, low in sugar or carry claims of reduced salt, and high natural fiber.

Electronics

Children are not that intrigued by radio/cassette player Walkmans, tape recorders, and clock radios any more, not even the kindergarten set. Computers, radio/CD players, DVD's and video games are the essential electronic wonders. And, portable telephones and pagers are catching on with children of all ages in many areas of the world. Electronic gadget makers have turned out some new toys that are taking the top of the want list for children this Christmas. They include such interesting things as: PooChi, a robotic dog; Interactive Pikachu, the Pokemon character, which remembers your child's voice and only responds to it; M'E mail, an electronic address book with horoscope, a to-do-list function and secret messaging powers; e-fortunes, an electronic fortune cookie that comes in three 'flavors': fortune, horoscope and psychic; and Talkin'acha, a communication tool that allows children to write a message and zap it to a friend through the air or via a coded disk (AOL.com, 2000). According to several teachers, these new forms of communication are very desirable to children because they have created a new edge in the world of cheating in class. A local third-grade teacher declares that she has to clean out the pockets of all the students and pile up the gadgets on her desk each morning before class. So many children had the same wrong answers on tests that it triggered her curiosity. What she found was astonishing: several of these 9-year-old students were sending electronic messages during class (Strong, 2000).

Computers and the internet have become a necessity for every home that can possibly afford it over the past 5 years. "Some 12 million children, about 25% of kids ages 2 to 12, already are online" and this number is expected to grow by 20 million in the next two years (Thompson, 2000). This upsurge in internet use by children has caused a "feeding frenzy" for cereal marketing companies because of their recent sagging sales. Some cereal retailers believe that kids are more actively engaged in internet activity today than in any other media form, and these companies have gone headstrong into website creation business to capture the kid market. However, cereal makers are not the only industry to create websites geared at children. There seems to be a website for every imaginable thing that a child's heart could desire. Even computer companies are jumping in on the action. Gateway has created computers to target all ages, including the very young. Gateway's Blue's Clues computer is a take-off from the popular Fox channel *Blues Clues* cartoon that has reached enormous popularity among children 8 and under.

Each electronic gadget has its place in every kid's life, but without a doubt, video games are one of the hottest. In 1997, over $5 billion worth of games were sold, and that does not include the costs of the machines that play them (Hinger, 2000). Whether kids play them at home on their own personal machines or at the arcade while Mom shops or gambles at the casino, these manufacturers are gobbling up the profits. Sheff (1993) traces the incredible penetration of Japanese-made video gaming industry right into the American homes. Sheff refers to Nintendo as the "Trojan Horse" that has been smuggled into American living rooms by our children. Even though the original Japanese version of Nintendo bombed on its introduction, the company quickly revamped a "simpler" version that was accepted by the U.S. market, the NES (Nintendo Entertainment System). Next came their Super NES. As competition heats up with Sega, Sony Playstation 2, and with the Phillips CDI machine all competing with Nintendo for video-game dominance, more advanced games, which render previous versions "obsolete", are imminent. This year, AOL's comparison of video games most wanted for this Christmas 2000 season indicated that Sony's Playstation 2 was the preferred unit because of its incredible 3-D effects and wrap-around sound (AOL.com, 2000).

Children are not necessarily tied to the home or arcade to play video games. Game makers have portable models such as Nintendo's Gameboy, and Sega's GameGear, that children can carry along on trips, or just down to the soccer field. Many of the same games offered for the home and arcade models are also offered for these hand-held models, and children have the same game for both machines. Advertisements for Gameboy are not directed only at children, either. Businessmen who travel extensively are also being targeted. Nintendo is running commercials that show businessmen playing Gameboy at the airport and on the airplane, and they are also selling travel guide programs run on the Gameboy of major cities in the U.S., and programs that translate Spanish, Italian, and French.

Companies other than video game manufacturers want in on the profits. Pepsi is one company that has tried to hone in on some of the video game action by buying an advertisement on the video game "Magic Johnson's Fast Break." Licensing and cross-selling have also become big business, and have made Nintendo one of the three biggest licensors of children's products in the U.S. (*Consumer Reports*, 1990).

Movies and Music

Home movies are a hit with children and parents, as well as marketers. Parents will purchase movies for children (especially the younger ones) rather than for themselves, because children will watch them as many as 100 times and never get tired of them (Newcomb, 130). Most often, these movies are filled with advertisements for other products that children collect, or food and beverage products, and sometimes alcohol and cigarettes. As Hinger (2000) notes, "..the key to a child's heart is–let's face it–cross marketing. Toy production and marketing are regularly integrated with Hollywood movies and TV programs such as Batman, Star Wars ..and any Walt Disney flick" (p2). Toy makers are not the only companies vying for part of the profits. Kellogg's designed a new box, created two kid-friendly websites which have their addresses printed on the inside and outside of the cereal box, set up a sweepstakes worth around $50,000, and developed an new green colored Cheerios to help market the new movie, *The Grinch*. This is not new. Burger King and Pepsi advertised in "Teenage Mutant Ninja Turtles"; Phillip Morris paid $42,500 to place Marlboro cigarettes in "Superman II", and they also showed up in "Crocodile Dundee" and Miller beer was in "Back To the Future II" (*Consumer Reports,* 1990). Any viewer will remember what candy "ET" preferred, one of the most successful product placements. So, no doubt, will the executives of M&M Mars, who rejected the opportunity, which Reese's later accepted.

Music is popular with children of all ages and cross-marketing has greatly infiltrated this industry to incorporate music, videos and toys. Manufacturers of music for very young children have found that children do not require the highest quality sound nor the big-name musicians. They just want the music from their kid movies such as Snow White, a very old Walt Disney movie which has been popular with younger children for more than 30 years. This reduces the cost to about one-tenth of what a major rock'n'roll artist would demand to make a recording. Such cassettes and CD's sell very rapidly, leaving a wide margin for profits. (Newcomb, 1990)

However, the trend in music costs for older children (12 and older) is greatly reversed, since they are looking for music with more of a grown-up overtone. An example of the advantages of cross-marketing music and clothing came in 1993. A group called KrissKross, two very young rappers from Atlanta, caught the imagination of the under-12 music supporters. KrissKross also started a fad called "sagging," wearing your pants backwards and pushing the waist down to about three inches above the top of the thigh. Kids all over the U.S. were rushing to buy their recordings, and to buy the kind of clothes to dress in their hip, inner-city-looking styles--wildly colored baggy pants, T-shirts, and caps--much like those sold by "Threads 4 Life", a Los Angeles-based firm that sells about 40% of its clothing to blacks. The rest are sold mostly to younger teens who thought it is cool to mimic the black culture (Dumaine, 1994).

Some of the music directed at children 12 and older is more likely to contain violent content and has come under great scrutiny in the last ten years. Also under scrutiny are violent video games and movies, and internet advertising (Gilbert, 2000) and pornography (Garrett, 2000).

Although marketing to children encompasses all forms of media, television remains the most influential way to promote products to children. It is through television advertising that children are often directed to the other promotional forms. Television remains the major source of product information for children.

TELEVISION AND ITS IMPACT ON CHILDREN'S BUYING HABITS

How do manufacturers get their messages out to children about current and new products? Television advertising is the number one source of information about new products; and most children would not consider purchasing a product that was not highly advertised on television (Pope, 1993). Because of the large number of children and the amount of money they control, advertising for children's TV has become big business. Advance sales of ad time for children's TV was nearly $450 million in 1990, up almost 15% from 1989. The marketing mantra for the 90's has been "You gotta get 'em young." (Moore, 1990, p.73), and that way of thinking will no doubt continue in the 21st century since U.S. birth rates are now nearly 4 million annually, which compares to the yearly growth rate at the height of the baby boom after World War II (Cardona & Cuneo, 2000). Marketing agencies for all types of products are targeting children through TV advertisements in hopes that the brand decisions children make today will be carried into adulthood (Cardone & Cuneo, 2000).

Since television has such a massive presence, public concern has understandably focused on the possible negative impact of television advertising on children. Equal focus has been given to the violent content of many of the video games, movies, and explicit internet advertisements. With a general awareness that juvenile crime has increased (Rosenblatt et. al., 2000), there exists the question of whether these media forms have added to violent crimes in youth. In the last year this awareness has heightened in the aftermath of the massacre at Columbine and other high schools around the country. President Clinton called for an investigation into the violent content of these media forms which many believe have caused an increase in violent crimes among teenagers. In response to Clinton's mandate, on September 11, 2000 the FTC issued a report stating that the film, music and video game industries are "..inappropriately advertising R- and PG-13 rated movies, games and CD's to children" (Bachman, 2000, p. 7). A Senate Commerce Committee conducted a hearing on the FTC's report, and the FCC followed with a "flurry of complicated actions and proposals aimed at extending the children's programming obligations of TV broadcasters" (Bachman, 2000, p.7). Once again television advertising, its various potentially negative effects on children, and rules and regulations in place to combat these problems have been placed in the limelight. To place television's impact on children in perspective, children's viewing habits must first be examined.

Children's Viewing Habits

How much. The average child under 12 spends approximately 25-27 hours per week watching television and viewing some 20,000 commercials in a single year (Moore & Lutz, 2000). By the time a child is 18 years old, he/she has seen an average of 15,000 to 22,000 hours of TV and may have been exposed to as many as 350,000 commercial messages (Adler et. al., 1980). These commercials may be directed either toward children or adults, but their ultimate intent is to sell a product. Many of those hours spent in front of the TV are filled with the adventures of animated merchandise - Gummi Bears, Pokemon, Power Rangers, and DinoZaurs. Many are little more than program-length commercials. (Zoglin, 1992)

When. The after-school hours and weekend mornings, especially Saturday mornings, are the major viewing times for children, referred to as the "children's television hours." However, the weekend daytime hours from 7:00 a.m. to 1:00 p.m. account for only 13 % of the total weekly television viewing time for children ages 2 to 11 (Adler et .al., 1980). Another way to measure children's viewing is in terms of the average number of children in the television audience over the course of a day. In general, the number of children watching television increases rapidly during the course of the early hours, then decreases during the late morning and early afternoon (Adler et. al., 1980). The number begins to increase again in mid-afternoon until about 5:30 p.m., when it falls off temporarily and the child audience then continues to rise to a peak at about 8:00 p.m. (Adler et al., 1980).

Potentially, television can have a major influence on children's development, and because of their innocence, young children are susceptible to TV advertising (Seligman, 1990; Moore & Lutz, 2000). Thus, the content of the messages, the possibly deceptive nature of messages and the people that determine what the messages entail are all areas of interest to parents and educators.

Content of the Message

The language is utilized, the people chosen for commercials, and how commercials geared toward children are constructed in total are subjects of much controversy. Advertisers know the best way to convince children to purchase their products is to hire someone the children like and want to emulate to be a spokesperson for their product; CocaCola had New Kids On The Block, Pepsi had Kirk Cameron and Fred Savage, and Nike had Bo Jackson, “Magic” Johnson, and more recently, Michael Jordan. The use of celebrities in advertisements, which generally appear on shows with large children's audiences, encourage children to want a product for the status appeal. Nike and Reebok advertise more during cartoons and music videos than sporting events. (*Consumer Reports,* 1990)

The shortage of funding for education makes the classroom a target for advertisers via school-based TV programming, and teachers looking for supplemental materials generally welcome free materials from them. Educational materials may be provided by McDonald's, Nutrasweet, Polaroid, Chef Boyardee, and even Philip Morris (Tsui, 2000) and the Army (Witt, 2000). The content of their messages have come under scrutiny. Because children have been taught to trust educational materials, the advertising messages entrenched in the lessons are considered by them to be fact. Nutrasweet, for example, encourages the use of its artificial sweetener for weight control, but fails to warn of the dangers it poses to some people, particularly to children (*Consumer Reports,* 1990). Philip Morris is supposedly promoting anti-smoking efforts with the line "Reflect confidence--think, don't smoke," but critics see the company as a wolf in sheep's clothing, using this sort of advertising to reach an even younger market (Tsui, 2000).

A major problem with content of messages results because the majority of children watch TV during prime time when advertisements are primarily targeted toward adults. While watching a typical 7:00 p.m. program aimed at families, children may be subjected to commercials about R-rated films containing sex and violence, or to commercials about products such as tampons and condoms that are directed at adults. The practice of combining family viewing with these type advertisements is perfectly legal since federal law is silent on the matter as long as the ad is not "'indecent', meaning it contains obscene language or 'patently offensive' sexual or excretory content" (Silver, 1993, p. 65). The commercials can actually be more damaging than the programming in which they are imbedded, because in the programs, the good guys usually win, but on the movie promo's, for example, the violence is shown without the resolution (Silver, 1993).

Deception in the Message

"Advertisers, regulators, and critics are agreed in principle that children are special and that those who approach them as potential customers must seek to be honest and fair" (McNeal, 1987, p. 72). Young children, in particular, are very open-minded and gullible and tend to believe whatever they see on television. For example, a recent commercial advertising underwear to children showed a small boy pulling on a pair of super-hero briefs. As they came up his body, he turned into the super-hero, which gave small children the idea that they, too, would become a super-hero if they put them on. In one area of the country, mothers demanded that the local station remove the advertisement because it was so deceptive.

Advertising which is neither unfair or deceptive when viewed by adults, may be both in the case of young children, who are more naive and less capable of comprehending the influence which advertising can have over them. This makes commercials shown during mixed audience viewing times particularly difficult to evaluate and even more difficult to fairly regulate.

There are at least five ways that advertisements targeted to children have the potential to be deceptive:

1. They may use celebrity presenters, which can exploit the children's trust in authority figures.
2. They may present products such as candy bars, toys, and hamburgers, without reference to a quality scale which may exploit children's limited perception skills.

3. They may focus on premiums rather than the product, which may cause children to use the wrong standards for assessing the product.
4. They may use adult terminology and contrived terms, which take advantage of children's limited knowledge.
5. They may make use of emotional terms and/or intense sounds or colors, which may exploit children's gullibility. (McNeal, 1987, p. 73)

Some advertisers and consumers feel that it is feasible to ignore deception because advertising is a First Amendment right. Pretests of advertisements against an ethical set of standards have been suggested as a remedy. These could determine the impact the commercial will have before it actually occurs, and thus prevent it. (McNeal, 1987, *Advertising Age*, 2000) However, the impact is likely to be different on children in different stages of development. What may be determined to have an adverse impact on a five year old, may have no negative impact on a 10 year old. This makes the proposed remedy of pretests difficult to administer.

Who Determines the Message

Today, the most powerful regulator of television advertising is the Federal Communications Commission (FCC), but until the last few years they have not promulgated much in the way of restrictions. What the messages say and how they say them usually depends on the motives and ethics of the advertisers. The amount of time for advertising on children's programs and the number and length of time the advertisements ultimately falls upon the broadcasters. The major television networks such as ABC, CBS, Fox, and NBC are definitely in a position to decide if a children's advertisement is appropriate enough to air, but they rarely exercise this responsibility (Tsui, 2000; Durchslag, 2000; Bachman, 2000; Teinowitz, 2000; *Advertising Age,* 2000; McNeal, 1987).

REGULATION OF CHILDREN'S TELEVISION ADVERTISING

As young children may not have the capacity to make informed decisions about products, and often their minds are made up as soon as they see a commercial, critics argue that stiffer regulations need to be placed on advertisements directed at children. Parents are constantly bombarded with tremendous pressure from their children to purchase products that they have seen on television, and often face tremendous tension that are detrimental to family harmony (Linnett, 2000; Moore & Lutz, 2000; Carlsson-Paige & Levin, 1989). This pressure can be greatly enhanced in lower income and some middle income families who carry a large financial burden. Children who are faced with peers chiding them for not having particular popular items and television advertising can only accelerate these tensions.

Because of the efforts of Peggy Charren, the founder and head of an activist group called Action for Children's Television, commercials are not as manipulative as before, and the hosts of kids shows cannot push products to young viewers. Charren is also responsible for helping to lobby for the passage of the 1990 Children's Television Act. The act sets limits on advertising on children's programming and requires stations to offer some educational programs for kids. The limits are twelve minutes an hour on weekdays and 10 ½ minutes an hour on weekends (Zoglin, 1992). Time Magazine (June 20, 1992) reported that these ceilings on advertising directed toward children are higher than what the networks currently run, and probably won't solve all the problems with children's advertising (Zoglin, 1992). Under the act, the FCC is also required to evaluate the quality of children's programs when deciding whether to renew a station's license (Seligman, 1990). The new release by the FTC, as mentioned above, has brought their media regulating power to the forefront, and has called for revamping of these FCC regulations, and for TV to follow these regulations more closely (Bachman, 2000).

The potential for "abuse" by advertisers was perceived to be so great that the British government's Parliamentary Committee on the Future of Broadcasting recommended that "no advertisements should be shown in children's programs". Similar proposals have emerged in Canada and Australia. This presents some real dilemmas in the U.S. context. Since U.S. television, unlike the British BBC, is virtually totally supported by advertising revenues, it is difficult to see how networks can be expected to produce quality children's programming when it will generate no revenue. Eliminating advertising during children's programming may see a significant reduction in quality and selection. An alternative to prohibition, is to impose standards and limitations.

Should limitations apply by time or audience? Should all advertisements shown before, say 8:00 p.m., be subject to review and possibly regulation, or should it only apply to advertisements shown during programs which have a majority children audience? If there is restricted revenue from showing children's programming, then adult programming during these times may make better financial sense for the networks. Are these networks going to be allowed to abandon children's programming or are they going to be forced to show programs directed at children?

Another problem is caused by substantial overlapping viewer ship periods, when both adults and children may be watching the same programming. Early evening, for example, is not a time of exclusively child viewing. Should advertising shown at any time a large number of children may be watching come under some special guidelines? This would then infringe upon the "free speech" rights of adults who are watching at the same time.

Finally, the question of who should be regulated would have to be asked of any proposed action. Should "rules" apply to only "over the air" broadcasters? Should it also apply to advertising revenue based cable and satellite channels? Would this mean that adult oriented channels, such as the Playboy channel would now have to regulate their advertising during specified hours? Or maybe even force the Playboy channel to produce children's show? As can be seen, it is very easy to see problems that ensue from regulatory relief.

TELEVISION VIEWING STRATEGIES FOR PARENTS

Various advocacy groups have identified ways in which parents may mitigate the potentially adverse effects of exposure to television advertising. It has been suggested that there are three effective strategies that parents can utilize when taking control of television advertising to their children. First, parents can talk to their children about what they view on television. Parents can watch television with their children and answer questions about items their children are interested in, and help them to see through the marketing hype behind many products. Even young children can be taught to see beyond the camera trickery that often leads them to desire many of the products that are let-downs when they get their hands on them. Kids can also be taught that phrases like "parts sold separately", batteries not included", or "some assembly required" means what you see is not what you get. Often a trip to the toy store to examine products in their unassembled state can change the opinions of children (Sussman, 1990). Talking with children about the hazards of always following the crowd can also change more than their consuming habits.

There is a video offered by Consumer's Union available in most libraries, "Buy Me That: A Kids' Survival Guide to TV Advertising" that exposes many of the TV commercial tricks of advertising in terms that kids can understand. This video can open their eyes to possible deceptive advertising, and teach them to be wary of products that do not carry quality measures. Consumer's Union also has a bi-monthly magazine for kids, Zillions, that can boost their consumer awareness. Kids rate a wide variety of products and comment on issues including brand loyalty, environmental protection and personal hygiene. It is all written in "kid-lingo" and gives them straight-talk to which are more likely to listen. (Sussman, 1990)

The second strategy is for parents to limit the amount of time that children watch the television each day (and/or stay connected to the internet). They can provide other sources of entertainment and more family outings that take them away from areas where television and other type advertising are available. A daily trip to the park for family exercise after school and involvement in sports such as soccer work can eliminate stress, bring parents and children closer together, and lessen the exposure to television. Unfortunately in today's two income families, daily park time is not a very realistic alternative. Sporting involvement can be useful, but only to the extent that the child derives enjoyment from such pursuits. A child "forced" to play sport may be more harmed by the experience than they would have been from watching TV.

The third strategy is for parents to get involved in the removal of television advertisements that they feel are not suitable for children. Parents concerned with particular advertisements messages, their content, length and/or duration should contact their local station or the FCC for more information. Sometimes one disgruntled parent can change what a local station runs and when it is aired. Parents can help the FCC better enforce the rules of the 1990 Children's Television Act by serving as a watchdog over the television stations in their viewing area. They can write to their representatives at the local, state and national level and ask for legislation to help protect children from deceptive, or overly aggressive advertisers. And they can monitor the free advertisement materials that educators give to their children, and explain possible negative/positive connotations. Unfortunately, what one parent may consider "inappropriate", another parent may see as an infringement of their children's rights. Overzealous parents registering a multitude of complaints with the FCC could lead to a many undesirable consequences.

CONCLUSION

Children age 4 to 12 comprise a major market for a wide variety of products, and marketers are out to grasp their share of the action. These kids may very well be over-informed by peers, television, and other forms of advertisement. They know what they "want", but are not always able to make quality decisions about products, especially when aggressive advertisers are involved.

Parents should help children make good buying decisions that fit into the family budget, and allow the kids to "fit in" with their peers. Somewhat simplistically, what parents need to do is get involved, mostly with their children. They need to be observant of what they are watching on television, spend time with them watching television, limit their viewing time, get them out of the house more often on family outings, and get involved in making television better entertainment for children. However, such an active role may be difficult in many cases. This then leads to the option for legislative intervention. While almost everyone may agree that some rules are appropriate, agreeing on what these rules should be a far more difficult task.

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