Volume 7, Number 1 ISSN 1095-6298

ACADEMY OF MARKETING STUDIES JOURNAL

An official Journal of the

Allied Academies, Inc.

Newell D. Wright
James Madison University

Editorial and Academy Information
may be found on the Allied Academies web page
www.alliedacademies.org

The Academy of Marketing Studies is a subsidiary of the Allied Academies, Inc., a non-profit association of scholars, whose purpose is to support and encourage research and the sharing and exchange of ideas and insights throughout the world.

Whitney Press, Inc.

Printed by Whitney Press, Inc.
PO Box 1064, Cullowhee, NC 28723

The *Academy of Marketing Studies Journal* is owned and published by the Allied Academies, Inc., PO Box 2689, 145 Travis Road, Cullowhee, NC 28723, (828) 293-9151, FAX (828) 293-9407. Those interested in subscribing to the *Journal,* advertising in the *Journal*, submitting manuscripts to the *Journal*, or otherwise communicating with the *Journal*, should contact the Executive Director at info@alliedacademies.org.

LETTER FROM THE EDITOR

Welcome to 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.

Newell D. Wright
James Madison University
www.alliedacademies.org

ACADEMY OF MARKETING STUDIES JOURNAL

TABLE OF CONTENTS

LETTER FROM THE EDITOR iii

PROSPECT THEORY AND PERCEPTIONS OF QUALITY:
NON-LINEAR EFFECTS OF QUALITY
COMPARISONS ON PRICE IN
THE USED CAR MARKET 1
Stephen C. Betts, William Paterson University
Zinaida Taran, St. John Fisher College

CEO PERCEPTION OF CUSTOMER SATISFACTION:
AN EMPIRICAL STUDY 11
James B. Bexley, Sam Houston State University
Balasundram Maniam, Sam Houston State University

VOLUNTARY SIMPLICITY: DEFINITIONS AND DIMENSIONS 19
Timothy C. Johnston, The University of Tennessee at Martin
Jay B. Burton, Mid-Continent College

AN EXPLORATORY EXAMINATION OF GENDER
BIAS AND CUSTOMER SATISFACTION IN
THE RETAIL SECTOR 37
Faye S. McIntyre, State University of West Georgia
Daniel F. Lynch, Michigan State University
Robert E. Hite, State University of West Georgia

CORPORATE SOCIAL RESPONSIBILITY AND ETHICS
IN THE PRINCIPLES OF MARKETING COURSE:
ONE INSTITUTION'S JOURNEY 45
Michael R. Luthy, Bellarmine University
Julie Toner Schrader, Bellarmine University
Barry L. Padgett, Bellarmine University

THE IMPACT OF PRODUCT CATEGORY AND LEVEL
OF DISAGREEMENT ON RELATIVE CONFLICT:
DOES PRODUCT CATEGORY AFFECT THE JOINT
DECISION MAKING PROCESS FOR SPOUSES? 61
Cheryl B. Ward, Middle Tennessee State University

THE APPLICATION OF TRADITIONAL CREATIVITY
ENLARGEMENT METHODS FOR INSTRUCTING
MARKETING STUDENTS: AN EXPLORATION 77
Robin T. Peterson, New Mexico State University

AN EVENT STUDY APPROACH TO EVALUATING
THE ECONOMIC RETURNS OF ADVERTISING
IN THE SUPER BOWL 89
Peggy Choong, Niagara University
Greg Filbeck, Schweser Study Program
Daniel L. Tompkins, Niagara University
Thomas D. Ashman, Union College

TRENDS IN THE CHILDCARE INDUSTRY:
PROJECTED DEMAND FOR CHILDCARE SERVICES
IN SOUTH MEMPHIS, TENNESSEE 101
Reginald M. Peyton, Christian Brothers University
Gilda G. Lewis, Christian Brothers University
Sarah T. Pitts, Christian Brothers University
Rob H. Kamery, Christian Brothers University

MULTIPLE CHANNELS FOR ONLINE BRANDING 109
Gary P. Schneider, University of San Diego
Carol M. Bruton, California State University San Marcos

MANUSCRIPTS

PROSPECT THEORY AND PERCEPTIONS OF QUALITY: NON-LINEAR EFFECTS OF QUALITY COMPARISONS ON PRICE IN THE USED CAR MARKET

Stephen C. Betts, William Paterson University
Zinaida Taran, St. John Fisher College

ABSTRACT

Quality is a key decision criterion often included in consumer decisions. In this paper we explore the relationship between quality and price in the used car market. Prospect theory (Kahneman & Tversky, 1979) suggests that when evaluating alternatives, consumers compare decision criteria (such as quality) against a reference point. In this paper we acknowledge that there are several bases that consumers might use for establishing reference quality levels for used cars. Prospect theory also posits that consumers are risk-averse for gains (above reference point) and risk-seeking for losses (below reference point). We propose that individuals evaluating cars with a quality ratings below a reference point behave in a risk seeking manner and therefore underprice used cars compared to expected risk neutral pricing, and similarly they become risk-averse and overprice cars with comparatively high quality. Propositions are developed using all cars, car within a class, cars within a brand, and the specific car model as alternative bases for reference quality levels. A design for empirically verifying the propositions is presented and implications for researchers, educators and practitioners are discussed.

INTRODUCTION

Expected utility theory (Von Neumann & Morgenstern, 1944) proposes that individuals make rational choices based on the level of relevant decision criteria (Friedman & Savage, 1948). Empirical research however has found that evaluation of alternatives in the decision-making process violates the rationality assumptions of expected utility theory (Slovic & Tversky, 1974) and has been known to depend on the framing of a problem (Tversky & Kahneman, 1986: Hogarth &. Reder, 1986). Such behavior manifests itself in non-linear effects of decision criteria. These non-linear effects are inconsistent with expected utility theory, but can be explained by prospect theory (Kahneman & Tversky, 1979: Shafir, 1999). Prospect theory suggests that people 'code' the alternatives in terms of gains or losses relative to a reference point. They then weigh the resulting losses or gains by the perceived probabilities of them occurring, forming a non-linear value function. People are generally risk-averse on gains and risk-seeking on losses (Kahneman & Tversky, 1979).

In marketing, prospect theory has been widely used to explore decision behavior regarding prices and other financial criteria, and to a lesser degree to time. Although quality is a primary consideration in consumer decisions, it has largely been overlooked (Ong, 1994). In our paper, we apply prospect theory to quality, specifically to the relationship between quality and price.

We limit our application area to durable high-ticket goods with an existing resale market, further focusing on used cars. Selling prices in the used market are known, and established primarily through a 'competitive' market mechanism. New cars' market is largely 'oligopolistic', prices being set as part of a strategic game by the manufacturers. Used car market is a 'competitive' market not directly controlled by any larger player. Furthermore, there is a relative abundance of information related to the car quality.

The structure of the paper is as follows: first, we outline prospect theory (Kahneman & Tversky, 1979), compare it with expected utility theory, and briefly describe its applications. Next, we discuss the used car market, where we suggest applying prospect theory to the relationship between quality and price. This is followed by theory development and the presentation of research propositions. Finally, we outline suggestions for research and the implications of this research.

PROSPECT THEORY

Prospect theory (Kahneman & Tversky, 1979) was developed to explain instances where expected utility theory failed to explain people's choices. Expected utility theory suggests that under uncertainty, people weigh the outcomes by the probabilities of their occurrence, and choose one that provides the highest absolute expected value. However, people's judgment is often heavily affected by the framing of the situation, thus and otherwise violating the rules of expected utility estimation. Specifically, there are four substantive assumptions of expected utility theory (Tversky & Kahneman, 1986): 1) cancellation (elimination of outcomes that do not depend on the individual choices from consideration); 2) transitivity (if A is preferred to B, and B to C, then A is preferred to C); 3) dominance (if A is better than others in one state and at least as good as others in other states, it should be chosen); 4) invariance (person's preference does not depend on the presentation of the problem).

Cancellation is obeyed when its application is transparent and violated otherwise. Some have argued that cancellation is not an assumption of expected utility theory, but rather a step postulated by prospect theory (Liu, 1998). Violations of transitivity stemming from pairwise choices in non-transparent situations have been also shown (Tversky, 1969). Dominance was shown to be violated in cases of "nontransparent dominance" where the problem was subdivided into smaller steps which did not aggregate in an obvious fashion (Tversky & Kahneman, 1986). Invariance has frequently been shown to be violated. These violations of the assumptions of expected utility theory render its descriptions and predictions inaccurate. Prospect theory provides an alternative model to how people make choices.

In prospect theory, there are effects due to the framing of alternatives (Thaler & Kahneman 1981). The process can be briefly described as follows: people 'code' the outcomes of various prospects (alternatives) in terms of gains or losses, and weigh the result by their subjective probabilities. Gains are weighed differently from losses, with people acting risk-averse for gains, and risk-seeking for losses.

Tversky and Kahneman (1986) also observed what they referred to as a "strong distaste for losses", that is the absolute value of the utility of a gain generally being lower than that of the loss. A typical situation where such effects were revealed is the following experiment conducted by Tversky and Kahneman (1986): respondents have to choose between two treatments, radiation and surgery. They are told either of two mathematically equivalent statements: (1) that radiation ensures 10% increase of survival (from 90% to 100%) over surgery or (2) that radiation provides a 10% reduction of risk of death (down to 0) surgery. When the problem was framed in terms of survival (1), radiation is chosen by 18% and in terms of mortality (2) by 44% of respondents. Prospect theory has been elaborated over the years to allow for this larger disutility placed on a loss than the utility accorded to an equivalent gain, as well as to account for multiple alternatives, pessimism and optimism.

The coding of outcomes in terms of gains and losses, requires a reference point relative to which the outcomes are seen (Kahneman & Tversky, 1979). In pricing, where prospect theory is most widely used, the reference point is referred to as reference price (Erdem, Mayhew & Sun, 2001; Niedrich, Sharma & Wedell, 2001). Reference price is "any price in relation to which other prices are seen" (Biswas & Blair, 1991, Briesch, Krishnamurthi, Mazumdar & Raj, 1997). There are internal (stored in consumer's memory) and external (provided by the environment) reference prices. For example, "manufacturer suggested retail price $76.00" on the price tag of a $56.00 item is an attempt to establish an external reference price and subsequently invoke coding of the decision making problem as a gain. The idea of a reference price predates the prospect theory. For example, adaptation-level theory (Helson, 1964) suggests that people adapt to stimuli, forming standards for evaluations. Changes in the stimuli are integrated into previously held standards.

Prospect theory has found application in a great many academic disciplines including finance, economics, management, decision theory and political science. In marketing, prospect theory has been applied to people's decisions involving money (prices, discounts, coupon promotions, advertising, monetary incentives including salesforce compensation, product bundling (Stremersch & Tellis, 2002: Johnson, Herrmann &Bauer, 1999), less frequently to time (Mowen & Mowen 1991; Leclerc, Schmidtt & Dube´, 1995) and very rarely to quality Ong (1994). Perhaps most notable result of its application in marketing is a formal explanation of the relationship between price promotions and internal consumer's reference price (Jagpal, 1998), suggesting that it is moderate-amount temporary price decrease that is especially detrimental in this regard.

While there have been some studies based on panel data (Mayhew & Winer, 1992), most empirical research involving the Prospect Theory relies on designed laboratory experiments (Kahneman & Tversky, 1979; Salminen & Wallenius, 1993). Such reliance on experimental data raises concerns related to external validity (generalizability) of the findings, a notion exacerbated by the over-reliance on college students as the subjects of such experimentation. There have been a great many such experiments however, and they have shown strong support for the basic tenets of prospect theory.

THE USED CAR MARKET

For our current research, we narrow our focus to durable goods, that is such goods that last throughout many uses and maintain value over a period of time. Among the durable goods, there are expensive items, such as cars and major appliances. Purchasing such an item is usually a high-involvement, information-processing intensive process. For these goods the high initial cost and retained value allows for a resale market (Ocada, 2001). Although a consumer can choose between new and used models of these goods, the marketplace for used and new models differ considerably. The new goods are sold in retail establishments and the prices generally are determined jointly by the manufacturers and retailers. In this regard, the new market can be considered oligopolistic competition. The market for used goods however has many individual buyers and sellers. When a large proportion of such transactions are done among the consumers directly, then there are no dominant players. With none of the players able to affect the price, the used durable goods market is close to pure competition.

The highly involved decision-making process used in the purchase of a car boosts the demand and, consequently, the supply of information. Consumer Reports, Edmunds' publications and others provide historical averages of many factors that are of concern to consumers. Many of these sources have been around for decades, and with the advance of the Internet it is becoming ever easier to get information related to cars. Even the cars that have been damaged but superficially restored to look good to hide the damage from the consumer can be found through an on-line database. We contend that consumers use this widely available information to establish prices relying on decision-making mechanisms in line with the prospect theory.

QUALITY

Every product can be characterized through a set of its tangible and intangible attributes. Each attribute is related to how well the product performs its core function or some important secondary function. Quality is the level of those attributes relative to the industry standard. For example, a car has a certain width, length, style, number of cylinders, torque, durability, reliability, and so on and there are industry standards for each of these. Of these, 'reliability' is related to the core function of the car - transportation. Similarly 'style' adds to the status of the car, a secondary function. The overall quality of the product is the aggregate of the quality of each attribute.

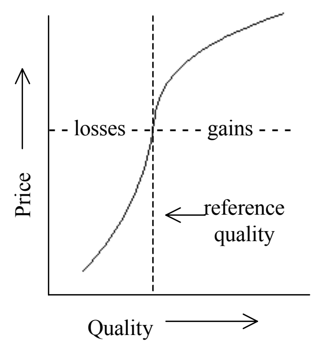
There exists a level of each attribute that serves as a reference point, relative to which the level of quality of a particular product is either a gain or loss. It is not important if the attribute in question is directly observable or not, as long as there is an expectation of performance relative to the reference point. When the quality offered exceeds the reference quality, it is a gain, when it fall short, it is a loss. For example, a car could be "too noisy" because it is noisier than other cars in it's class. In this case it is of poor quality because it is bringing a loss in the form of excess noise. Research supports the notion of reference effects in quantified quality comparisons. Ong (1994) showed that merchant-supplied reference quality influences consumer evaluation of product quality.

Despite the support for applying prospect theory to the effects of quality, it remains an underdeveloped area (Ong, 1994; Liu, 1998). One explanation is the general difficulty of operationalizing and quantifying quality (Ong, 1994). In the used car market however, there is a well developed set of quality information. Well known ratings are readily available regarding historical performance, reliability, etc, maintained over the course of at least half a century. Car buyers have had Consumer Reports to rely on for their whole lifetime. The proliferation of ratings and data related to used cars has, over the course of years, served as quite a powerful external reference tool and developed into a true reflection of consumer metrics. Such wealth of information allows for the effects of quality analyzed in the case of used cars.

THEORY DEVELOPMENT

A set of propositions will be developed by applying the basic dynamics underlying prospect theory to the relationship between quality and prices in used cars. In this case different cars are the prospects which get evaluated relative to quality reference points. In line with prospect theory, we expect the of the relative quality to be non-linear, people will act as risk-averse for gains, and risk-seeking for losses, and the effect will be is steeper for losses than for gains. These relationships are illustrated in Figure 1.

Figure 1 - Prospect Theory Effect of Quality on Price



For all of the propositions, we assume that the used car buyer compares the quality rating of a specific car with a reference quality rating. Adaptation-level theory (Helson, 1964) addresses the choice of an appropriate basis for reference, specifically proposing that consumers can shift their reference point if adequately compelled to do so. This indicates that there may not be one dominant basis for setting a reference point. As such we use four bases for setting a reference point. First we consider that there is a general perception of what an 'average car' is. The 'average car' is a standard reference car, that is a single reference point across all cars. Using the 'average car' reference, a Lexus might provide an above-average level of comfort, and a Honda Civic below-average. An alternative idea is that cars are compared to each other within a class, not much across classes, and therefore one would stipulate a class quality reference point. In this case, Civic is not measured against the same criteria as Lexus. In fact, this approach has been adopted by researchers who refer to the classes of automobile as "price-quality tiers" (Lemon & Nowlis, 2002).

The third approach is to use the brand as the reference point. In this approach the consumer associates a general level of some attribute, in this case car quality, to the brand name. Researcher have shown that the brand average quality influences the evaluation of specific cars by what is referred to as a 'brand halo' effect (Betts & Taran, 2002). The final, and most specific basis for reference points is a specific model of a specific brand. In this case a person might have an idea of the quality of the Honda Civic, to which he compares a Honda Civic of a specific year or set of options.

The first set of propositions is for situations where the quality rating of a specific car is higher than the reference rating. Based on the prospect theory notion that people are risk-averse for gains, the incremental utility of the gain due to higher quality decreases the further from the reference point. This utility should manifest itself in the price that the buyer is willing to pay, therefore:

Proposition 1a	*quality will have a decreasingly positive effect on price for cars w/ quality rating above average for all cars*
Proposition 1b	*quality will have a decreasingly positive effect on price for cars w/ quality rating above car class average*
Proposition 1c	*quality will have a decreasingly positive effect on price for cars w/ quality rating above brand average*
Proposition 1d	*quality will have a decreasingly positive effect on price for cars w/ quality rating above car model average*

The second set of propositions is for situations where the quality rating of a specific car is lower than the reference rating. Based on the prospect theory notion that people are risk-seeking for losses, the incremental utility of the loss due to lower quality increases the further from the reference point. Again, this utility should manifest itself in the price that the buyer is willing to pay, therefore:

Proposition 2a	*quality will have a increasingly positive effect on price for cars w/ quality rating below average for all cars*
Proposition 2b	*quality will have a increasingly positive effect on price for cars w/ quality rating below car class average*
Proposition 2c	*quality will have a increasingly positive effect on price for cars w/ quality rating below brand average*
Proposition 2d	*quality will have a increasingly positive effect on price for cars w/ quality rating below car model average*

The final set of propositions reflect the "strong distaste for losses" observed by Tversky and Kahneman (1986). The absolute value of the utility of a higher quality than the reference would be lower than that of an equally lower quality. This utility should also manifest itself in the price, therefore:

Proposition 3a	*The increase in the relationship between quality and price when quality rating is below average for all cars is greater than the decrease in the same relationship when quality rating is above average for all cars.*
Proposition 3b	*The increase in the relationship between quality and price when quality rating is below car class average is greater than the decrease in the same relationship when quality rating is above car class average.*
Proposition 3c	*The increase in the relationship between quality and price when quality rating is below brand average is greater than the decrease in the same relationship when quality rating is above brand average.*
Proposition 3d	*The increase in the relationship between quality and price when quality rating is below car model average is greater than the decrease in the same relationship when quality rating is above car model average.*

RESEARCH SUGGESTIONS

The propositions presented could be empirically tested. The independent variables are various indicators of quality as compared to a reference point. The dependent variable is used car selling price. For the independent variables, ratings of reliability are provided by major publishers such as the Consumer Reports, which also reports the class, brand and model of the car which are necessary in establishing reference points. The dependant variable is price, which is also available in published reports such as the Kelly Blue. The age range would have to be limited due to consideration of comparability and availability of data. From a year to a year, car models and even makes get introduced or discontinued, new features get introduced, and previously optional equipment becomes part of standard package. Also, past a certain age, a the variance in a car's reliability becomes too high to be meaningful.

The data would be analyzed utilizing non-linear regression methods. Since we are expecting the model to be shifting the slope past reference points, spline (piecewise) regression could be an appropriate tool (Smith, 1979). Spline regression (piecewise polynomial regression) is a regression models in which the function changes at one or more points (knots) along the range of the predictor. (Seber & Wild, 1989, Ch. 9)

IMPLICATIONS

This study bears important implications for researchers, educators and practitioners. For researchers it is a contribution to our understand of consumer driven pricing. The specific contribution is in explaining the relationship between quality and price. A more general, and perhaps more important contribution is the adoption of a of prospect theory perspective in examining the factors which go into a price decision. Considering the research from a different, perspective it is also a contribution to a largely under-developed area of application of prospect theory.

For educators in the field of marketing and consumer behavior, it offers a simple approach that is easy to explain on material that most students find relevant (used cars). It can also be used as supplemental material in a classroom discussion related to pricing, promotion, consumer decision making, and/or product quality.

The proposed research design also makes a contribution. It offers simple methodology utilizing available secondary data sources, thus overcoming the generalizibility and external validity issues inherent in traditionally used in the field experimental studies and being easy to extend into practical applications. Also, as an alternative to experimental studies, it allows for the triangulation of findings. For practitioners it explains quality reference points and emphasizes the importance of identifying the proper quality reference points. The proposed empirical study and offers a simple way of determining the relevant quality reference points. Such knowledge could be practically applied in positioning and/or promotional efforts.

An example of a practical application of this research would be attempts at influencing the external reference point to affect the framing of the decision (see the discussion and description of Tversky and Kahneman (1986) experiment). Sellers of cars of superior quality could attempt to upwardly influence consumer's reference quality point. This would cause the quality of other cars to be coded as losses and potentially bring along much steeper premium than if the reference point were at the lower level.

REFERENCES

Betts, S. & Z. Taran. (2002). The 'Brand Halo' effect: Brand reliability influence on used car prices. Presented to the Allied Academies International Meeting, Nashville, TN. Proceedings of the Academy of Marketing Studies, 19-24.

Biswas, A. & E.A. Blair. (1991). Contextual effects of reference prices in retail advertisements. *Journal of Marketing, 55*(3), 1-12.

Briesch, R.A., L. Krishnamurthi, T. Mazumdar & S.P. Raj. (1997). A comparative analysis of reference price models. *Journal of Consumer Research, 24*(2), 202-214.

Erdem, T., G. Mayhew & B. Sun. (2001). Understanding reference-price shoppers: a within- and cross- category analysis. *Journal of Marketing Research, 38*(4), 445-457.

Friedman, M. & L.J. Savage. (1948). The utility analysis of choices involving risks. *Journal of Political Economy, 56*(4), 279-304.

Helson, H. (1964). *Adaptation-Level Theory*. New York: Harper.

Hogarth, R.M. & M.W. Reder. (1986). Editors' comments: Perspectives from economics and psychology. *The Journal of Business, 59*(4), S185-S207.

Jagpal, H.S. (1998). *Marketing under Uncertainty*. Oxford: Oxford University Press.

Johnson, M., A. Herrmann & H. Bauer. (1999). The Effects of price bundling on consumer evaluations of product offerings. *International Journal of Research in Marketing, 16*(2), 129-142.

Kahneman, D. & A. Tversky. (1979). Prospect theory: An analysis of decision under risk. *Econometrica, 47*(2), 263-291.

Leclerc, F., B. Schmitt & L. Dube´. (1995). Waiting time and decision making: Is time like money? *Journal of Consumer Research, 22*(1), 110-119.

Lemon, K. & S. Nowlis. (2002). Developing synergies between promotions and brands in different price - quality tiers. *Journal of Marketing Research, 39*(2), 171- 185.

Liu, Y. (1998). Prospect Theory: Developments and Applications in Marketing. Working Paper, Rutgers University.

Mayhew, G.E. & R.S. Winer. (1992). An empirical analysis of internal and external reference prices using scanner data. *Journal of Consumer Research, 19*(1), 62-70.

Mowen, J. & M. Mowen. (1991). Time and outcome valuation: Implications for marketing decision making. *Journal of Marketing, 55*(4), 54-62.

Niedrich, R.W., S. Sharma & D. Wedell. (2001). Reference price and price perceptions: A comparison of alternative models. *Journal of Consumer Research, 28*(3), 339-354.

Ocada, E. (2001). Trade-ins, mental accounting, and product replacement decisions. *Journal of Consumer Research, 27*(4), 433-446.

Ong, B.S. (1994). Conceptualizing "Reference Quality" claims: Empirical analysis of its effects on consumer perceptions. *American Business Review, 12*(1), 86-94.

Shafir, E. (1999). Belief and decision: The continuing legacy of Amos Tversky. *Cognitive Psychology, 38*(1), 3-15.

Salminen, P. & J. Wallenius. (1993). Testing prospect theory in a deterministic multiple criteria decision-making. *Decision Sciences, 24*(2), 279-294.

Seber, G.A. F. & C.J. Wild. (1989). *Nonlinear regression*. New York: Wiley.

Slovic, P. & A. Tversky. (1974). Who accepts Savage's axiom? *Behavioral Science, 19*(4), 368-373.

Smith, P.L. (1979). Splines as a useful and convenient statistical tool. *American Statistician, 33*(2), 57-62.

Stremersch, S. & G.J. Tellis. (2002). The strategic bundling of products and prices: A new synthesis for marketing. *Journal of Marketing, 66*(1), 55-72.

Thaler, R. & D. Kahneman. (1981). The framing of decisions and the psychology of choice. *Science, 211*(4481), 453-458.

Tversky, A. & D. Kahneman. (1986). Rational choice and the framing of decisions. *The Journal of Business, 59*(4), S251-S278.

Tversky, A. (1969). Intransitivity of preferences. *Psychological Review, 76*, 31-48.

Von Neumann, J. & O. Morgenstern. (1944). *Theory of Games and Economic Behavior*. Princeton, NJ: Princeton University Press.

CEO PERCEPTION OF CUSTOMER SATISFACTION: AN EMPIRICAL STUDY

James B. Bexley, Sam Houston State University
Balasundram Maniam, Sam Houston State University

ABSTRACT

This paper examines chief executive officers' perceptions relative to customer satisfaction. Additionally, customers of the chief executive officers' banks were asked to indicate their expectations concerning customer satisfaction. First, a survey was sent to chief executive officers from 60 banks, with 41 banks responding. Subsequently, 150 surveys were sent to each of the 41 responding banks for random distribution to each tenth customer who came to the lobby or motor bank. Both customers and chief executive officers were surveyed in the three major population areas of Texas (Houston, Dallas-Ft. Worth, and Austin-San Antonio). 'The research included both urban and rural banks within the three major population areas. Significant evidence of the disparity between chief executive officers' perceptions concerning customer satisfaction and that of the customers' actual expectations was noted..

INTRODUCTION

Customer satisfaction related to expectation fulfillment is an extremely important and critical issue facing organizations in the complex business environment of today. The banking industry is, certainly not an exception to this premise. In fact, it has been widely held in financial institutions that customer satisfaction may be the most influential factor in the selection of a banking institution. Likewise, with all of the changes taking place in the financial marketplace and the increase in competition, it becomes apparent that more attention must be given to customer service and satisfaction.

Based on what customers have indicated in various banking situations, personalized and quality customer service will provide banks with the ability to be more competitive than those banks who fail to deliver the expected level of quality service.

To develop and implement a successful customer relations program, a financial institution must begin by determining the inherent view within the organization relative to customer service. Usually, it is determined that management sets the standard by which an organization establishes its goals and objectives. For management to set the standard, there must be some perception of what the customer or prospective customer wants and needs. By inference, the employees and officers of a financial institution usually exhibit those service characteristics emanated by management.

Therefore, it is not only important to obtain customer input as to the services and products they desire, but it is equally important to receive management's perceptions of the customers' wants and needs to avoid situations where the institution fails to live up to customer expectations due to failed communications. For example, management may determine that his/her bank does not need more than one automated teller machine. Management's basis for the decision is based upon low usage of an existing machine in a poor location. On the other hand, customers may be moving from that bank because they believe the competition has machines in locations that better meet their needs.

This empirical study examines management perceptions against customer expectations of quality service, and shows the gap between perception and expectation.

EXISTING LITERATURE

The American Bankers Association (1994) reported that during the past decade banks have seen their customer base decline. Efforts to reduce this decline have not proved successful to date. One thing that appears to be promising is the implementation of good customer service. To implement good customer service, it has been shown that researching customer expectations and determining customer desires is vital. Studies have shown that developing programs that revolve around customer expectations is necessary in the implementation of a successful customer relations atmosphere (Zeithaml, Parasuraman, & Berry, 1990). This directly relates to the implementation of a successful customer satisfaction program that measures and delivers goods and services.

Kessler (1996) noted that increasing satisfaction requires an understanding of what it is and how it is to be handled. There are three levels of customer satisfaction according to Noriaki Kano (Kessler, 1996). They are expected quality, desired quality, and excited quality. An example of expected quality would be the receipt of a deposit slip when a deposit is made at the bank. The receipt is definitely expected by the customer. Assume the customer had to spend a substantial amount of time waiting in line to make that deposit. The customer did not expect to spend that much time in line, in which case this goes to quality expectations of the customer. If the bank can shorten the wait in line, it will surely enhance desired quality. Excited quality may be a gift given to the customer when a deposit is made. This adds value to the service and consequently causes the customer to enjoy the banking experience. It has been noted that features considered excited quality might easily become expected. For example, when a bank traditionally gave a gift when the customer made a deposit, and then discontinued the practice, they may have found extreme disappointment (Kessler, 1996).

While many methods for improving customer satisfaction have been developed, customization of banking services may prove highly successful. According to Kotler, bank customization may be exemplified in the following manner:

> "Instead of viewing the bank as an assembly line provider of standardized services, the bank can be viewed as a job shop with flexible production capabilities. At the heart of the bank would be a comprehensive customer database and a product profit database. The bank would be able to identify all of the services used by any customer, the profit (or loss) on these services and the potentially profitable services which may be proposed to that customer (quoted in Gutek, 1995, p. 202)."

For the bank to be able to utilize customization, it must determine what services the customer wants and needs. Then, the bank must strive to continually maintain exceptional service. It must also determine which services add value to the relationships to set it apart from the competition. Reliability in meeting customer service expectations is one of the most important dimensions of the service element (Berry, 1995). Simply providing an expected service in a reliable manner does not allow for a bank to exceed customers' expectations. Customers do not view a service that is expected to be provided by an organization as one that should receive praise. According to Leonard Berry (1995, p. 89),

> "Companies that surprise customers with unusual caring, commitment, or resourcefulness during the service process receive the extra credit."

The providing of service that is above and beyond expectations cannot be accomplished until expected service is determined. Customer desires and needs must be determined when implementing a competitive customer relations program.

THE STUDY

This research was conducted for a two-fold purpose. First, there was a need to determine the reasons customers choose community banks and to determine their likes and dislikes of the products and services offered by the banks. Second, the important element of determining whether chief executive officers properly perceived the customers needs and wants in the area of bank products and services needed to be measured.

A representative group of community bank chief executive officers were consulted and shown sample questions to develop the customer survey. This group's input was used to refine the final questionnaire for completion by the customer and also the questionnaire to be completed by the chief executive officers of the community banks.

Two questionnaires were finalized, with the first questionnaire being sent to chief executive officers from 60 banks in the three major population areas of Texas (Houston, Dallas-Ft. Worth, and

Austin-San Antonio). The research included both urban and rural banks within these areas. Over 68% of the bank chief executive officers responded giving us a highly reliable sample for that portion of the research. After receiving the banks' responses, 150 questionnaires were sent to each of the 41 responding banks for random distribution to each tenth customer who came to the lobby or motor bank. While the questionnaire response rate was only 7.6%, the large size of the sample insured an accuracy of +/- 5%. The researchers independent of the banks conducted all tabulations.

Typical Customer

A snapshot of the a typical customer was indicated from the research results. That typical customer was female in gender, 45-54 years of age, and had been a customer of the bank for over 10 years. Additionally, she lived in a small to middle-sized community, preferred to use the motor bank, and conducted business with the bank four or more times per month.

Why Did the Customers Choose the Bank?

Customers were asked to rank the importance of criteria for selecting a community bank, choosing from advertising, location, recommendation of others, service charges or fees, and service quality. On average, service quality was ranked as the most important. Location was second in importance, with service charges or fees in third place, recommendation of others was fourth, and advertising ranked fifth. A few customers selected the category "other".

Conversely, chief executive officers were given the same instructions and criteria as the customers, but the results were totally different. Location was considered most important, followed by recommendation of others in second place, strength/stability was third, service charges or fees ranked fourth, and advertising was fifth.

Most Frequently Used Facilities

Customers were given bank lobby, motor bank or drive-in, and automated teller machines to indicate which facility they utilized most. These customers indicated that 54% utilized the motor bank or drive-in most frequently, followed by 42% of the respondents selecting the bank lobby, and only 4% frequented the automated teller machine most. Chief executive officers perceived correctly that the motor bank would be the most used facility, followed by the bank lobby and the automated teller machine in that order.

Facility use varied substantially by age as noted below:						
Facility	Under 25	25-34	35-44	45-54	55-64	65 Over
Bank lobby	20%	50%	27%	41%	46%	57%
Motor bank	60%	45%	66%	57%	52%	40%
ATM	20%	5%	7%	2%	2%	3%

Facility use by gender was almost equally divided as noted below:

Facility use by gender		
Facility	Male	Female
Bank lobby	50%	36%
Motor bank	45%	61%
ATM	5%	3%

Frequency of Conducting Business

Customers were questioned about the frequency of conducting business either in the bank lobby or motor bank, and they were given the selections of one time a month or less, two or three times a month, and four or more times a month. The customers indicated that 74% conducted business four or more times a month, followed by 22% who conducted business two to three times a month, and only 4% conducted business one time a month or less.

Chief executive officers perceived overwhelmingly that most of the customers surveyed would conduct business four or more times per month in the bank lobby or motor bank.

Importance of Services In Selecting A Bank

There are a number of factors evaluated by customers in the selection of a bank. The questionnaire listed the following categories and asked the customers to rate them as "must have", "somewhat important", "desirable" or "not important": convenient lobby banking hours, convenient motor banking hours, Saturday banking hours, computer banking availability, telephone banking services, mutual fund services, insurance services, and reasonable fees/services. Chief executive officers were asked to rank their perception of how the customers would rate the categories.

There was little consistency in the customers' ratings of the categories and the perception of the chief executive officers as noted by the following data:

Customers' Ratings of the Categories and the Perception of the Chief Executive Officers				
Convenient Lobby Hours	Must Have	Somewhat Important	Desirable	Not Important
Customers	58%	26%	13%	3%
CEOs	35%	53%	10%	2%
Convenient Motor Bank Hours	Must Have	Somewhat Important	Desirable	Not Important
Customers	69%	18%	9%	4%
CEOs	66%	31%	10%	0%
Saturday Bank Hours	Must Have	Somewhat Important	Desirable	Not Important
Customers	29%	25%	25%	21%
CEOs	13%	25%	48%	15%
Computer Banking	Must Have	Somewhat Important	Desirable	Not Important
Customers	14%	24%	25%	37%
CEOs	2%	15%	58%	25%
Telephone Banking	Must Have	Somewhat Important	Desirable	Not Important
Customers	25%	29%	23%	23%
CEOs	17%	44%	39%	0%
Mutual Fund Services	Must Have	Somewhat Important	Desirable	Not Important
Customers	4%	17%	25%	54%
CEOs	3%	10%	42%	45%
Insurance Services	Must Have	Somewhat Important	Desirable	Not Important
Customers	8%	14%	17%	61%
CEOs	0%	10%	40%	50%
Reasonable Fees/Services	Must Have	Somewhat Important	Desirable	Not Important
Customers	72%	19%	7%	2%
CEOs	33%	53%	15%	0%

CONCLUSIONS

This research has provided some interesting insight into what the customer expects from a community bank, as well as the chief executive officers' perceptions concerning customer expectations. As is obvious from the research, some of the chief executive officers' conclusions are substantially different from the customers' expectations in most of the areas. This would lead to the conclusion that there could be a problem unless the chief executive officers ask the customers what they want in the way of products and services, and then implement the customers' requests.

Age and gender did not impact why the customer chose the bank meaning that strength and stability was the critical factor in community bank selection. However, age and gender did impact which facilities were most frequently utilized by the customers. Therefore, one could draw the conclusion that banks whose markets are heavily skewed toward a specific age group (such as a retirement community on the older spectrum or young professionals in the younger category) need to take into consideration the age and gender make up of their customer base when they add lobby tellers, motor bank tellers, or automated teller machines.

Three things stood out in the research related to the importance of services in the selection of a bank. First, an unusually high number of customers, found reasonable fees/services as a must have, while surprisingly, the chief executive officers failed to recognize its significance to the customer. Second, customers said that they must have convenient motor bank hours. Chief executive officers recognized that the customers felt this was important by their responses. Third, convenient lobby hours were indicated as a critical, must have. However, chief executive officers did not see this as being a must have, but did at least see it as somewhat important to the customer.

Two services in the selection of a bank ranked low in customer importance-mutual fund services and insurance services. Care should be taken not to ignore the future potential of these two services. In fact, it is possible that these ranked low due to the perception by the customers and the chief executive officers that these are not services normally found in the conventional banking environment. Since the face of the financial services industry is changing to more of a "one-stop shopping" concept, it would be wise for bankers to include these services in their future plans.

Judging from customers responses to the questionnaire, it would appear that the most potential for future growth in the non lending areas of the average community bank would be in the areas of money market accounts, certificates of deposit, credit cards, mutual funds, and insurance. In conclusion, there are many opportunities for growth in banks, but they must provide the products, service and convenience the customers desire.

REFERENCES

American Bankers Association (1994). A report on the status of banking.

Berry, L. L. (1995). *Leonard L. Berry on Great Service.* New York, NY: The Free Press.

Gutek, B. (1995). *The Dynamics of Service*. San Francisco, CA: Jossey-Bass Publishers.

Kessler, S. (1996). *Measuring and Managing Customer Satisfaction.* (p. 59). Milwaukee, WI: ASQC Quality Press.

Zeithaml, V. A., A. Parasuraman & L. L. Berry (1990). *Delivering Quality Service* (pp. 54-59). New York, NY: The Free Press.

VOLUNTARY SIMPLICITY: DEFINITIONS AND DIMENSIONS

Timothy C. Johnston, The University of Tennessee at Martin
Jay B. Burton, Mid-Continent College

ABSTRACT

Voluntary Simplicity is a growing social movement that is important to marketers, because it may herald fundamental and widespread changes in consumer preferences. Academics and leaders of the movement agree that a definition is needed for research on Voluntary Simplicity to move forward. The contribution of this paper is an analysis of popular definitions of Voluntary Simplicity published from 1977 to 2001. An analysis of 142 keywords from 29 citations revealed the following 12 dimensions: The Good Life, Life Purpose, Personal Growth, Chosen Life, Self Determination, Relationships, Material Simplicity, Minimal Consumption, Role of Work, Plain Living, Ecological Awareness, and Human Scale. These dimensions define the domain of the Voluntary Simplicity lifestyle. Researchers can use the dimensions to craft precise definitions and to suggest dimensions and items for measures. Research on Voluntary Simplicity can help to identify the influence of the movement on mainstream consumers.

INTRODUCTION

Voluntary Simplicity is "living in a way that is outwardly simple and inwardly rich" (Elgin, 1993). More and more people in affluent societies like the United States are being attracted to this lifestyle. As Voluntary Simplicity ideas diffuse into mainstream society, widespread changes in consumer preferences and behavior may result. The purpose of this paper is to further explicate the meaning of Voluntary Simplicity by analyzing the definitions of thought leaders in the movement over a 25-year time span.

This paper begins with a discussion of the growing importance of the Voluntary Simplicity movement, and its relevance to marketers. This is followed by a keyword analysis of definitions of Voluntary Simplicity, which includes selected definitions from the literature from 1977 to 2001. The paper ends with conclusions and recommendations for future research.

A GROWING SOCIAL MOVEMENT

Voluntary Simplicity is a growing social movement (Etzioni, 1999). According to the New York Times, "Choosing to buy and earn less-to give up income and fast-track success for more free time and a lower-stress life-involves a quiet revolt against the dominant culture of getting and spending," (Goldberg, 1995). More recently, the Los Angeles Times reported, "the core ideals of voluntary simplicity-spend less, work less and focus on important personal goals-are resonating with Americans who have been shaken by the recent events (terrorist attacks) and who are looking for more meaning in their lives," (Weston, 2001). "Simplify" is becoming the rallying cry for a generation of alternative consumers.

Maniates (2002, p. 200) suggested that "no observer of the U.S. simplicity movement really knows for sure" how many people live the Voluntary Simplicity lifestyle. Nevertheless, he identified Voluntary Simplicity as a large and growing movement through estimates of the number of U.S. "converts," and by the increase in stories published by major newspapers.

Estimates of the number of simple-livers in the U.S. depends on how Voluntary Simplicity is defined, a problem that is the subject of this paper. Elgin (1981) estimated 10 million as the number of advocates of the Voluntary Simplicity lifestyle in the U.S. An oft-cited study by the Harwood Group (1995) found that about 60 million Americans (28 percent) "voluntarily reduced their income and their consumption in conscious pursuit of new personal or household priorities" between 1990 and 1995. Schor (1998) conducted a large-scale survey and concluded that about 50 million Americans (20 percent) have "permanently chosen to live on significantly less and are happy with the change" (Maniates, 2002).

The public discussion of Voluntary Simplicity moved from niche books and articles read by fervent followers in the 1980's and early 1990's to the mainstream media in the late 1990's. Maniates (2002) found increasing coverage in the *New York Times, Washington Post, Los Angeles Times, San Jose Mercury News, Chicago Tribune*, and *Atlanta Journal-Constitution*. In 1993 a story on Voluntary Simplicity was a rare occurrence. By 1996 major newspapers each published an average of two articles. Coverage of Voluntary Simplicity jumped to between 6 and 10 stories each in major newspapers in 1998.

Zavestoski (2002, p. 152) performed a content analysis of books in print on the topic of Voluntary Simplicity. He found that more books on Voluntary Simplicity were published in a recent four-year period (32 books in 1995-98) than in the previous 22 years (26 books in 1973-94). He also found that "major" publishers published a larger portion of the books in recent years than in the earlier period (31% versus 8%). These data show that the interest by mainstream people in Voluntary Simplicity has increased dramatically. He concluded that "people who explore voluntary simplicity do so because they are hoping to instill their lives with meaning, shift their priorities, and find alternatives to material consumption as a means of building a sense of self with which they are satisfied."

Voluntary Simplicity continued to become more visible in the media. Two national "lifestyle" magazines appeared in 2000: *Real-Simple* and *SimplyCity*. The magazines' emphasis on simple but high-priced clothes, food and other products was widely decried as an affront to the Voluntary Simplicity movement and an attempt by marketers to co-opt its spirit for commercial gain. The irony was not lost on readers. One, in a letter to *SimplyCity* (2000, p. 16), wrote "I can't quite figure out your simplicity philosophy: the promotion of consumerism . . . runs counter to a simplicity ethic, at least in my book." *The Complete Idiot's Guide to Simple Living* (Lockwood, 2000) appeared in bookstores in 2000, a clear indication that Voluntary Simplicity had reached the masses. Two events in 2001 prompted stories on Voluntary Simplicity-the "new millennium" new year, and the September 11 World Trade Center tragedy.

IMPORTANCE TO MARKETERS

The Voluntary Simplicity movement is important to marketers. Marketing researchers have speculated "widespread adoption of Voluntary Simplicity ideas may create a vastly different world for consumer marketers" (Johnston, 2000). Ensley (1983) wrote, "Growth in the number of adherents to Voluntary Simplicity could dramatically affect current marketing practices." Shama (1981; 1985) noted that Voluntary Simplicity behavior was characterized by choice of functional products with simple packaging, response to promotions that stress value and information, shopping in localized small channel outlets, and willingness to buy "do-it-yourself" products to save money. The impact of Voluntary Simplicity on behavior, as with an accurate number of simple-livers, is difficult to estimate. The Center for a New American Dream (CNAD) is a non-profit organization that "helps Americans consume responsibly to protect the environment, enhance quality of life and promote social justice." CNAD accomplishes its mission by "work(ing) with individuals, institutions, communities and businesses to conserve natural resources, counter the commercialization of our culture and promote positive changes in the way goods are produced and consumed" (CNAD, n.d.).

CNAD encourages personal actions to protect the environment with its "Turn the Tide" program of nine actions that can lead one to more "responsible consumption." They are (1) skip a car trip each week, (2) replace one beef meal each week, (3) shift your shrimp consumption, (4) declare your independence from junk mail, (5) replace four standard light bulbs with energy-efficient compact fluorescent lights, (6) move the thermostat 3 degrees Fahrenheit, (7) eliminate lawn and garden pesticides, (8) install an efficient showerhead and low flow faucet aerators, and (9) inspire two friends.

Participants in the "Turn the Tide" program are encouraged to report their actions to the CNAD web site. At the time of this writing the collective impact of participants' actions were (1) 5,596,112 pounds less CO_2 emitted into the atmosphere, (2) 64, 001,536 gallons of water saved, (3) 13,059 pounds of sea life saved, (4) 202 trees saved, (5) 3,225 ounces less toxins released, and (6) 104,591 pounds of grain saved. These data reflect the collective impact of the changed consumption behavior of CNAD's "responsible" consumer members (CNAD, 2002).

Craig-Lees and Hill (2002) conducted in-depth interviews of Australian "voluntary simplifiers" and "nonvoluntary simplifiers" to compare their attitudes and behaviors. They found that simplifiers "reported consciously limiting their consumption in terms of volume and in terms of products purchased." As a trade-off for more personal time, simplifiers reduced consumption by seeking "value for money, buying less, (and) buying cheaper brands." Products most often sacrificed in service of the simple life were theaters and movies, restaurant use, travel and image brands.

In many ways, Voluntary Simplicity turns the consumer behavior of mainstream America on its head (Table 1). Where consumers typically want more material goods, simple-livers want to reduce possessions and clutter in their lives. Where consumers want to earn more to consume more, simple-livers strive to reduce (paid) work and consumption. Simple-livers often share the "reduce, reuse, recycle" credo of conservationists, which is often at odds with corporate goals of increasing sales and profits (Hawkins, Best & Coney, 2001, p. 90). Where consumers want convenience and low cost, simple-livers will go to extra effort and expense to obtain durable, reusable, and Earth-friendly products. You can rely on mainstream consumers to buy what they want. Simple-livers prefer to minimize their material wants and purchases, obtaining goods by making, borrowing, buying used or not at all.

Table 1: What they want: mainstream consumers versus simple-livers

Mainstream Consumers:	Simple-livers:
Want more material goods	Want fewer possession and less clutter
Want to earn more	Want to reduce (paid) work
Want to consume more	Want to consume less
Want convenience	Want durable, reusable, Earth-friendly products
Buy what they want	Want little, buy even less

This paper does not argue that mainstream consumers will become simple-livers. Rather, it argues that simple-livers and mainstream consumers share many values. In service of these values, consumers may adopt less-radical but nonetheless substantial changes in behavior learned from the hard-core simple-livers. Rudmin and Kilbourne (1996) argued that Voluntary Simplicity "has been and will be a recurrent expression of deliberately denied materialism" (p. 167) and that "history is again ripe for another round of Voluntary Simplicity" (p. 208). Marketers need to be aware of and understand the Voluntary Simplicity movement as it portends fundamental and potentially widespread change in consumer preferences.

Voluntary Simplicity resists definition. Shi (1985, p. 3) wrote, "The simple life is almost as difficult to define as to live." Some say that Voluntary Simplicity is better left undefined than to be defined dogmatically (Elgin, 2000, p. 76). The definition of Voluntary Simplicity is dependent on the context as well. According to Pierce (1999): "What may be a simple, enriching life for one person could be a life of deprivation and suffering for another." Rudmin and Kilbourne (1996, p. 169) surmised, "It may be unreasonable to strive for a decisively inclusive definition of voluntary simplicity."

Despite the difficulties, a definition is needed for research on Voluntary Simplicity to move forward. Twenty-four leaders in Voluntary Simplicity thought met in 2001 to discuss the future of the movement. The members of the Simplicity Forum (Cahn, 2001) identified the need to "sufficiently align on the meaning of simplicity to be able to develop public policy recommendations and a research agenda to establish 'simplicity' as a significant field." The thoughts of several of these leaders, and others, are examined in this paper.

METHODOLOGY

The authors identified writings about the Voluntary Simplicity movement that were published between 1977 and 2002. Elgin and Mitchell's (1977) research and Elgin's (1981) subsequent book, *Voluntary Simplicity*, were influential to the movement, and mark the beginning of the period of analysis. Roots of modern Voluntary Simplicity thinking begin much earlier, and have been identified with the American Transcendentalists (Johnston, 2001), religious simple-livers like the Quakers and Amish (Shi, 1985), and Greek philosophers (Segal, 1999). Published works were identified in news articles, bibliographies, and on the Web.

Publications included mostly books with a few journal articles and book chapters. The focus was on the popular press and selected articles in the marketing field. No attempt was made to survey the academic literature in sociology, psychology, home economics, ecology and conservation, or related fields. This research "quantifies" the major dimensions of Voluntary Simplicity from otherwise qualitative data-published definitions. This is analogous to protocol analysis research in which the thoughts of consumers are quantified (Ericsson & Simon, 1980).

First, published works were obtained and read by the researchers. Next, explicit definitions (or the nearest equivalent) were quoted from each publication. A keyword analysis was performed on the definitions. Keywords from the definitions were identified and listed. Similar keywords were grouped together into dimensions, which resulted in keyword mentions being assigned to dimensions. Two people coded the data independently, and then discussed their findings to agree on a common set of keywords and dimensions. The results of the keyword analysis are presented next, followed by a discussion of the values and dimensions of Voluntary Simplicity.

DIMENSIONS

A keyword analysis was performed on the definitions to identify the major dimensions of Voluntary Simplicity. The definitions were drawn from 29 citations of published works. The researchers identified 89 keywords or key phrases. Some keywords were mentioned in several citations and some were unique. The keywords with similar meanings were assigned to one of 12 dimensions. In total, 142 mentions of keywords were associated with the dimensions (see Table 2).

Table 2: Keyword analysis

Published citations	29
Keywords	89
Keyword mentions	142
Dimensions	12

Table 3 shows the major dimensions in Voluntary Simplicity and the incidence of keywords in each dimension. A discussion of each dimension and its associated keywords follows.

Table 3: Dimensions of Voluntary Simplicity

Values and Dimensions	Frequency of keywords
Self:	
The Good Life	29
Life Purpose	24
Personal Growth	16
Chosen Life	11
Self Determination	9
Relationships:	14
Society:	
Material Simplicity	25
Minimal Consumption	17
Role of Work	8
Plain Living	5
Earth:	
Ecological Awareness	19
Human Scale	4
Definition checks:	
Voluntary Simplicity/Simplify	21
Lifestyle	11
Simple life/living	5
Total keyword mentions	142

The 12 dimensions were identified with four higher-order values held by simple-livers. The values are: self, relationships, society, and the Earth. The association of keywords to dimensions, and dimensions to values was based on our qualitative judgments of the definitions. We give our reasons for making these associations in the discussion that follows.

Focus on the self

The majority of keyword mentions reflect the simple-livers' value of the self. The dimensions are: *The Good Life, Life Purpose, Personal Growth, Self Determination* and *Chosen Life*.

The Good Life is a life in which one finds fulfillment and satisfaction. Key terms in this category were mentioned 29 times. Keywords include: good life, balance, harmony, holistic, inner life/peace, find fulfillment/satisfaction, appreciativeness, find "enough" for you, joy and fun, aesthetic, depth/live more deeply, and quality of life.

Segal (1999, p. 248) stated: "There is no single version of the good life. It can be found with family and friends, in meaningful work, in service to others, in pursuit of knowledge, in creative endeavor, in religious pursuit, or more likely, in the achievement of a harmony among such realms." Simple living "is a more demanding intention of living with balance in order to find a life of greater purpose, fulfillment and satisfaction," (Elgin, [1981]1993, p. 25). Pierce (2000, p. 25) wrote, *"Simple living or voluntary simplicity are lifelong processes in which we turn loose of the quest for more wealth, status, and power in favor of an authentic life of inner peace and fulfillment,"* (author's italics).

In short, the good life is one in which you are satisfied and happy. Great care is taken by simple-livers to state that no formula for the good life exists, and that personal satisfaction with life is based on personal preferences. The relationship of your happiness to the happiness of others is not an essential element.

On the Seeds of Simplicity website, Benson (2002) wrote, "Simple living delivers the personal satisfaction that only comes when you decide how much is enough for you." One way to achieve the good life is to identify and pursue one's life purpose.

Life Purpose represents the search for core values (of each individual) in life. Key terms are identified with this category 24 times, and include: purpose in life, authentic self/life, singleness of purpose, moral purpose, sincerity and honesty within, meaning in non-material life, passions and values, and life expresses values. "Choosing to simplify, often difficult in a consumer culture, means readying oneself for a life that is truer to one's gifts, passions, and sense of purpose," (Dominguez & Robin ([1992]1999), p. xvii).

Andrews (1997, p. 33) stated, "No one can completely define voluntary simplicity because it is something that each one of us must do for ourselves. We can see, though, that the core of voluntary simplicity is trying to answer the age-old question: How shall I live? What will make me happy? What is the good life?" The common thread is that personal meaning in life is not found in consumption or material objects.

In a good and simple life, one's behaviors are consistent with ones values, and finding one's life purpose is a step toward achieving inner harmony. "Today, simplicity remains what it has always been: an animating vision of moral purpose," (Shi, 1986, p. 11). Finding one's life purpose is an important step in personal growth, which in itself is another dimension in the self-motivated search for Voluntary Simplicity.

Personal Growth is a desire to explore and develop the inner life," (Leonard-Barton, 1981, p. 244). The keywords found 16 times included: intellectual growth/life, spiritual growth/life, and creative expression.

Segal (1999, p. 22) saw Voluntary Simplicity as a personal development goal, "Simple living is not the residue that emerges when one consumes less; it is an achievement. It is what can emerge when as a result of subjecting the material dimension to a larger vision, one succeeds in creating a life that is rich and exciting in its aesthetic, intellectual, spiritual, and social dimensions." Shama and Wisenblit (1984) agree, "The main goals of this lifestyle (voluntary simplicity) were rational moral behavior, spiritual growth and self-actualization, which together manifest the economic behaviors of low consumption, ecological responsibility, and self-sufficiency."

Pierce (2000, p. 38) stressed the spiritual aspects, "A better term to describe this approach to living Voluntary Simplicity) would be *soulful living* (author's italics). "(Simplicity is) the process in which a person invests the time and energy to develop her inner self, to connect with whatever higher being or spiritual presence she believes in." Phillips and Campbell (1999) also took a spiritual approach, "(Voluntary Simplicity is) a journey to find more meaning, more joy, more fun in life by getting out from under the burden of so much stuff, to remove the barrier of stuff that keeps us apart from other people, from God and even from ourselves."

The Personal Growth dimension identifies the goal of a simple-liver to "be more" rather than to "have more." To simplify life one can redirect one's energy away from (unfulfilling) work goals and unenlightening mindless diversions and toward being a better person. Personal growth is identified with mental and spiritual activities, and cultivating talents that have been called the "excellences." Cooking delicious food, playing beautiful music on the piano, engaging in witty conversation or cultivating a thankful heart generally do not enhance ones earning (and consuming) power, but can add immeasurably to one's appreciation of life.

Self Determination refers to independence and control over one's life. It is "a desire to assume greater control over destiny," (Leonard-Barton, 1981, p. 244). The keywords (9 incidents) include: Self-reliance/sufficiency, self-determination, ordering of desires and energy, control over activities, and minimize dependency.

Leonard-Barton (1981, p. 244) emphasized the need for control in her definition, "Voluntary Simplicity is defined as the degree to which an individual selects a life-style intended to maximize his/her direct control over daily activities and to minimize his/her consumption and dependency." The Self Determination dimension shows that simple-livers are not just moving toward a preferred lifestyle as much as they are moving away from a life that they find oppressive. Disciples of Dominguez and Robin ([1992]1999) look to financial independence as a route to freedom, "For those unfamiliar with the term (voluntary simplicity), the 'voluntary' piece reminds us that we are the authors of our own lives, no matter how crushed that we might feel by the machinery of 'modern times'."

This dimension is evident with people who have "downshifted" from high-paying careers where they felt trapped in a earn-and-spend (or borrow-and-spend) cycle, in which more spending and consuming made them feel worse, not better. Their consumption patterns were dictated by expectations of their roles or peers. With a Purpose in Life identified, an eye toward Personal Growth, and the power of Self Determination one can be the architect of one's own Chosen Life.

The Chosen Life reflects an examination of one's life and the thoughtful choice of one's actions. It also refers to a consciousness or awareness of one's life situation. The keywords (11 incidents) include: thoughtfully chosen life, choice(s), deliberate (organization of life), intention, conscious living, the examined life, organization of life for purpose, progressive refinement of life, creating a life, prioritize re: purpose, and focus (on essentials).

Dominguez and Robin ([1992]1999, p. xvii) stressed that simplicity is a choice, although not necessarily easy to accomplish, "Simplicity guides us to the heart of the matter-whatever that may be for us. In rescuing the essential from the clutches of the irrelevant, simplicity is a warrior word. In reminding us of how beautiful and free an unadorned existence can be, simplicity is a gentle call to be just plain us. Choosing to simplify, often difficult in a consumer culture, means readying oneself for a life that is truer to one's gifts, passions, and sense of purpose."

Luhrs (1997, p. xiv), a former attorney, wrote a guidebook that was deep on guidance for living the Voluntary Simplicity lifestyle, but succinct in defining the term. She wrote, "Simple living is about living deliberately" and "Simple living is about making deliberate, thoughtful choices. The difference is that you are fully aware of why you are living your particular life, and that life is one you have chosen thoughtfully." Burch (1995) also emphasized the practice of Voluntary Simplicity in a slim volume, which he summarized as, "Simplicity . . . *is a decision to live more deeply* (author's italics). In living simply, we choose to shift our attention and effort toward a more holistic, balanced, integrated, proportionate and appropriate pattern of living."

In short, a self-motivated simple life combines an escape from the materialistic expectations of society to a freedom to work on one's personal goals, and thereby find harmony by behaving in ways that are fulfilling and consonant with one's personal values. This definition forms the basis for Voluntary Simplicity. This definition changes as the values served by the Voluntary Simplicity lifestyle shift focus from the self to personal relationships, society, and the Earth, as follows.

Focus on relationships

The self is not the sole value served by the Voluntary Simplicity lifestyle. One may choose to simplify one's life to make room for "local" personal relationships. The personal Relationships value is reflected in 14 keywords, including: value family/community, social, service to others, generosity of spirit, social justice, and fit in with peers. More time to spend with family, friends, and to be involved in the community and know one's neighbors is often cited as a benefit of the Voluntary Simplicity lifestyle. At this level of analysis, the simple-liver is not so much interested in changing society as in changing his or her intimate circle of society.

Benson (2002) emphasized relationships with people, "Less time spent on material goods means more time spent with family, friends, children, nature, and unlocking the real passions and values of your life." Etzioni (1999, p. 116) wrote, "Simplifiers gain more satisfaction out of life long learning, public life, volunteering, community participation, sports, cultural activities, and observing or communing with nature."

Andrews (1997, p. 33) capitalized on the social aspects of Voluntary Simplicity by popularizing study groups called "simplicity circles." She wrote, "The life of voluntary simplicity is a life lived consciously, a decision to live in harmony with life, to show reverence for life, to sustain life. It is a life of creativity and celebration, a life of community and participatory democracy, and a life in touch with nature and the universal life force. It is a life that has soul, it is a life that allows the individual's soul to awaken."

Focus on society

Voluntary Simplicity has been criticized as a self-centered, selfish and even an isolationist approach to life. To simplify one's life is to improve it by ignoring or avoiding unpleasantness, not necessarily working to change unpleasant conditions. Many of the suggestions to live frugally-to buy used name-brand clothes at a thrift store, for example-are based on the continued profligate consumption behavior of others. One idealized Voluntary Simplicity lifestyle is to enjoy life as one chooses, while working only infrequently for money or for no pay at all on one's passion in life. This is fine for people with "endowments," such as a paid-off house and car, money in the bank, or the knowledge and connections to access resources when needed. At the least one needs a surplus income from work today to build an endowment for tomorrow's simple life. Does this entail diverting all one's financial contributions away from charities, church and community fundraisers to deposit in the "fund for me?" Clearly, everyone cannot curtail all contributions or many of society's social institutions would collapse. Everyone cannot buy used items; who would buy them new and replenish the supply? The self-centered Voluntary Simplicity lifestyle works only at the margins of society.

Voluntary Simplicity authors have called for a shift from a focus on the self to a focus on society. They argue that an individual response to life's complexities may make one person happier, but will not address the root problem of the pathologies of an affluent society. Segal (1999) suggested that a society should enable its citizens to live a life of "graceful simplicity," defined as "Graceful existence (simplicity) means a life of beauty, peacefulness, appreciativeness, and generosity of spirit," (p. 201). Society should enable a person to make enough money doing meaningful work to live, to educate one's children in a safe environment, to obtain health care, and still have plenty of time for leisure. Segal argued that individual efforts alone could not create a society of graceful simplicity, and suggested public policies to achieve his utopian vision of a simple society. Elgin (2000) also argued for communal action to change the structures of society that inhibit voluntary simplicity.

The dimensions that reflect the value of Society are: *Minimal Consumption, Material Simplicity, Role of Work, and Plain Living*. While these dimensions reflect individual lifestyle choices, these choices are inextricably linked to the relationship between the individual and society. Simple-livers often see their consumption behaviors as going "against the mainstream" of society.

Minimal Consumption represents a process of reducing and maintaining a low level of consumption. The keywords (17 incidents) are: limit consumption/expenditures, frugality, spending downshifters, conscientious consumption, declining marginal satisfaction, and more spending is negative. Minimizing consumption serves several ends. First, consuming less allows one to work less, and have more "free" time. Second, consuming less frees up the time and energy spent consuming-which often entails pointless, unfulfilling behaviors. Third, consuming less as a citizen of an affluent society leaves more resources for the poorer inhabitants of the Earth. And finally, consuming less puts less strain on the Earth's resources.

Etzioni discussed the movement from the viewpoint of economic sociology, and wrote, "Voluntary simplicity refers to the decision to limit expenditures on consumer goods and services and to cultivate nonmaterialistic sources of satisfaction and meaning, out of free will rather than out of coercion by poverty, government austerity programs, or imprisonment," (Etzioni, 1998, p. 620; 1999, p. 109).

Marketing scholars Rudmin and Kilbourne (1996, p. 167) examined the "meaning and morality" of Voluntary Simplicity and suggested that the movement "has been and will be a recurrent expression of deliberately denied materialism, representing the ambiguity of both the moral liberation and the moral hypocrisy of rejecting socially sanctioned goods.".

While Minimal Consumption is about reducing consumption behaviors, *Material Simplicity* is about eliminating superfluous possessions and activities. Segal (1999, p. 210) differentiated between simplicity and simple living, his terms that are analogous to Material Simplicity and Minimal Consumption. "On the one hand simplicity (Material Simplicity) is understood as the opposite of complexity and multiplicity. It means slowing down, focusing, prioritizing, and having fewer things cluttering one's mind and life. On the other hand, simple living (Minimal Consumption) has always meant a way of life that found the human good in something other than consumption. It advocates living on a modest income. It is about turning away from money and toward life's greater blessings."

Material Simplicity (24 data points) is reducing and limiting nonessential material goods and activities. The keywords include: reduce complexity, avoid clutter, reduce possessions, limit possessions, reduce activities/pace, and reduce superfluous pursuits. Voluntary Simplicity involves freeing up time and energy for more valuable pursuits. A simple material life is free from the time spend acquiring, storing, cleaning and maintaining possessions. Eliminating activities also frees up energy and "mental overhead" from unfulfilling uses to activities more central to one's passion and quality of life. Luhrs (2002) wrote, "Simplicity means making time for yourself in a hectic world. You clear out what's superfluous, and make room for a life of passion, depth and joy."

About their decision to move from L.A. to an orchard in the Blue Ridge Mountains, Levering and Urbanska (1992 p. 8) said, "We were determined to purge ourselves of needless entanglements and superfluous pursuits. Here was the place to learn what was essential. To learn what we stood for and-because how we lived expressed our values-to take our stand. In short, we were here in Virginia to simplify our lives."

The goal of a simple-liver is to perform work that is consistent with one's values. Some focus on working less, or not working at all for pay. Others find work that supports their values. *The Role of Work* has keywords (8 incidents) such as: integrate work and values, meaningful work, earn sufficiency/modest income, work less, and stop working.

Schor (1998) identified participants in the Voluntary Simplicity movement, or simple-livers, as "spending downshifters . . . those who continue to earn at a certain level but have reduced their spending in order to save more." She adds, "Eventually many of these also reduce their hours or stop working," (p. 115). "Simple-livers . . . find a (low) level of sufficiency income, beyond which spending more is no longer positive," (p. 138).

Plain Living refers to a strong preference for a pastoral life, such as lived by the Amish or traditional Quakers. The keywords (5 incidents) include: hostility toward luxury, preference for rural life, and nostalgia for past. Plain Living, more than any other dimension, shows that the relationship between a simple-liver and society is one of withdrawal.

Shi (1985) examined the history of simple living and concluded, "Indeed, the precise meaning of the simple life has never been fixed. Rather, it has always represented a shifting cluster of ideas, sentiments, and activities. These have included a hostility toward luxury and a suspicion of riches, a reverence for nature and a preference for rural over urban ways of life and work, a desire for personal self-reliance through frugality and diligence, a nostalgia for the past and a skepticism toward the claims of modernity, conscientious rather than conspicuous consumption, and an aesthetic taste for the plain and functional."

Focus on the Earth

The Earth and the natural environment play two roles in the Voluntary Simplicity lifestyle. First, the Earth provides a source of satisfaction for people. Gardening, camping, or taking walks outside are more nourishing to the soul than "artificial" leisure activities (such as watching television). People who wish for more time often cite the need to spend more time appreciating nature as a motive.

Another group of simple-livers see the Earth as much more than a source of cheap entertainment. They see overconsumption as the cause of environmental problems, and Voluntary Simplicity as an answer for alleviating them. Keywords that refer to Voluntary Simplicity stewardship of the Earth include *Ecological Awareness* and *Human Scale.*

Ecological awareness is recognition of the interdependency of people and resources (Leonard-Barton, 1981, p. 244). It is the awareness of the natural environment and its conservation. These keywords were found 19 times: ecological awareness, appreciation for nature, responsible consumption re: environment, appropriate technology, pay premium for earth-friendly goods.

Fuller (1999, p. 340) focused on the role of "deconsumers" in sustainable marketing when he wrote, "People embracing this philosophy (the simple life) opt for a lifestyle that requires fewer material resources to support and therefore, reduces their individual impact on ecosystems. This lifestyle is a 'statement of personal responsibility' that rejects the notion that high levels of consumption lead to personal fulfillment." Princen, Maniates, and Conca (2002) dedicated *Confronting Consumption* to the late Donella Meadows (1972), author of *The Limits to Growth.* Meadows inspired a generation of people to confront environmental degradation caused by overconsumption, and was a founder of the Center for a New American Dream (CNAD 2001) mentioned earlier. "Restrained," "constrained," and "sustainable" consumption are terms used to describe a Voluntary Simplicity lifestyle that values the Earth.

Phillips and Campbell (1999) wrote, "It's more than frugality, far from being a tightwad, and surely not being a miser. In some cases we'll actually need to pay more for tools that are Earth-friendly." Voters in Berkeley, CA were presented with an initiative to ban the sale of brewed coffee that is not organic, shade grown, or certified fair trade-a proposal that would have allowed environmentalists and labor activists to put their money where their values lie each time they buy a cup of coffee (McMahon, 2002).

Human Scale is a small category (4 incidents of keywords) that refers to a focus on "smaller scale institutions and technology (Leonard-Barton, 1981)." Key terms are: proportionate, smaller scale, human scale, and attend (attention) to small details.

Elgin and Mitchell (1977, p. 5) wrote, "This way of life embraces frugality of consumption, a strong sense of environmental urgency, a desire to return to living and working environments which are of a more human scale, and an intention to realize our higher human potential-both psychological and spiritual-in community with others."

In a later work, Elgin (2000) added, "To live more simply is to live more lightly, cleanly, aerodynamically-in the things that we consume, in the work we do, in our relationships with others, and in our connections with nature (p. 75)," and "To live simply is to approach life and each moment as inherently worth of our attention and respect, consciously attending to the small details of life," (p. 79).

Definition checks

The remaining division in Table 3 contains keywords that explicitly identify definitions with the Voluntary Simplicity movement, such as "voluntary simplicity, simplify, simple life, and simple living." These 26 incidents serve as a check that the definitions are valid expressions of voluntary simplicity concepts.

Eleven citations mention Voluntary Simplicity as a *Lifestyle*. *Lifestyle* is how one lives (Hawkins, Best & Coney, 2001, p. 28). The keywords (11 incidents) include: pattern of living, ideas/sentiments/activities, way of life/manner of living, animation of moral purpose, process/pursuit/journey, a consciousness, world-view, and attitude.

"Voluntary Simplicity is a lifestyle that influences the purchase decision and consumption patterns of those adhering to it," (Shama, 1985, p. 60). Elgin (2000, p. 76) said, "there is no instruction manual or set of criteria that defines a life of conscious simplicity. Because simplicity has as much to do with our purpose in living as it does with our standard of living and because we each have a unique purpose in living, it follows that there is no single right and true way to live more ecologically and compassionately."

CONCLUSIONS

This research uses qualitative content analysis of keywords to identify dimensions of Voluntary Simplicity from published definitions. The definitions have the benefit of being succinct. The drawback is that they do not capture the depth of thought of their authors, many of whom provide a book-length exposition of their thoughts on Voluntary Simplicity. Much of the context around the definitions has been removed. The authors of this paper apologize for any distortions or omissions this may have caused and by no means intended to trivialize any work. This research is limited to popular writings and selected journal articles. A thorough review of the academic literature is left for future research.

The results of the keyword analysis show 12 dimensions of the Voluntary Simplicity movement. They are: *The Good Life, Life Purpose, Personal Growth, Chosen Life, Self Determination, Relationships, Material Simplicity, Minimal Consumption, Role of Work, Plain Living, Ecological Awareness,* and *Human Scale.* The dimensions define the domain of the Voluntary Simplicity lifestyle, and are a step toward crafting a definition of Voluntary Simplicity that accommodates a range of viewpoints.

The dimensions are associated with four Voluntary Simplicity values: *Self, Relationships, Society,* and the *Earth.* Determining a person's values is not easy. Often a person cannot articulate his or her own values. This research had the benefit of well-crafted prose that defined Voluntary Simplicity. Still, the framework presented was essentially empirically driven. Lacking was the ability to probe deeper into the meaning of the words. There was no opportunity to explore the "attributes" of the Voluntary Simplicity lifestyle, and their "consequences" that serve the higher-order "values" of a simple-liver, as there would be in face-to-face interviews (Woodruff & Gardial, 1996). This too is left for future research.

Many people approach Voluntary Simplicity as a reorganization of life's priorities that is very individual and personal. Recently Voluntary Simplicity voices have called for a systematic shift in the elements of society that constrain Voluntary Simplicity and promote over consumption. Those voices join the already vocal environmentalists who approach Voluntary Simplicity from a "save the Earth" perspective, and who have historically seen conservation from a systemic, global viewpoint. Many simple-livers, by their individual acts of constrained consumption, behave in a way sympathetic to the cause of environmentalists, regardless of the motivation. It remains to be seen if the self-motivated simple-liver will join the chorus of public voices which calls for public policy and collective approaches to changing society. The Voluntary Simplicity movement may be a common means to very different ends to self-motivated and save-the-Earth simple-livers. If the Voluntary Simplicity lifestyle is a small overlap between otherwise very different agendas of the two "camps," then the activist portion of the movement may fracture into ineffectual (from a social change perspective) pieces. A disjointed public Voluntary Simplicity movement would be analogous to the current alliance of anticapitalism activists, which includes "leftists, environmentalists, feminists, peaceniks, anarchists, animal-rights supporters, peasant activists and countless others," and has been "strained by differences over targets, tactics, and agendas," (Cox, 2002).

The goal of the authors was to define a set of dimensions that is concise yet complete, and fully captures the meanings of the definitions. This set of dimensions was the product of two persons who classified the keywords independently and then agreed on the revised set. Another person could classify the keywords and yield more or fewer dimensions. Given that the definitions were taken from influential published writings, this list gives a good representation of the major dimensions in the movement of the past quarter-century.

The five categories proposed by Elgin and Mitchell (1977) are well represented. *The Material Simplicity, Human Scale, Self-Determination, Ecological Awareness,* and *Personal Growth* dimensions captured 63% of the keywords from the definitions (73 out of the total of 116, which does not include the keywords Voluntary Simplicity and simple life). This may represent the influence of Elgin and Mitchell on subsequent thinkers as well as the robust nature of their research. Nevertheless, additional dimensions not originally proposed capture 37% of the keywords (69 out of 116).

This research expanded the early list of the dimensions of Voluntary Simplicity. The dimensions can be used to craft a definition of Voluntary Simplicity that captures the breadth of the movement. The dimensions can also be used to identify items for use in measures of Voluntary Simplicity. Future research can use this paper to more fully examine the Voluntary Simplicity lifestyle, and more accurately measure it among adherents. By understanding the meaning of Voluntary Simplicity as defined by thought leaders in the movement, marketing researchers can better identify its influence among mainstream consumers.

ENDNOTE

The authors acknowledge the financial support of the Research, Grants and Contracts office of the University of Tennessee at Martin.

REFERENCES

Andrews, C. (1997). *The Circle of Simplicity.* New York, NY: HarperCollins Publishers, Inc.

Benson, C. H. (2002). Seeds of Simplicity. Retrieved Jan. 24, 2002, from http://www.seedsofsimplicity.org/default.asp

Burch, M. (1995). *Simplicity: Notes, Stories and Exercises for Developing Unimaginable Wealth.* Gabriola Island, B.C. Canada: New Society Publishers.

Cahn, C.G. (2001). Report from the power of simplicity: an invitational dialogue among leaders in the field. In Robin, V. & C. Holst (Eds.), *The Simplicity Forum.* Retrieved from http://www.simpleliving.net/simplicityforum/pos-default.asp

Center for a New American Dream (2001). Donella Meadows. Retrieved September 30, 2002, from http://www.newdream.org/meadows.html

Center for a New American Dream (n.d.). About the Center for a New American Dream. Retrieved January 28, 2002, from www.newdream.org/aboutus/

CNAD (2002). Turn the Tide: Nine Actions for the Planet. http://www.newdream.org/turnthetide/ (9/13/02)

Cox, J. (2002). Anti-globalization activists: Divided, they make a stand. *USA Today* (Sept. 27) B1.

Craig-Lees, M. & C. Hill. (2002). The social-psychological bases of anticonsumption attitudes. *Psychology and Marketing, 19*(2), February, 187-210.

Dominguez, J. & V. Robin. ([1992]1999). *Your Money or Your Life*. New York, NY: Penguin Books.

Elgin, D. & A. Mitchell. (1977). Voluntary simplicity. *The CoEvolution Quarterly*, Summer, 4-18.

Elgin, D. ([1981]1993). *Voluntary simplicity: Toward a way of life that is outwardly simple, inwardly rich.* New York: William Morrow.

Elgin, D. (2000). *Promise Ahead.* New York: HarperCollins Publishers Inc.

Ensley, E. (1983). Voluntary Simplicity: A Segment of Concern to Marketers? AMA Proceedings, 385-9.

Ericsson, K. A. & H. A. Simon. (1980). Verbal reports as data. *Psychological Review, 87* (July), 215-51.

Etzioni, A. (1998). Voluntary simplicity: Characterization, select psychological implications, and societal consequences. *Journal of Economic Psychology, 19,* 619-43.

Etzioni, A. (1999). Voluntary Simplicity: A new social movement? In William E. Halal & Kenneth B. Taylor (Eds.), *Twenty-First Century Economics,* (pp. 107-128). New York, NY: St. Martin's Press.

Fuller, D. A. (1999). *Sustainable Marketing: Managerial-ecological issues*. Thousand Oaks, CA: SAGE Publications, Inc.

Goldberg, C. (1995, Sept. 21). Choosing the joys of a simplified life. *The New York Times,* C1.

Harwood Group. (1995). *Yearning for Balance: Views of Americans on Consumption, Materialism, and Environment*. Tacoma, MD: Merck Family Fund.

Hawkins, D. I., R. J. Best & K. A. Coney. (2001). *Consumer Behavior: Building Marketing Strategy*. New York, NY: Irwin/McGraw-Hill.

Johnston, T. C. (2000). Impact of voluntary simplicity movement on consumer behavior. In D. R. Deeter-Schmelz & T. P. Hartman, (Eds.) *Marketing Advances in the New Millennium,* Athens, OH: Society for Marketing Advances, 330.

Johnston, T. C. (2001). Voluntary simplicity and transcendentalism: A comparison of two restrained consumption movements. Proceedings of the Annual Meeting of the Academy of Collegiate Marketing Educators. 23-28.

Leonard-Barton, D. (1981). Voluntary simplicity lifestyles and energy conservation. *Journal of Consumer Research, 8* (December), 243-252.

Levering, F. & W. Urbanska. (1992). *Simple Living: One Couple's Search for a Better Life.* New York: Penguin Books USA.

Lockwood, G. (2000). *Complete Idiot's Guide to Simple Living*. New York: Alpha Books.

Luhrs, J. (1997). *The Simple Living Guide: A Sourcebook for Less Stressful, More Joyful Living.* NY: Broadway Books.

Luhrs, J. (2002). The Best of Simplicity and More. Retrieved Feb. 2, 2002 from http://www.SimpleLiving.com

Maniates, Michael (2002). In search of consumptive resistance: the voluntary simplicity movement, In T. Princen, M. Maniates & K. Conca, (Eds.). *Confronting Consumption.* Cambridge: The MIT Press, 199-236.

McMahon (2002), Coffee proposals have some steamed. *USA Today* (August 6) A6.

Meadows, D. (1972). *The Limits to Growth: A Report to the Club of Rome's Project on the Predicament of Mankind.* (2nd Ed.) Universe Publishing.

Phillips, M. & C. Campbell. (1999, August 3). What is Simple Living? Retrieved Jan. 28, 2002 from http://www.simpleliving.org/main/WhatSimpleLiv.html

Pierce, L. B. (1999). What is Voluntary Simplicity? The Simplicity Resource Guide. Retrieved on June 23, 2000 from http://mbay.net/~pierce/whatisvs.htm

Pierce, L. B. (2000). *Choosing Simplicity: Real People Finding Peace and Fulfillment in a Complex World.* Carmel, CA: Gallagher Press.

Princen, T., M. Maniates & K. Conca. (2002). *Confronting Consumption*. Cambridge: MIT Press.

Rudmin, F. W. & W. E. Kilbourne. (1996). The meaning and morality of voluntary simplicity: history and hypothesis on deliberately denied materialism, In N. Dholakia & R.W. Belk (Eds.), *Consumption and Marketing: Macro Dimensions*, Northridge, CA: PWS-Kent in press.

Schor, J. B. (1998). *The Overspent American*. New York: Basic Books.

Segal, J. (1999). *Graceful Simplicity: Toward a Philosophy and Politics of Simple Living.* New York: Henry Holt.

Shama, A. & J. Wisenblit. (1984). The values of voluntary simplicity: Lifestyle and motivation. *Psychological Reports, 55,* 231-40.

Shama, A. (1981). Coping with stagflation: Voluntary simplicity. *Journal of Marketing,* (Summer), 120-134.

Shama, A. (1985). The voluntary simplicity consumer. *Journal of Consumer Marketing, 2*(4), 57-63.

Shi, D.E. (1985). *The Simple Life: Plain Living and High Thinking in American Culture*. New York: Oxford University Press.

Shi, D.E. (1986). *In Search of the Simple Life.* Salt Lake City. UT: Peregrine Smith Books.

SimplyCity (2000). Letters to SimplyCity. SimplyCity (Nov/Dec) 16.

Weston, L. P. (2001, November 25). Planting seeds for simpler life. *Los Angeles Times,* Retrieved from http://www.latimes.com

Woodruff, R. B. & S. F. Gardial. (1996). *Know Your Customer: New Approaches to Understanding Customer Value and Satisfaction*. Cambridge, MA: Blackwell Publishers Inc.

Zavestoski, S. (2002). The social-psychological bases of anti-consumption attitudes. *Psychology and Marketing, 19*(2), (February), 149-165.

AN EXPLORATORY EXAMINATION OF GENDER BIAS AND CUSTOMER SATISFACTION IN THE RETAIL SECTOR

Faye S. McIntyre, State University of West Georgia
Daniel F. Lynch, Michigan State University
Robert E. Hite, State University of West Georgia

ABSTRACT

This exploratory study attempts to answer three questions: 1) does gender bias in the retail selling environment exist today; 2) does dissimilarity of buyer and seller gender lead to bias; and 3) do the determinants of customer satisfaction differ for men and women. The study does not find gender bias in the selling environment. Likewise, gender dissimilarity in the buyer/seller dyad did not produce any significant differences. The findings do, however, confirm that significant differences in the determinants of customer satisfaction exist between male and female buyers. Managerial and research implications are discussed.

INTRODUCTION

At the dawn of the twenty-first century, it is tempting to imagine that all people are treated equally, especially in buyer/seller exchanges. Inequities in customer treatment can affect attitudes toward the selling firm and overall satisfaction, leading to loss of customer base and lower profitability.

However, evidence of gender bias still abounds in many areas including the workplace (e.g., Thomas, 2001), healthcare (e.g., Rutledge, 2001), education (e.g., Hornblower, 1998), and even in the retail selling environment (e.g., Lages, 1992). Lages (1992, p. 9) succinctly states that gender bias "can create tremendous misunderstanding, misinterpretation and even offense. A greater understanding of gender bias and some of its underlying causes in the salesperson/customer relationship could lead to an increase in the efficiency and productivity (and therefore, profitability) of daily retail operations."

A recent body of marketing literature proposes that some differences arise, not necessarily from gender differences per se, but rather from the dissimilarity between buyer and seller. This exploratory study attempts to answer three questions: 1) does gender bias in the retail selling environment exist today; 2) does dissimilarity of buyer and seller gender lead to bias; and 3) do the determinants of customer satisfaction differ for men and women.

LITERATURE REVIEW

A number of studies have assessed discrimination in a variety of retail environments. For example, Zinkhan and Stoiadin (1984) found that men receive precedence in service over females. Though female salespeople are considered more trustworthy than males, dissimilarity of buyer and seller do not effect initial perceptions of salesperson credibility (Jones et al., 1998).

Several studies using controlled experiments found substantial evidence of gender discrimination in the new car market (Ayers, 1991; Ayers & Siegelman, 1995). However, no evidence of price discrimination against women was found in a more recent study based on actual purchase data of new cars (Goldberg, 1996).

A second area in which gender bias has been studied in marketing is the sales literature. Ample evidence exists that women are disciplined less severely than men following an episode of unacceptable behavior in a sales environment (Rozema & Gray, 1987; Bellizzi & Hite, 1989; Bellizzi & Norvell, 1991; Bellizzi & Hasty, 2001).

McNeilly and Russ (2000, p. 287) also found gender differences when assessing salesperson-sales manager dyads, and conclude that their study "hints at the possibility of gender bias." However, this bias may be more an artifact of dissimilarity between salesperson and sales manager, rather than deliberate or intentional acts.

In buyer/seller situations, gender dissimilarity does impact the perceived level of customer orientation (Palmer & Bejou, 1995); customer orientation was highest in female-female dyad, followed by male-male dyad. Thus, gender similarity seems to raise perceptions of customer orientation. Interestingly, Dwyer, Richard, and Shepherd (1998) found that gender dissimilarity in a buyer-seller situation results in higher performance; i.e., that persons selling to buyers of the opposite gender outperform those selling to buyers of the same gender.

METHODOLOGY

Data were collected using a Mystery Shopper format and were collected by trained student shoppers. Fifty-five students (18 males and 37 females) were enrolled in two Principles of Personal Selling classes in a northwestern university. Average age of the students was 23.9 years.

Students posed as customers and shopped at a variety of local retail stores for an item of at least $150 in value. Students were instructed to select a product they were "going to buy, now or in the near future." Each student then completed a Mystery Shopper form to evaluate the conduct of the retail salesperson. A total of 53 complete forms were available for analysis (two were incomplete).

Mystery shoppers "shop" a retail store to assess the level of service provided by store employees. Typical information assessed by mystery shoppers includes the length of time before being greeted by a sales associate and the knowledge level of the sales associate (Levy & Weitz, 1998; Dunn, Lusch & Griffith, 2002). Mystery shopper reports are designed to be as objective as possible, and the form used in this study asked students to detail a number of variables. In addition to recording the buyer and seller gender and type of store, students were also asked to measure the time they had to wait between entering the store and being approached by a salesperson, their perceptions of the salesperson's attitude, the perceived level of product knowledge of the salesperson, and their overall level of satisfaction with the sales experience.

To assess differing perspectives of male and female buyers and differing perceptions of male and female sellers, a t test was performed for each of the study constructs. The results are presented in Table 1. Only one significant difference emerges. Female shoppers tend to rate the salesperson's product knowledge higher than do male shoppers. Male and female shoppers exhibit no differences in wait time, perceived attitude of the salesperson, or in overall satisfaction. No significant differences emerge when comparing male and female salespersons.

Table 1: T-test Results

Shopper Comparisons	Mean Male Shopper n = 18	Mean Female Shopper n = 37	t statistic	p value
Wait Time (in minutes)	3.56	3.12	.451	.327
Attitude *	4.50	4.67	.305	.381
Product Knowledge**	4.24	5.21	1.761	.042
Overall Satisfaction***	3.53	4.14	.991	.163
Shopper Comparisons	Mean Male Salesperson n = 42	Mean Female Salesperson n = 11	t statistic	p value
Wait Time (in minutes)	3.10	3.90	.702	.234
Attitude*	4.57	4.91	.526	.301
Product Knowledge **	5.10	4.00	1.586	.060
Overall Satisfaction ***	4.28	3.18	1.575	.061

* Measured on a seven-point scale where 1=I did not feel welcome and 7=I felt very welcome.

** Measured on a seven-point scale where 1=Not at all knowledgeable and 7=Very knowledgeable.

*** Measured on a seven-point scale where 1=Not at all satisfied and 7=Very satisfied.

To assess differences in the constructs by buyer/seller dissimilarity, an ANOVA was run for each construct. These results are presented in Table 2. The F statistics for attitude, product knowledge, and satisfaction are not significant, indicating no significant differences among the groups. The F statistic for wait times is significant, with p = .018. However, since the largest group size divided by the smallest group size exceeds 1.5, a test for unequal variances is required before using the traditional post hoc tests for univariate differences (Hair et al., 1992). The Levine test for homogeneity of variances indicated that significant differences in variances of the four groups (p < .001) exist. Therefore, to better ensure against Type I error, we chose three post hoc tests that control for unequal variances: Tamhane, Dunnett T3, and Games-Howell statistics. All three tests indicated no univariate differences, despite the overall significant F statistic for wait time. Therefore, we conclude that buyer/seller dissimilarity does not impact any of the constructs in this study.

Table 2: Differences by Dissimilarity

Buyer: Salesperson:	Mean Female Male n = 26	Mean Female Female n = 7	Mean Male Female n = 3	Mean Male Male n = 13	p value	Univariate Differences
Wait Time	3.42	2.00	8.33	2.46	.018	None
Attitude	4.54	5.43	4.00	4.64	.632	None
Product Knowledge	5.37	4.67	2.67	4.57	.096	None
Overall Satisfaction	4.41	3.86	2.00	4.00	.187	None

Finally, two OLS regression analyses were conducted to assess the determinants of customer satisfaction first for men, then second for women. As can be seen in Table 3, clear differences emerge. Since the models have varying sample sizes, adjusted R^2 is most useful as it takes sample size into consideration (Hair et al., 1992). The regression model for women is significant, but the model for men is not. In addition, the model explains 72% of the variation in women's satisfaction, whereas only 29% of the variation in men's satisfaction is explained. Both wait time and product knowledge are significant predictors of satisfaction for women. Increasing the wait time significantly lowers customer satisfaction, while higher levels of salesperson product knowledge increases satisfaction. For men, however, none of the constructs is a significant predictor of satisfaction.

DISCUSSION AND CONCLUSIONS

This study does not find gender bias in the selling environment; no differences in wait time or the salesperson's attitude toward the customer were discovered. Females do tend to rate salesperson's product knowledge higher than men, but no differences in satisfaction between men and women exist.

Likewise, gender dissimilarity in the buyer/seller dyad did not produce any significant differences. The one F statistic that is significant (wait time) appears driven more by unequal sample sizes, and no univariate differences emerge.

The findings do, however, confirm that significant differences in the determinants of customer satisfaction exist between male and female buyers. Wait time and salesperson product knowledge are both significant determinants of customer satisfaction for women, but are not significant for men. However, a key finding is evident when comparing the Adjusted R^2 of the two models. The model explains almost three-quarters of the variation in women's satisfaction, but less than one-third of the variation in men's satisfaction.

Table 3: Regressions Results

Variable	Male n = 18	Female n = 37
Constant	-.139 (1.873)	.486 (.884)
Attitude	.344 (.397)	.269 (.145)
Wait Time	-.041 (.119)	-.206* (.092)
Product Knowledge	.513 (.360)	.622** (.138)
F Statistic	2.89	27.463
sign. F	.094	.000
Adjusted R^2	.294	.719
n	13	31

Standard errors are provided in parentheses.
* Coefficient significant at $p < .05$
** Coefficient significant at $p < .01$

One implication is the need for further studies to determine what drives customer satisfaction among men in a retail selling environment. Clearly, managers of retail stores targeting primarily women may wish to increase the product knowledge of salespeople and implement policies to shorten the wait time once a shopper enters the store.

However, for stores targeting primarily men, more research is needed on how to improve customer satisfaction. One possible explanation for the insignificant findings is that men may not be sufficiently involved with shopping for the factors in the study to affect their level of satisfaction, given the normal range of variation among those factors. If future research also concludes no significant differences, a different mode of exploration may be required.

The insignificant findings may be an artifact of the methodology. Though a minimum price of $150 was stipulated, an upper price limit was not. In addition, the small sample size did not allow for comparisons across different types of retailers. These factors may have produced high levels of variance in the data. Future research should more narrowly specify the purchase price range and control for type of retailer.

For academic researchers, a clear implication is that studies of customer satisfaction should explicitly measure differences between men and women. If study results are aggregated without testing for gender differences, findings may be flawed.

The findings of this study, while interesting, represent only a first step in a research agenda to assess gender differences in the retail selling environment. Though this study provides valuable insight, several limitations should be noted. First, the nature of the sample limits its generalizability. A larger sample would allow for more definitive comparisons, particularly among the four buyer/seller dyads. A national sample would also reduce the possible geographic bias of this study. Though the uni-dimensional measures used for salesperson attitude, product knowledge, and satisfaction are acceptable at the exploratory stage, multi-item scales would be more appropriate in future studies. Finally, only one side of the dyad was assessed. It would be beneficial to assess salespersons' actual product knowledge and attitude toward the customer, rather than customer perceptions.

REFERENCES

Ayers, I. (1991). Fair driving: Gender and race discrimination in retail car negotiations. *Harvard Law Review, 104* (February), 817-872.

Ayers, I. & P. Siegelman. (1995). Race and gender discrimination in bargaining for a new car. *American Economic Review, 85* (June), 304-321.

Bellizzi, J.A. & R.W. Hasty. (2001). The effects of a stated organizational policy on inconsistent disciplinary action based on salesperson gender and weight. *Journal of Personal Selling & Sales Management, 21* (Summer), 189-198.

Bellizzi, J.A. & R.E. Hite. (1989). Supervising unethical salesforce behavior. *Journal of Marketing, 53* (April), 36-46.

Bellizzi, J.A. & D.W. Norvell. (1991). Personal characteristics and salesperson's justifications as moderators of supervisory discipline in cases involving unethical salesforce behavior. *Journal of the Academy of Marketing Science, 19* (Winter), 11-16.

Dunn, P.M., R.F. Lusch & D.A. Griffith. (2002). *Retailing*, (4th Ed.) Fort Worth, TX: Harcourt, Inc.

Dwyer, S., O. Richard & C.D. Shepherd. (1998). An exploratory study of gender and age matching in the salesperson-prospective customer dyad: Testing similarity-performance predictions. *Journal of Personal Selling & Sales Management, 18* (Fall) 1998, 55-69.

Goldberg, P.K. (1996). Dealer price discrimination in new car purchases: Evidence from the consumer expenditure survey. *Journal of Political Economy, 104* (31), 622-654.

Hair, J.F., Jr., R.E. Anderson, R.L. Tatham & W.C. Black. (1992). *Multivariate Data Analysis*, (3rd Ed.) New York: Macmillan Publishing Co.

Hornblower, M. (1998). How to make a better student: Beyond the gender myths. *Time, 152* (October 19), 90-91.

Jones, E., J.N. Moore, A.J.S. Stanaland & R.A.J. Wyatt. (1998). Salesperson race and gender and the access and legitimacy paradigm: Does difference make a difference? *Journal of Personal Selling & Sales Management, 18* (Fall), 71-88.

Lages, A. (1992). Gender bias in the retail environment. *The American Salesman, 37* (October), 6-9.

Levy, M. & B.A. Weitz. (1998). *Retailing Management*, (3rd Ed.) Boston, MA: Irwin McGraw-Hill.

McNeilly, K.M. & F.A. Russ. (2000). Does relational demography matter in a personal selling context? *Journal of Personal Selling & Sales Management, 20* (Fall), 279-288.

Palmer, A. & D. Bejou. (1995). The effects of gender on the development of relationships between clients and financial advisors. *International Journal of Bank Marketing, 13* (3), 18-27.

Rozema, H.J. & J.W. Gray. (1987). How wide is your communication gender gap? *Personnel Journal, 66* (July), 98-105.

Rutledge, E.O. (2001). The struggle for equality in healthcare continues. *Journal of Healthcare Management, 46* (September/October), 313-326.

Thomas, K.Q. (2001). Longtime staffer files suit accusing Kodak of gender discrimination. *Rochester Business Journal, 17* (November 2), 3.

Zinkhan, G.M. & L.F. Stoiadin. (1984). Impact of sex role stereotypes on service priority in department stores. *Journal of Applied Psychology, 69* (November), 691-693.

CORPORATE SOCIAL RESPONSIBILITY AND ETHICS IN THE PRINCIPLES OF MARKETING COURSE: ONE INSTITUTION'S JOURNEY

Michael R. Luthy, Bellarmine University
Julie Toner Schrader, Bellarmine University
Barry L. Padgett, Bellarmine University

ABSTRACT

Past and ongoing scandals in the business world provide justification for an increased emphasis on ethics and corporate social responsibility content in undergraduate business study, not as a separate course but integrated with other courses. The current paper presents a case history of the justification, planning, and practice of integrating ethics and corporate social responsibility material into the Principles of Marketing course at Bellarmine University, a small, historically Catholic, liberal arts university in the South. Relevant literature, the authors' experiences, both in the planning stages and after the new course design's initial offerings are discussed. Additional perspectives from the institution's President, Provost, and Dean of the Business School are presented, along with recommendations for other schools wrestling with how to address this issue.

INTRODUCTION

Through collaborative efforts among the marketing faculty of the business school and the philosophy department of the arts and sciences college at a small southern university the authors we were able to integrate informative and practical content on ethical and corporate social responsibility issues into the Principles of Marketing course. This was accomplished by: linking our effort to the mission statements of the university and business school, direct application of university goals and objectives to course outcomes, and, through the thoughtful and active support of the administration. The rationale and explanation of how this came to pass is recounted below.

Periodically, stories of questionable, and at times criminal, business activity have risen to dominate the business press. Rite-Aid and Wal-Mart have been investigated for their charge-back policies that leave their suppliers confused and temporarily or permanently underpaid. Sears Roebuck's disregard for bankruptcy laws, debtors' rights, and creditor priorities led to a $63 million fine - the largest in U.S. bankruptcy law history, to name a few (Jennings, 1999). Stories of unethical business practices, and their consequences have also come to dominate the popular press. Recently, Time Magazine named three corporate whistleblowers as their Persons of the Year for 2002 (Lacayo & Ripley, 2002).

The most widely reported story involving questionable business practices of recent history, and the one that has generated the most discussion beyond business professionals, is Enron. While the final chapter in that story has yet to be written, there has been widespread negative impact on employees as well as a large number of retirement plans. With the potential for criminal sentences and new Congressional legislation, the Enron scandal highlights once again the fact that organizations do not make decisions, individuals do. The Enron story also underscores the need for institutions of higher education to reexamine whether and how they address the subjects of ethics and corporate social responsibility (CSR) in their curricula.

Most of these scandals are not marketing transgressions per se. Fallout will likely involve public relations and affect future advertising and sales efforts for the firms. Because of this reality, an organization's ongoing marketing effectiveness is brought into play. While various alleged and admitted business actions may only be tangentially related to marketing, marketing's integrative nature and broad spectrum reach make it a natural area, both within the firm and in the curriculum, to link with ethical issues.

Transactions between buyers and sellers are at the heart of marketing. Given the numerous temptations for buyers and sellers to act unethically, before, during, and after transactions, the Principles of Marketing course is both a logical, and an ideal location, for discussion of business ethics and their influences on decision-making.

The accreditation agency for collegiate schools of business (AACSB International) has placed increased emphasis on teaching ethics to undergraduate and graduate business students (Silver & Valentine, 2000). Additionally, many companies are discovering that good business ethics are conducive to a good corporate image and long-term growth. As a result, a growing number of business schools are teaching ethics (Boroughs, 1995). Students themselves believe, quite strongly, that the discussion of ethics and ethical issues is worthwhile and important. Many believe a course in business/marketing ethics should be required. Even more students indicate that they would take such a course, if offered, even if it was not required (Shannon & Berl, 1997). Within this environment, the purpose of the present paper is to provide direction to other schools of business who are considering adding more business ethics to their curricula.

BACKGROUND

In partial response to this reality, schools of business are increasingly offering or requiring substantive courses in ethics. The teaching of ethics represents a beginning for training tomorrow's business leaders, but it must go beyond merely teaching ethics as institutional responsibility. The hope is that students will ultimately possess a sense of personal values that transcend the laws and rules of institutionalized ethics and that business vocabulary will soon contain words like civility, decency, honesty, and fairness, taking their place right alongside a practical vocabulary that includes such terms as profit, market share, and growth rate (Gibbons, 1992; Solomon, 1994; Maitland, 1997). Education in ethics produces more enlightened consumers of ethics information who are able to make sound determinations about responsibility in ethical dilemmas (Carlson & Burke, 1998).

Ethics instruction cannot turn an immoral person into a moral one, but teaching ethics can help prevent good people from making bad decisions (Johnson, 2000).

There is no question that both potential risks and rewards accompany ethical considerations in a business context. "Doing the right thing" does not guarantee success any more than the use of questionable practices assures immediate self-destruction in the marketplace. The importance of covering ethical issues in business is rooted in the longstanding recognition that integrity and respect do matter, and that shareholders, employees, consumers and society benefit more substantially from the long-term impact of corporate decision-making than from a short-term desire to increase profits. Providing students with a sense of balance between the risks and rewards of ethical considerations, based on the premise that the greatest companies are founded on ethics, should be a significant component of a well-rounded education (Matthews, 2003).

Originally, the field of business ethics focused on the role of business within the greater society, delineating the moral obligations of a business operating with the intent to perpetuate the free enterprise system. Business ethics has not been viewed as an entirely distinct field, but as the application of the broader field of ethics to a specific area (Bishop, 1992; Carroll, 1998; Kaler, 2000; McWilliams & Siegel, 2001). Corporate social responsibility by comparison, can be characterized by the idea that business responsibilities extend beyond the sphere of economics into the realm of social issues (Buchholz, 1987; Donaldson & Preston, 1995; Moir, 2001). The social responsibility framework requires that business actions not only be examined in the context of market transactions, but also with regard to their overall impact on society and whether they act to solve important social problems (Bishop, 1992; Carroll, 1998; Kaler, 2000; McWilliams & Siegel, 2001).

The concept of integration, whether concerning content areas, teaching approaches, or the marketing program itself into the larger undergraduate curriculum, as a means to enrich the educational experience of students, has been explored in a number of ways. One stream of research has examined the effectiveness of hybrid courses, drawing on two or more traditional areas resulting in courses in product and price management (Schibrowsky, 1995), customer analysis (Anderson, 1997), customer service, (Sautter, Maltz, & Boberg, 1999), and business principles (DeMoranville, Aurand, & Gordon, 2000). A second set of studies has explored integrating marketing and non-marketing courses in the service of developing important skills or addressing emerging areas such as team-based experiential learning (Bobbitt, Inks, Kemp, & Mayo, 2000), information literacy (Sterngold & Hurlbert, 1998), quality improvement (Marshall, Lassk, Kennedy, & Goolsby, 1996), relationship marketing (Cannon & Sheth, 1994; Palmer, 1994), creativity (Ramocki, 1994), and e-commerce/e-business (Tomkovick, LaBerre, Decker, Haugen, Hostager, Pathos, & Steiner, 2000; Williamson, Brookshire, & Wright, 2002). A third area of investigation has explored the appropriate role for marketing content in the larger business curriculum (Koch, 1997; Lamont & Friedman, 1997; Pharr & Morris, 1997; Barber, Borin, Cerf, & Swartz, 2001).

Finding a place for ethics content, and the construct's applied perspective, corporate social responsibility (CSR), in the business curriculum is not a new challenge. A variety of approaches and pedagogical techniques have been used to this end (Loe & Ferrell, 2001). Substantively, teaching these topics in business is difficult because one must go beyond moral standards of behavior to analyze goals, norms, beliefs, and values. Ethical principles of analysis are needed in those cases where a decision about an ethical problem cannot be reached based on moral standards of behavior alone (Hosmer, 1996).

The four primary first principles of ethical analysis are: utilitarianism, universalism, distributive justice, and personal liberty. Although none provides a simple solution to ethical dilemmas, through ethical analysis, they can clarify issues and result in a ranking of alternative moral actions (Hosmer, 1996). Approaches in business ethics based on classical theories, particularly those relying on Kantian ethics and utilitarianism, have been criticized as too abstract and general to provide adequate guidance for managers (Stark, 1993). If a decision is made not to treat business or marketing ethics and corporate social responsibility as separate courses but rather to integrate them into the curriculum, the practical challenge becomes how to best do it pedagogically.

ADDRESSING ETHICS AND CORPORATE SOCIAL RESPONSIBILITY CONTENT

The extant literature provides four basic approaches to the inclusion of ethics and CSR material in the undergraduate business curriculum. The first approach might be best characterized by the familiar phrase, "caveat emptor" (i.e., let the buyer beware), which is to say that there is no concerted effort to address ethical issues, much less training, in the curriculum. Until recent decades this was the prevailing perspective in most schools, and certainly this was the case at Bellarmine University. Part of the justification for this position comes from the attitude, "it's covered in the core general education requirements," and part comes from the belief that business majors are inherently as moral (or immoral) as everyone else. In either case, the conclusion stemming from this perspective is that no special attention to ethics or CSR is warranted in the business curriculum itself since a course in ethics is required as part of every student's general education curriculum at Bellarmine University.

The second approach to integrating ethics and CSR into the business curriculum has been to simply allow each professor or instructor the prerogative of what and how much ethics content to include. This approach seems justified on two grounds: the aforementioned belief that business majors are no more or less moral than anyone else; and b) academic freedom and professional latitude entitles the instructor to address any relevant topics to the students' educational benefit. Regardless of the merit of these justifications, simply leaving coverage of ethics and CSR issues to the instructor undoubtedly makes for a very uneven and contorted curriculum (especially considering multiple-section course structures and the growing use of part-time faculty, which opens a whole other realm of discussion beyond the scope of this paper).

The third approach has been to incorporate ethics- and CSR-related projects or activities into the coursework of the curriculum in some uniform way, while still allowing individual instructors primary, if not total, oversight. While this does ensure some minimum level of coverage of ethical and CSR issues in the curriculum, it suffers from the same weakness as the previous approach; coverage and relative emphasis may differ widely and be uneven across sections or semesters.

A fourth option to ethics and CSR education in the business curriculum has been to place it at the end of a student's development or academic program, either as part of a business policy or other senior-level capstone course. Engaging students in role-playing scenarios, ethical dilemmas, and decision-making discussions can be very rewarding since it comes at the pinnacle of their educational comprehension and reflective experience. But the weakness of this approach may offset these strengths. Covering issues of ethics and morality at the end of an educational program, treating it somewhat like an unnecessary appendage, may lead to the misperception that ethical and CSR considerations are not really that important. Moreover, this approach may communicate to students that decision-making of an ethical sort does not have a central or foundational place in business or marketing considerations.

Fortunately for faculty, students, and administrators, the attention given to ethical and socially responsibly corporate decision-making in marketing has increased dramatically in recent years. This is due, in part, to help from academic textbook publishers. Texts for courses in Marketing Ethics have grown widely in recent years, with new titles appearing every year. Additionally, the inclusion of ethics and CSR related material (ethics boxes and other context-sensitive information) has placed ethical decision-making at the center of a well-balanced curriculum and educational experience, similar to the treatment now afforded to international issues and the impact of technology on business.

THE STORY OF BELLARMINE UNIVERSITY

Bellarmine University is a private, independent institution, founded in the Catholic liberal arts tradition by the local Archdiocese. The University enrolls approximately 2,500 students, the majority of whom are enrolled in professional degree programs such as Business, Education and Nursing. The University's and Business School's mission statements reflect the broad-based nature of the institution (see Table 1).

Table 1: University and Business School Mission Statements
Bellarmine University Mission Statement
"Bellarmine University serves Kentucky and the region by providing an educational environment of academic excellence in the Catholic liberal arts tradition, where talented and diverse persons of all faiths and ages develop the intellectual, moral, and professional competencies to lead, to serve, and make a living and a life worth living."
W. Fielding Rubel School of Business Mission Statement
"The mission of the W. Fielding Rubel School of Business is to provide student centered, quality education in the Catholic liberal arts tradition at the Undergraduate and Masters levels. The School is enriched by the diverse intellectual perspectives inherent in the overall mission of Bellarmine University."

The general education curriculum required of all undergraduate students includes a course on ethics, taught by faculty in the Department of Philosophy. For undergraduate students enrolled in any of the three majors housed in the School of Business: Business Administration, Accounting, or Economics, it is customary for them to take the required ethics course early in their programs, either freshman or sophomore year. Business administration majors generally have a gap between exposure to formal ethics coursework and the beginning of Business Administration studies in the junior year. It should be noted that Principles of Marketing is currently the only formal marketing course offered at Bellarmine University. Consequently, it offers the only opportunity to integrate marketing with ethics and CSR content.

Prior to the initiative described below, one of the marketing faculty at Bellarmine University incorporated one hour of ethics into all sections of the Principles of Marketing course offered during the 2000-2001 academic year. Reflecting on the experience, the faculty member concluded that team-teaching the course with a faculty member from the Department of Philosophy would strengthen the content and overall impact of the course.

At least four factors contributed to the initiative of developing a team-taught course that integrates ethics and CSR content into the Principles of Marketing course: 1) a desire by central administration to strengthen the "liberal arts core" through an "ethics across the curriculum" approach; 2) a desire to better align our business curriculum with AACSB standards; 3) a desire by the Rubel School faculty to better realize the mission statement and educational objectives of the university; and 4) the willingness of marketing faculty to bring an experimental approach to the subject matter.

An initiative such as this does not move forward without at least some significant support from the administration. As part of the background investigation and preparation for developing the course, the authors interviewed three prominent members of the administration, (the President, Provost, and Dean of the School of Business), to gauge the level of support and rationale for integrating ethics across the curriculum, and specifically into the business program in this manner. The rationale for gauging the level of support for the initiative from these three individuals stems from the fact that the smaller the institution, the more relative power and impact each individual has, on operations, on policy, etc. and their unique roles in the overall direction and character of the institution. Additionally, moving forward on such a significant and experimental change without at least tacit support from the Dean and other, higher ranking administrators, is fraught with its own kind of peril.

Although the President, Provost, and Dean of the Business School are not experts in business ethics, they all bring two special characteristics to the discussion. First, the mission of the university ends with the statement, "…and to make a living and a life worth living." As a university founded in the Catholic liberal arts tradition, helping students to develop an ethical framework for their lives is fundamental to the mission of the university. Other business schools with a strong liberal arts tradition likely have faced (or will face) the need to examine business ethics in the curriculum. Second, all three of the interviewees are extremely supportive of the business school earning accreditation from the AACSB. The AACSB requires schools to prove that business ethics is covered in the curriculum. The views of these interviewees likely will resonate with leaders of other schools seeking accreditation or reaccredidation.

A President's Perspective

> *"We [here at Bellarmine] have a class born in 1983. There are a handful of educating agents: family, church, government, and the community, each reinforcing each other. But each has weakened as educating agents. The number one educating agent in society, one that didn't really exist 40 years ago, is pop culture promulgated by mass media. Pop culture is loaded with value - but not to anything other than the duty to yourself (fragmented, individualistic, competitive, materialistic, cotton-candy."* (President Joseph J. McGowan, Interview 2001).

As one might speculate from the quotation presented above, the President's justifications for the initiative described in the present paper are both broad and comprehensive. In the interview Dr. McGowan mentioned that growing up, he heard the word "ethics" repeatedly - in his house, in church, and in college (ethics and theology courses). The influences he cited as affecting him when he was growing up included: the proliferation of mass media through television; the assassinations of Malcolm X, John Kennedy, Robert Kennedy, and Martin Luther King Jr.; Vietnam; Watergate; and the youth movement. In contrasting his experiences with those of students today he stated his belief that for many students, no longer is there a locus of ethical values which underlies any consideration of issues or cultural practices. As a society we are moving from a much more comprehensible world to a more fragmented world. Dr. McGowan commented that as a consequence of this, "we (Bellarmine University) have an opportunity (and a duty) in business to be more aggressive in addressing ethical issues." Concerning the issue of integrating ethics and CSR content into an already well-defined course like Principles of Marketing, he reflected that "the more narrowly a discipline is taught, the lesser a product you produce. Further, if done well, it is a distinguishing characteristic. You sacrifice some technical content, but what you sacrifice students can pick up. What you get is a better understanding."

Dr. McGowan's general interest in "ethics across the curriculum" springs from a vision of the university as a contributive yet critical, social institution. He contends that faculty do students a disservice if they do not educate them about culture, its messages and values, and how to be a genuinely happy, well-balanced person. As he stated, "ethics lies at the intersection of our personal and professional relationships." Consequently, he fully supported the endeavor because he sees it as a genuine opportunity for the university to assert this role as an instrument of critical social reflection.

One of our questions raised a difficult issue: "Are you concerned that our students might be less competitive (i.e., less willing to take risks) in the marketplace, given this additional focus on ethics in the business curriculum?" Dr. McGowan responded, "Not if taught in the context of human freedom. Faculty must demand the creation of meaning, making sure students understand the plasma they are in…as a means of challenging the shallowness of contemporary culture." For President McGowan, consideration of ethical and social responsibility issues specific to the discipline of marketing is part of a comprehensive approach to this profession, providing students with a vocabulary for recognizing and responding to issues and opportunities.

A Provost's Perspective

> *"I don't think ethics are effective as a single course in philosophy. It is necessary to spend more time on what ethics is, but it's more relevant if it is integrated into various courses. Business is not just about making money, it has to also involve social justice, and teach students to be citizens of the world - and the Business curriculum shouldn't be shy about serious content"* (Provost John A. Oppelt, Interview 2001).

The Provost of Bellarmine University is Dr. John Oppelt. His concerns were more focused on the institutional identity of the university than with cultural identity. His primary interest was exhibited by his question, "What makes Bellarmine different from other educational institutions?" His answer involves situating Bellarmine firmly within its Catholic liberal arts tradition. To Dr. Oppelt, the curriculum should reflect the traditions and values that constitute the academic heritage of Bellarmine, especially concepts such as "social justice." In his view, the university has a responsibility to model moral behavior by showing an awareness and sensitivity to issues and concerns. To this end, the required ethics course in the core curriculum is a necessary, but not sufficient, part of educating the whole person. It takes more than discussions of theoretical differences to acquaint students to, as he puts it, "the practice of living."

Dr. Oppelt acknowledges that this approach has not always been supported at Bellarmine. In part these changes are a reflection of changes in the faculty composition and of changes to the agendas of the administration and Board of Trustees. As an independent university, Bellarmine struggles with issues of its Catholic identity. "Care of the person," not just teaching students has been developing in recent years. He believes that - far from making students less competitive in the marketplace, this educational philosophy should make them more competitive, and should attract more students to the university. When asked about the strengths and weaknesses of these changes in terms of educational philosophy (e.g. integrating ethics across the curriculum), Dr. Oppelt responded that the greatest potential weaknesses would be to have faculty who are not committed to the program or who take no responsibility for knowing and teaching the value of social justice. He believes that one should be able to include it in the curriculum and contrast it with opposing views even if - especially if - one does not agree with some of its values. This is particularly the case with marketing, which is not simply a course in "how to sell more." There are many issues and implications; the task, Dr. Oppelt believes, is to give students the necessary background and tools for moral decision-making and good behavior. The strength of this program, he argues, is that it gives us a richer, better-defined curriculum, which will motivate and equip students to be better persons. "Introduce students to what it is, why it is important, what happens in its presence/absence, and relation to a good life and creating meaning. Unless a man or woman has thought through these issues, learned to reason ethically and morally, we have failed them" (Oppelt, Interview 2001).

A Dean's Perspective

> *"Somehow, someway, ethics is business"* (Dean Daniel L. Bauer, Interview 2001).

The authors also had the opportunity to interview the Dean of the Rubel School of Business, Dr. Daniel L. Bauer. His attitude toward this initiative was very positive. Not only did he view this as a chance to highlight the liberal arts foundation and social justice tradition of the University, he saw it as an opportunity to view business decision-making in an ethical framework. As Dr. Bauer asserts, "Business really is about ethics." In fact, he mentioned that he would like to see the process begun with the Principles of Marketing course move out into other areas of the business curriculum. The primary strength he cited is the opportunity to provide students with a more well-rounded education, or as he put it, "developing the skills to be a successful, broad-based manager."

Dr. Bauer pointed out that it might be necessary to sacrifice some marketing content by devoting one-third of the course to philosophical discussion and application. The two marketing faculty involved in the project chose to greatly decrease coverage of retailing, wholesaling, and marketing on the Internet to free up the required time for an expanded discussion of ethics and CSR. In addition, they shortened discussions of other marketing principles (e.g., three class periods on consumer behavior became two). It was believed that the strengths from this approach outweigh the weaknesses and would offset any loss of specific content.

During the initial offerings of the newly developed Principles of Marketing course, the decision was made to incorporate, as a part of the assessment process of all business administration students, the ETS Major Field Examination. At present there is insufficient data to answer the question of whether the new course structure has indeed increased student understanding and application of ethical content without sacrificing in-depth knowledge of marketing. As we progress with the experiment the question will be revisited.

Regarding whether or not an emphasis on ethics and CSR might make Bellarmine University's students less competitive in the marketplace (i.e., less willing to take risks), Dr. Bauer pointed out that ethics and risk-taking are fundamentally different. His contention was that over the long-run, corporations sensitive to ethical considerations perform better than others; tracking the performance of "ethical corporations" shows that they out perform their competition. Verschoor (1999) confirms that corporate performance is closely linked to a strong ethical commitment. Dr. Bauer's overarching goal for this project was to provide future managers and leaders with a framework for making good decisions, where "good" is defined not merely as what is prudent, but also sensitive to moral values. From a practical standpoint, Dr. Bauer stated that "on the positive side, our graduates are better-rounded students, broad-based, not specialized, managers. On the negative side, in the Principles of Marketing course, we are giving up one-third of the time spent on marketing."

With the encouragement of the Dean of the Business School, Dr. Bauer, we developed a team-taught approach to the Principles of Marketing course, which involved close collaboration on syllabus planning, course content, topics to be discussed, and grading procedures among all of the faculty involved in the conduct and administration of the various course sections. The result was one-third of the course's in-class time devoted to ethical/CSR issues and decision-making, which is equal to roughly one class period per week (out of three, 50-minute sessions). The content of this aspect of the course included coverage of textbook chapters and course materials with ethics and CSR content, development of a moral decision-making rubric, and several case studies and discussions, many of which highlight current events.

LESSONS LEARNED

The initial offering of this new Principles of Marketing course took place during the Fall 2001 semester. The two sections' enrollment totaled approximately 40 students. A different marketing faculty headed each section with the same faculty member from the Department of Philosophy serving as co-instructor in both sections. At the completion of the semester, formal evaluation forms were administered to all students. In addition to ratings on a number of questions concerning teaching effectiveness, students were asked to indicate whether each of the four stated course objectives was achieved (see Table 2). Space was also provided for written comments.

On the question, "Overall, I would rate the course … excellent (5), very good (4), good (3), fair (2), or poor (1)" a combined score of 4.03 was given. Additionally, students overwhelmingly rated the course objectives as met. The faculty interpreted this as a strong showing for a first outing.

Table 2: Principles of Marketing Course Objectives and Outcomes

Objectives	Percent of Students Stating Objective Achieved	Link to University Goals and Expectations
Develop a more thorough understanding of marketing planning, implementation, and control issues as well as demonstrate the ability to identify the salient factors influencing marketing by studying and applying textbook concepts, class discussions, and analysis of marketing practices.	93%	Historical and Social Consciousness Communications Skills Comprehensive Integration
Explore the social and ethical implications of marketing decisions. Gain an appreciation of the interdisciplinary nature of most business relationships and the connection between marketing and the other functional disciplines through refinement and application of management and financial concepts and methods in marketing decision-making.	91%	Philosophical Foundation A Commitment to Virtue Thinking Skills Comprehensive Integration
Experience a variety of domestic and international problem situations commonly encountered in marketing management and gain a comprehensive understanding of the scope of marketing decision-making and how consumer behavior varies among individuals, subcultures, and cultures.	91%	Historical and Social Consciousness Thinking Skills Communications Skills
Improve interpersonal communication, writing, analytical, and logical reasoning skills through preparation for, and participation in, class discussions, examinations, case evaluations, and case analyses.	88%	Thinking Skills Communications Skills

Source: B.A. 305, Principles of Marketing Course Syllabus, Fall 2001.

Written comments provided by students were also generally supportive. Where concerns were expressed, they tended to bring up issues related to the overwhelming number of assignments/tasks required in the course. Specific comments also pointed to a lack of time rather than a lack of interest in achieving the objectives of the course. After meeting to discuss this feedback, the authors have made some changes in the way the course is both designed and delivered (see Table 3).

Table 3: Comparison of Techniques and Grading

Techniques	Fall 2001 Offering	Next Offering
Examinations: (individual)		
Midterm 1 (1/2 application-oriented multiple choice questions, ½ essays involving problem solving, critical thinking, synthesis questions)	100	No change
Midterm 2 (1/2 application-oriented multiple choice questions, ½ essays involving problem solving, critical thinking, synthesis questions)	100	No change
Comprehensive Final Exam (1/2 multiple choice, ½ take-home case analysis.	200	No change
Marketing Ethics Project: (Teams of two)		
Ten page paper and in-class presentation on controversial marketing ethics topic. One person from each team will research the positive side of the topic while the other person will research the negative side of the topic.	200	Increased to 400 Points
In-Class Assignments: (Individual)		
Active-learning assignments including exercises, reaction papers to videos or guest speakers, and cases from the textbooks.	100	Made part of participation
Book Review: (Individual)		
Each student will read a popular press book pertaining to some aspect of marketing and then present a summary to the class.	75	Dropped
Class Participation: (Individual)		
All students are expected to have read the chapters and cases BEFORE class and are expected to take an ACTIVE role in class discussions, in-class projects, and case analyses. Both quality and quantity of participation will be factored into the grade. Integration of knowledge with past experience, job performance, and course material is particularly important.	50	100
Total Points Possible	825	900

The importance of selected components of the course, as reflected in the point value and percentage of each student's final course grade, has been changed. Streamlining the course in terms of folding in-class active learning activities into class participation and eliminating the book review project, allows for a more focused effort to be mounted by students (i.e., a better value to in-class time investment ratio), with the direction of the faculty on their ethics projects. Structural changes in how the course is being delivered are also being pursued. The original design of the course was delivered through three, 50-minute sessions per week. Every third session (i.e., each Friday) dealt with ethical and CSR content. The philosophy professor led these sessions, assisted by the marketing faculty member. Given the amount of marketing material typically covered in the Principles course, taking one-third of a three-credit hour course at regular intervals for the ethics and CSR content sub-optimizes how the material can be presented.

The faculty are currently considering going through the committee approval process to create a zero-credit hour marketing ethics lab (similar to chemistry lab sections students are required to enroll in along with a lecture section) that will meet at select pre-determined times during the semester when the course is next offered. The lab session will focus on connecting and expanding material discussions from the regular class sessions. Continued team planning and pacing of the course will ensure a truly integrated course experience.

CONCLUSIONS

Our experience may not resonate with everyone; in particular the level of administrative support we have received makes this endeavor somewhat unique. These justifications are persuasive in part because of the sound philosophical basis to which they appeal, that of applying moral reasoning to the context of contemporary marketing practices, and in part because these justifications come from the administrators themselves. We have been able to establish a firm theoretical and practical basis for integrating ethics and corporate social responsibility into the Principles of Marketing course by linking our initiative to the mission statements of the university and business school, by linking course goals to the objectives of the curriculum adopted by the faculty and administration, and by allowing the administration to articulate to us their own educational philosophy and concerns.

In addition to the recommendations above, derived in part from an extensive literature review by Bishop (1992) and writings by Bok (1988), we offer the following advice to professors and administrators seeking to integrate a greater degree of ethical and corporate social responsibility content in their Principles of Marketing course:

♦	Reinforce the belief that being an ethical marketer is a prerequisite to being a competent marketer.
♦	Equip students to recognize ethical dilemmas when they arise.
♦	Build from a solid general education foundation, where possible, through which students develop a broad sense of humanity and a generalizable critical thought process.

♦	Blend both philosophical theory and practice into the teaching of ethics and CSR.
♦	Reinforce students' existing value systems.
♦	Create "conscious conflicts" that cause students to examine decisions in light of their own beliefs.
♦	Present students with the opportunity to consider multiple ethical/CSR issues and applications.
♦	Present students with ethical issues that they are likely to face in the early stages of their marketing and business careers.
♦	Focus much of the effort on getting students to recognize ethical issues rather than to make the "right" decisions.
♦	Encourage students to develop perceptiveness and analytical skills.
♦	Differentiate between acting legally and acting ethically and responsibly.
♦	Teach ethics and CSR, rather than preach them.

The effectiveness of this modification to the Business School curriculum is evident on many levels. First, there has been an obvious deepening of understanding by students of marketing, and that there is an ethical dimension to decision-making. The inclusion of a broader coverage of ethical and CSR issues contributes significantly to each student's grasp of social forces which are influencing contemporary marketing environments. Second, the applied ethics discussions and assignments, with our emphasis on case-studies, provides students with first-hand knowledge of both excellent and poor marketing strategies and methods of decision-making. Exposure to cases gives students the opportunity to explore alternative responses to decisions in scenarios which hindsight reveals were overlooked or ill-conceived, and better prepares the students to recognize situations which warrant ethical considerations. Third, the existence of ethical considerations in the accreditation standards of the AACSB is itself a testimony to the growing importance of corporate ethics and social responsibility to the academic education of future business administration leaders. This account of the justification and development of our interdisciplinary effort is useful not only because it demonstrates some of the philosophical underpinnings for integrating ethics and corporate social responsibility content across the curriculum, but also because it recounts some of the most persuasive arguments for promoting this type of project in a university curriculum.

REFERENCES

Anderson, B.B. (1997). A customer analysis course for the marketing curriculum, *Journal of Marketing Education, 19*(2), (Summer), 2-15.

BA305. (2001). B.A. 305, Principles of marketing course syllabus, (Fall).

Barber, C.S., N. Borin, D.C. Cerf & T.A. Swartz. (2001). The role of marketing in an integrative business curriculum, *Journal of Marketing Education, 23*(3), (December), 240-248.

Bauer, D. L. (2001). Interview by authors. Louisville, Kentucky, 6 July.

Bishop, T.R. (1992). Integrating business ethics into an undergraduate curriculum, *Journal of Business Ethics, 11*(4), April, 291-300.

Bobbitt, L.M., S.A. Inks, K.J. Kemp & D.T. Mayo. (2000). Integrating marketing courses to enhance team-based experiential learning, *Journal of Marketing Education, 22*(1), April, 15-24.

Bok, D. (1988). Can higher education foster higher morals?, *Business and Society Review, 66,* Summer, 4-12.

Boroughs, D.L. (1995). The bottom line on ethics, *U.S. News & World Report, 18*(11), March 20, 61.

Buchholz, R.A. (1987). The business/government/society relationship in management thought, In K. Paul, (Ed.), *Business environment and business ethics: The social, moral, and political dimensions of management* Cambridge, MA: Ballinger Publishing Company.

Cannon, J.P. & J.N. Sheth. (1994). Developing a curriculum to enhance teaching of relationship marketing, *Journal of Marketing Education, 16*(2), Summer, 3-14.

Carlson, P.J. & F. Burke. (1998). Lessons learned from ethics in the classroom: Exploring student growth in flexibility, complexity and comprehension, *Journal of Business Ethics;*, *17*(11), 1179-1187.

Carroll, A.B. (1998). The four faces of corporate citizenship. *Business and Society Review, 100/101,* 1-7.

DeMoranville, C., T.W. Aurand & G.L. Gordon. (2000). The delivery of an undergraduate, cross-functional business principles program: One university's continuing journey, *Marketing Education Review,10*(3), Fall, 29-41.

Donaldson, T. & L. Preston. (1995). The stakeholder theory of the corporation: Concepts, evidence and implications. *Academy of Management Review, 20,* January. 65-91.

Gibbons, J.J. (1992). Business ethics: Why do colleges now find it necessary to teach Ethics? *Agency Sales*; *22*(6), June, 21.

Hosmer, L.T. (1996). *The ethics of management,* (3rd Ed.), New York: McGraw-Hill.

Jennings, M.M. (1999). What's happening in business schools? *Public Interest, 137*, Fall, 25-32.

Johnson, M. (2000). Preventing good people from making bad decisions, *The Quill*, *88*(8), September, 76-77.

Kaler, J. (2000). Positioning business ethics in relation to management and political philosophy, *Journal of Business Ethics, 24,* (April), 257-272.

Koch, A.J. (1997). Marketing curriculum: Designing its new logic and structure, *Journal of Marketing Education, 19*(3), Fall, 2-16.

Lacayo, R. & A.Ripley. (2002). Persons of the Year: Cynthia Cooper, Coleen Rowley & Sherron Watkins, *Time, 160*(27), December 30, 30-33.

Lamont, L.M. & K. Friedman. (1997). Meeting the challenges to undergraduate marketing education, *Journal of Marketing Education, 19*(3), Fall, 17-30.

Loe, T.W. & L. Ferrell. (2001). Teaching marketing ethics in the 21st century, *Marketing Education Review, 11*(2), Summer, 1-16.

Maitland, I. (1997). Virtuous markets: The market as school of the virtues, *Business Ethics Quarterly 7*, January, 17-31.

Marshall, G.W., F.G. Lassk, K.N. Kennedy & J.R. Goolsby. (1996). Integrating quality improvement tenets into the marketing curriculum, *Journal of Marketing Education, 18*(2), Summer, 28-38.

Matthews, J. (2003). The greatest companies are founded on ethics, *WSJ.com Startup Journal.* Retrieved January 23, 2003, from http://www.startupjournal.com/ columnists/growth/20030115-growth.html.

McGowan, Joseph J. (2001). Interview by authors. Louisville, Kentucky, 30 June.

McWilliams, A. & D. Siegel. (2001). Corporate social responsibility: A theory of the firm perspective, *Academy of Management Review, 26*, January, 117-127.

Moir, L. (2001). What do we mean by corporate social responsibility? *Corporate Governance, 1*(2), 16-22.

Oppelt, Joseph A. (2001). Interview by authors. Louisville, Kentucky, 6 July.

Palmer, A. (1994). Relationship marketing: Time to enrich the marketing curriculum? *Journal of Marketing Education, 16*(2), Summer, 34-41.

Pharr, S. & L.J. Morris. (1997). The fourth generation marketing curriculum: Meeting AACSB's guidelines, *Journal of Marketing Education, 19*(3), Fall, 31-43.

Ramocki, S.P. (1994). It is time to teach creativity throughout the marketing curriculum, *Journal of Marketing Education, 16*(2), Summer, 15-25.

Sautter, E.T., A. Maltz & K. Boberg. (1999). A customer service course: Bringing marketing and logistics together, *Journal of Marketing Education, 21*(20), August, 138-145.

Shannon, J.R. & R.L. Berl. (1997). Are we teaching ethics in marketing?: A survey of students' attitudes and perceptions, *Journal of Business Ethics, 16*(10), July, 1059-1075.

Shibrowsky, J.A. (1995). Developing an integrated product and price management course, *Journal of Marketing Education, 17*(2), Summer, 33-44.

Silver, L.S. & S.R. Valentine. (2000). College students' perceptions of moral intensity in sales situations, *Journal of Education for Business*, *75*(6), July-August, 309-314.

Solomon, R.C. (1994). An Aristotelian approach to business ethics, In T. Donaldson & R. E. Freeman, (Eds.), *Business as a Humanity*, Oxford: Oxford University Press.

Stark, A. (1993). What is the matter with business ethics? *Harvard Business Review, 71*, May/June, 38-48.

Sterngold, A.H. & J.N. Hurlbert. (1998). Information literacy and the marketing curriculum: A multidimensional definition and practical application, *Journal of Marketing Education, 20*(2), Fall, 244-249.

Tomkovick, C., J. LaBarre, R. Decker, S. Haugen, T. Hostager, J. Pathos & E. Steiner. (2000). A cross-functional, multi-disciplinary approach to teaching e-commerce, *Marketing Education Review,10(* 3), Fall, 43-52.

Verschoor, C. (1999). Corporate performance is closely linked to a strong ethical commitment, *Business and Society Review, 104*(4), Winter, 407-415.

Williamson, K., R.G. Brookshire & N.D. Wright. (2002). Building a B.S. degree program in e-business, *Marketing Education Review, 12*(1), Spring, 1-10.

THE IMPACT OF PRODUCT CATEGORY AND LEVEL OF DISAGREEMENT ON RELATIVE CONFLICT: DOES PRODUCT CATEGORY AFFECT THE JOINT DECISION MAKING PROCESS FOR SPOUSES?

Cheryl B. Ward, Middle Tennessee State University

ABSTRACT

The primary objective of this study is to identify if the degree of differences between spouses in joint purchase decisions, and thus the relative degree of conflict, are greater in across category choices than within category choices. Also of interest is whether the level of initial disagreement present between the spouses impacts the amount of relative conflict experienced when the couples make the joint purchase decision. Knowing that spouses do not always agree and since husbands and wives typically do not have identical needs and wants, joint decision-making can present an important source of conflict between spouses.

This study found that product category alone did not significantly impact the relative conflict couples experienced in the decision making process; however, the level of disagreement was significantly related to the level of conflict experienced. Perhaps, most interestingly, examination of a contrast of means revealed that whereas the relationship between level of disagreement and relative conflict is strongly significant for across category decision choices, the relationship between level of disagreement and relative conflict is not statistically significant when looking at within category product choices only, providing some support for the impact of product category on joint spousal decision making.

INTRODUCTION

An important research topic not addressed in prior research is the issue of what happens when a husband and his wife each want something from different product categories. For instance, what type of decision-making process occurs when he wants a big screen television set and she wants a home security system? How does this decision differ from selecting between two competing brands or models of big screen TV's? Across product category choices involve selecting one good or service from among more than one product category whereas within product category choices, which have been more traditionally examined by researchers, involve selecting a specific brand or model from within a single product category. Investigation of family decision making involving varying product categories, rather than just comparable products from within the same product category, is not only more typical of true life, but also can help to expand our understanding of the family decision making process.

The primary objective of this study is to identify if the degree of differences between spouses in joint purchase decisions, and thus the relative degree of conflict, are greater in across category choices than within category choices. Knowing that spouses do not always agree (Burns & Hopper, 1986; Spiro, 1983) and since husbands and wives typically do not have identical needs and wants, joint decision-making can present an important source of conflict between spouses (Kirchler, 1990; Kirchler & Wagner, 1987; Qualls, 1988). Given the increased possibility of conflict between spouses when faced with purchase decisions involving different product categories, it is expected that couples will make a greater effort to resolve the conflict. Thus, this research addresses the following questions:

1.	Are spouses more likely to experience greater disagreement (conflict) when making a joint decision involving across product category choices than when decisions involve within product category choices only?
2.	Does the level of initial disagreement present between the spouses affect the amount of relative conflict when the couples make the joint purchase decision?

STATEMENT OF THE PROBLEM

Although family decision making has been a popular research topic among consumer behaviorists (Burns & Hopper, 1986; Burns, 1992; Davis, 1976; Johnson, 1984, 1986, 1988; Lackman & Lanasa, 1993; Ochsman, 1979; Park, 1982), there has been a lack of work on family decision making regarding across product category choices, how they may compare to within category choices, and the impact of these decisions on spouses.

A substantial amount of the prior family decision making research has focused on the joint decision making process engaged in by husband/wife teams. This research has shown that spouses do not always agree on joint purchase decisions (Burns & Hopper, 1986; Spiro, 1983). Studies have also shown that husbands and wives often are not able to accurately predict the choice of their spouse in a specific decision situation (Davis, Hoch & Ragsdale, 1986; Quarm, 1981). To further broaden our understanding of the spousal decision making process, this study will examine couples' responses to purchase situations involving across product category choices versus within product category choices.

Early research in family decision-making focused more on who "won" or the outcomes of the decision-making process, rather than the process itself (Davis, 1976; Wolgast, 1958). Further studies increased the emphasis on the process, not just the outcome (Nelson, 1988; Spiro, 1983). More recently, different issues in family decision-making such as culture, the presence of children, and resource allocation have been explored (Cohen & Kaufman, 1991; Pahl, 1995; Vogler & Pahl, 1994).

Wolgast (1958) was the first to ask whether husbands or wives make the purchase decisions by interviewing a U.S. national sample of husbands and wives over a two-and-a-half year period.

She concluded that most economic decisions are made jointly by both husbands and wives, giving no support to the supposition that husbands were the primary decision makers in the U.S. at that time. However, Qualls (1988) noted that one outcome of the increasing level of spousal influence is development of an increased likelihood of disagreement between spouses. Because husbands and wives cannot be expected to have identical needs and wants, it can be predicted that joint decision-making may often involve some level of conflict (Qualls 1988). Couples will seek ways to avoid this potential conflict. As a result, some researchers do not consider family decision making to be a rational, well thought out process at all, but instead a muddling through process (Park 1982).

CONFLICT

The management of spousal conflict is an important consideration when studying the mechanics of husband-wife purchase decisions. "Conflict is crucial, because conflict outcomes help to determine consumption behavior" (Buss & Schaninger, 1987, p. 312). However, conflict in family decision-making is typically not handled in a rational fashion. Conflict management has also been described as a muddling through process where the final purchase decision is actually a recurrent process consisting of a series of small decisions (Lackman & Lanasa, 1993).

Two spouses bringing two different purchase preferences to a purchase decision will inevitably experience conflict at some point. The presence of disagreement between family members implies that there will be attempts to resolve the disagreement prior to making a joint purchase choice. When disagreements occur during decision processes, the partners have to adopt accommodative tactics to resolve their disagreements and choose a suitable alternative (Kirchler 1993).

Numerous studies have attempted to examine the process that family members engage in when conflict in decision making is present (Davis, 1976; Nelson, 1988; Sheth, 1974). Family members will often disagree about the desirability of various alternatives. This disagreement may result in contradictory desires by spouses for products in different product categories. During the period when various alternatives are being considered, each spouse will often attempt to influence the other toward his or her preferred position (Spiro, 1983).

Douglas (1983) suggested that decisions within the family are interrelated, that one decision is not made independently of other decisions, and that as such decisions must be considered in this context. Supporting Douglas' study, Corfman and Lehmann (1987) found that spouses' decision(s) regarding past purchases may affect subsequent purchases, but they did not attempt to distinguish between the types of conflict the couples may be experiencing. For example, if the spouses have jointly decided to purchase a new television set, the next step is to select a specific brand and model of TV. Both spouses "win" in this type of purchase, because even though an individual spouse may not get the brand of his/her choice, ultimately the family still has a new television for the home. This situation is a typical example of within category decision-making.

HYPOTHESES

Since husbands and wives are separate individuals facing joint purchase decisions, it is proposed that in a significant number of cases a spouse may have desires for products which are not comparable to those desired by his/her spouse. Given that the vast majority of households have limited discretionary income, it stands to reason that the wants/desires of both spouses cannot always be met, resulting in the couple being faced with making a decision which is not optimal for either person individually. Hence, one spouse must either concede to the other or the two must work out a compromise acceptable to both parties, but with which neither party may be completely happy. Research suggests that an across product category choice is more likely to lead to a greater degree of difference (conflict) in the decision process than a comparable choice in which both parties get the product, if not the brand/model, of their choice. Essentially, in within category choices, both couples "win" to a certain degree, whereas across product category choices create a "winner-loser" situation for the husband and wife. Thus, it is hypothesized that a positive relationship exists between the type of product category (within versus across), and the level of relative conflict experienced in the joint decision.

H_1: Across category joint product decisions by couples should produce more relative conflict than within category joint product decisions.

In addition to the product category, the level of disagreement is also thought to impact the level of relative conflict present in the joint decision process. Park (1982) and Spiro (1983) found that it was important for couples to avoid conflict and to accommodate spouses to maintain and preserve the nature of their relationship. Given that the couples are dedicated to maintaining their relationship, lower levels of disagreement would seem to imply less likelihood of conflict between the couple, thus making it easier for the couple to come to a joint consensus regarding the final product selection. However, couples experiencing higher levels of disagreement in their initial product evaluations are likely to experience higher levels of relative conflict before coming to a joint product decision though they are still motivated to preserve their relationship.

H_2: High (low) levels of disagreement should result in higher (lower) levels of relative conflict.

The author also predicts that product category (across versus within) interacting with the level of disagreement (high versus low) will impact the level of relative conflict present in the decision process. In other words, a higher level of disagreement in initial product selection is expected to result in higher relative conflict during the joint decision process, with the author predicting this effect will be stronger in across category product decisions than within category product decisions. This prediction is expected because across category decisions are thought to result in a win/loss situation for the couple, while within category decisions are more of a win/win situation. Couples are expected to experience more conflict when there is the possibility of each spouse "losing" the decision, especially when they experienced high levels of disagreement in evaluating the likelihood of product purchase from the beginning when completing the individual product questionnaire.

H_3: For across product category decisions, high levels of disagreement should produce higher levels of relative conflict than low levels of disagreement. However, for within product category decisions, there should be no difference between high and low levels of disagreement on relative conflict.

Corfman (1991) noted that researchers are beginning to acknowledge the importance of across product category choices, but that the choice processes underlying the decision process are understudied. The current review was unable to discover research studies that compared across category product choices with within category product choices. Johnson (1984, 1988, 1989) tested how individuals (not couples) reacted in processing information about products that were more/less comparable. However, noncomparable choices are not the same as across product category choices in that noncomparable choices are decisions involving only one product option from two different product categories. Realistically, individuals are typically presented with choices involving several different options from two or more different product categories. Moreover, the results of individuals studied may not be generalizable to groups, especially families where the preservation of the family unit is often of extreme importance. These hypotheses will help to test the implications for across product category choices on a primary decision unit in society-the family. Gaining an improved understanding of spousal decision making in across versus within category choices will not only contribute to our understanding of joint decision making, but may also have implications for people who market to couples.

METHODOLOGY

While early research often involved responses by only one spouse, typically the wife (Davis, 1976; Wolgast, 1958), more recent research stresses the importance of gaining input from both spouses (Kirchler, 1993; Spiro, 1983). As a result, this study involves both husbands and wives participating in a study in which all statistical models are partitioned into across versus within product categories.

A total of 69 couples were recruited from various church, school, and community groups in the Middle Tennessee area to participate in this study; however, only 61 couples completed the entire task. Participating couples consisted of subjects in a range of ages, incomes, education, number of hours worked outside the home, number of years married, and number of children (Table 1).

Table 1: Subject Demographics						
AGE	MALES (n=61)			FEMALES (n=61)		
	FREQ.	%	CUM. %	FREQ.	%	CUM. %
18-25	4	6.6	6.6	6	9.8	9.8
26-34	12	19.7	26.2	9	14.8	24.6
35-44	22	36.1	62.3	27	44.3	68.9
45-54	12	19.7	82.0	11	18.0	86.9
55-64	8	13.1	95.1	5	8.2	95.1
Over 64	3	4.9	100.0	3	4.9	100.0
INCOME	MALES			FEMALES		
	FREQ.	%	CUM. %	FREQ.	%	CUM. %
Less than $7,500	3	4.9	4.9	15	24.6	24.6
$7,500 to $14,999	3	4.9	4.9	9	14.8	39.3
$15,000 to $24,999	8	13.1	23.0	15	24.6	63.9
$25,000 to $39,999	11	18.0	41.0	7	11.5	75.4
$40,000 to $59,000	17	27.9	68.9	9	14.8	90.2
$60,000 to $99,999	14	23.0	91.8	2	3.3	93.4
More than $100,000	5	8.2	100.0	4	6.6	100.0

In this study, each spouse was asked to complete a separate questionnaire inquiring about his/her personal preferences for 54 products. Subsequently, at a later time, the couples came together and performed a decision-making task involving approximately 8-12 joint decisions. Half of the couples were presented with decisions involving across category decisions and the other half were presented with within category decisions. The level of disagreement regarding individual product purchase evaluations and the level of relative conflict were observed for each couple.

In the joint decision exercise, spouses first individually evaluated two products selected and paired together from the first individual questionnaire, with one product being initially favored by the male and the other by the female. Spouses individually evaluated the likelihood of product purchase for each of the 8-12 product pairings. Next, the spouses were presented the product pairings again, except that this time they were free to discuss the two products with their spouse and, together, they must come to a joint decision as to which of the two products would most likely be purchased by the couple.

Sixty-one couples completed the study; each couple was given $10 for their participation, with the opportunity to win a $500 grand prize upon the study's completion. A short follow-up questionnaire was administered to each couple to determine the perceived use of spousal influence, the perceived reality of the task to the couples, and their individual commitment level to the relationship.

Table 1: Subject Demographics (continued)

TOTAL HOUSEHOLD INCOME	FREQ.	%	CUM.%			
Less than $14,999	2	3.3	3.3			
$15,000 to $24,999	1	1.6	4.9			
$25,000 to $39,999	13	21.3	26.2			
$40,000 to $59,000	14	23.0	49.2			
$60,000 to $99,999	22	36.1	85.2			
More than $100,000	9	14.8	100.0			
EDUCATION	MALES			FEMALES		
	FREQ.	%	CUM. %	FREQ.	%	CUM. %
Elementary school	2	3.3	3.3	0	0	0
High school	23	37.7	41.0	32	52.5	52.5
College	22	36.1	77.0	24	39.3	91.8
Graduate School	14	23.0	100.0	5	8.2	100.0
DESCRIPTION OF COUPLES (n=61)	MEAN	MINI-MUM	MAXI-MUM			
Number of years married	16.91	0	54			
Average hours per week male works	39.62	0	75			
Average hours per week female works	19.70	0	50			
Number of children in household	1.54	0	4			

Independent Variables

The independent variables used in this study to test the hypotheses consisted of the following variables: product category and level of spousal disagreement.

Product Category

Product category is a measure of the across versus within decision effects. This dichotomous variable is coded 0 if the decision is from a within product category and 1 if it is from an across product category.

Level of Spousal Disagreement

The level of spousal disagreement is a dichotomous measure of the level of disagreement between spouses when they individually rated the products later used in the joint paired product decisions. This variable is coded 0 for low level of disagreement (when spouse assigned fewer than twenty-five points more for his/her product than his/her spouse in the individual survey), and coded 1 for high level of disagreement (when spouse assigned at least twenty-five or more points for his/her product than his/her spouse in the individual survey).

For example, in the first survey, the Individual Product Questionnaire, each spouse (without interaction with the other spouse) was asked to determine the likelihood of purchasing numerous products. Paired products choices were then generated for the second stage of the data collection based on how the individual spouses responded in the Individual Product Questionnaire. The paired products were used in the Joint Product Decisions Questionnaire to have the spouses individually choose between the two products and then, to come to a joint decision regarding the final product choice with their spouse. The products selected for joint decisions were based on disagreements between the male and female on which products he/she would want to purchase in the future. Some of the disagreements were small; with the female, for instance, assigning 20 to a product later used in the joint pairings as product B, while the male assigned 20 to a different product later used in the joint pairings as product A. Some of the disagreements were large, with each spouse assigning 100 to different products later used in the pairings for the joint decisions.

The twenty-five-point cutoff was established because it represented as close as possible a 50/50 split of the data joint decisions into low and high levels of disagreement joint decisions. The final totals were that 218 of the decisions (45.4%) were classified as low disagreement decisions and 262 were classified as (54.6%) high-level disagreement decisions.

Dependent Variable

Relative conflict

The relative conflict variable is a measure of the absolute value of the percentage difference between spouses in the 100 points allocated individually to each pair of products used in the paired comparisons. An explanation for how this variable is derived is presented below.

Once the paired products were selected based on the Individual Product Questionnaire, the couples were given the Joint Product Decisions Questionnaire containing a number of paired products for which they were to make a decision response as a couple. The paired products were coded product A and product B. Product A was the product the male had indicated in the Individual

Product Questionnaire that he felt a chance of purchasing in the future, but that the female had not indicated was very likely to be purchased. Product B was the product the female had indicated in the Individual Product Questionnaire that she felt a chance of purchasing in the future, but the male had not indicated was very likely to be purchased. Thus, product A always indicated a stronger individual rating by the male and product B always indicated a stronger individual rating by the female, based on the Individual Product Questionnaire. In all paired decisions for all the couples, product B (female's preferred product) was always listed as the second product.

Relative conflict was calculated from the points assigned individually by each spouse to product B, prior to the spouses making the joint product decision. Since the total points assigned had to add up to 100 points for each of the paired product decisions, the author only needed to record the amount assigned to product B as the response (the same as Corfman & Lehmann 1987). These points are representative of the amount of relative conflict in each paired decision. Since this study is looking at the percentage amount of conflict, the absolute value was calculated.

For example, if, when viewing the paired decisions, the male allotted 40 points to product B and the female allotted 70 points to product B, the relative conflict value for this paired product choice would be calculated as $|(70-40)/70| = .43$. However, if the male had allocated 10 points to product B and the female had allocated 80 points to product B, then the relative conflict value for this paired product choice would be $|(10-80)/80| = .88$, indicating a higher likelihood of conflict than with the previous paired decision.

RESULTS

This research examined which factors in the joint decision making process impacted the amount of relative conflict that couples experience when undergoing a series of product choices. It was expected that couples would experience more conflict in across category decisions than within category decisions. It was also expected that couples would experience more conflict when product choices included products with which the couple initially had high (versus low) levels of disagreement in evaluating the likelihood of product purchase by the couple over the next two years (Table 2).

This study's hypotheses were generally supported by the results. Couples were expected to be less willing to compromise in across product category decisions because, at that point, one spouse "wins" in that he/she gets the product of his/her choice, whereas the other spouse "loses" in that his/her product will not be purchased at this time. Anticipating that compromise may be less likely to occur in this type of purchase decision, the author anticipated that higher levels of conflict might be present during the decision process. These results did not hold true, although means differed as expected. As exhibited in Table 3, the predicted main effect for product category, (i.e., across versus within), was not significant on the relative conflict measure, $F_{(1, 476)} = .05$, $p < .83$, Ms: Within = .247, Across = .254. Apparently, product category alone does not account for increased levels of conflict between couples. It would seem that whether couples are evaluating product choices from two different product categories or two products from within the same category, significant elevated levels of conflict are not generated by different product categories. Therefore, Hypothesis 1 is not accepted (Table 3).

Table 2: Summary Results of Tests on Hypotheses		
Hypotheses		Results of Test of Hypotheses
H_1:	Across category joint product decisions by couples should produce more relative conflict than within category joint product decisions.	H1 *is not accepted.* Means differ as expected but results are not statistically significant.
H_2:	High (low) levels of disagreement should result in higher (lower) levels of relative conflict.	H2 *is accepted.* Means are significantly different and in direction expected.
H_3:	For across product category decisions, high levels of disagreement should produce higher levels of relative conflict than low levels of disagreement. However, for within product category decisions, there should be no difference between high and low levels of disagreement on relative conflict.	H3 *is accepted.* Means differ as expected and are statistically significant for across category decisions.

Although the main effect for across versus within category was not significant, the level of disagreement (high versus low) was significant at $F_{(1, 476)} = 4.90$, $p < .05$, Ms: Low disagreement = .23, High disagreement = .27 (Table 3). That is, if the spouses initially indicated low levels of disagreement between the product choices, the spouses also experienced lower levels of relative conflict in the decision process. If the spouses had indicated high levels of disagreement, significantly higher levels of conflict were present when the spouses were faced with coming to a joint decision between the two opposing products. It appears that spouses are more apt to compromise when they do not have a strong desire for one product over the other in a decision choice in an effort to avoid possible conflict with their spouse. On the other hand, when spouses initially strongly disagree on the likelihood of a product's purchase, that initial disagreement appears to carry over and generate more relative conflict when faced with choosing between two opposing products. Thus, Hypothesis 2 is accepted.

The product category by level of disagreement two-way interaction qualifies the main effect for level of disagreement. The interaction was marginally significant, $F_{(1, 476)} = 1.37$, $p < .10$ (Table 3). To further examine this interaction, a contrast was done between means of conflict at high and low levels of disagreement for across, then for within category choices (Winer, 1971). Table 3 reveals that the relationship between level of disagreement and relative conflict is greater when the product decision involves across category choices than when the product decision involves within category product choices, $F_{(1, 476)} = 5.50$, $p < .01$, Ms: Across = .22 (low disagreement) .29 (high disagreement) versus $F_{(1, 476)} = .57$, $p < .45$, Ms: Within = .24 (low disagreement) .26 (high disagreement).

Table 3: Relative Conflict 2 X 2 ANOVA Model[1]
Results: Means for Relative Conflict (DIFF) Across Product Category (CATEGORY) and Level of Disagreement (DISVAR)

Means for DIFF Across CATEGORY (Verification of H_1 and CATEGORY Main Effect):							
CATEGORY = 0 (Within Product Category)				CATEGORY = 1 (Across Product Category)			
.247				.254			
CATEGORY Main Effect:				F Statistic = 0.05, P-value = .83 (1 DF)			
Means for DIFF Across DISVAR (Verification of H_2 and DISVAR Main Effect):							
DISVAR = 0 (Low Level of Disagreement)				DISVAR = 1 (High Level of Disagreement)			
.226				.271			
DISVAR Main Effect:				F Statistic = 4.90, P-Value = .02 (1 DF)			
Means for DIFF Across CATEGORY by DISVAR (Verification of H_3):							
CATEGORY = 0	DISVAR = 0	CATEGORY = 0	DISVAR = 1	CATEGORY = 1	DISVAR = 0	CATEGORY = 1	DISVAR = 1
.236		.257		.216		.286	
CATEGORY*DISVAR Interaction Effect:				F Statistic[2] = 1.37, P-Value[3] = .10 (1 DF[4])			
DISVAR at high level of CATEGORY (cell three vs cell four)				F Statistic = 5.50, P-Value = .01 (1 DF)			
DISVAR at low level of CATEGORY (cell one vs cell two):				F Statistic = 0.57, P-Value = .45 (1 DF)			
DISVAR at high versus low levels of CATEGORY (cells three and four vs cells one and two):				F Statistic = 4.90, P-Value = .02 (1 DF)			

1 The Relative Conflict Model contains the following variables regressed on DIFF in an ANOVA Model. DIFF is the absolute value of the percentage difference between the points each spouse allocated separately to the pair of products used in the paired product decisions. CATEGORY is a dichotomous variable coded 0 for a within category choice decision and coded 1 for an across category choice decision. DISVAR is a dichotomous measure of the level of disagreement between spouses when they individually rated the products later used in the joint paired product decisions. DISVAR is coded 0 for low level of disagreement (when spouses assigned fewer than twenty-five points more for his/her product than his/her spouse in the individual survey), and coded 1 for high level of disagreement (when spouses at least twenty-five or more points for his/her product than his/her spouse in the individual survey).

2 F statistic tests how well the overall model and individual variables account for the dependent variable's behavior.

3 P-Value is the probability of arriving at the F Statistic by chance occurrence.

4 DF are the degrees of freedom.

More specifically, the contrasts make it apparent that whereas the relationship between level of disagreement and relative conflict is strongly significant for across category decision choices, the relationship between level of disagreement and relative conflict is not statistically significant when looking at within category product choices only. Table 4 exhibits the differences between means for relative conflict across product category by level of disagreement. Figure 1 also demonstrates the significant interaction product category at low versus high levels of disagreement on relative conflict. Therefore, this study found that the level of disagreement is significantly more likely to impact relative conflict when couples are faced with across category product choices than when couples face within category product choices. As a result, Hypothesis 3 is supported (Table 4, Figure 1).

Table 4: Means and Standard Deviations for Relative Conflict Across Product Category Choice by Level of Disagreement

	PRODUCT CATEGORY	
	Within Product	Across Product
Low Level of Disagreement	.24 (.20)	.22 (.21)
High Level of Disagreement	.26 (.24)	.29 (.24)

Standard deviations are in parentheses.

CONCLUSION

So, does decision making by spouses differ in terms of relative conflict when purchase decisions involve selecting a big screen TV versus a home security system? Or is the process basically the same as selecting among different models of a big screen TV? Based on this study's results, different product categories alone are not enough to significantly impact the level of relative conflict experienced by the couple. However, the level of initial disagreement present between the spouses when presented with paired product choices did positively impact the level of relative conflict between the couples. Interestingly, when looking at possible interactions, within product category decisions did not produce significant levels of conflict at either high or low levels of disagreement whereas across category product choice decisions did.

Specifically, in across product category decisions, high levels of disagreement produced greater relative conflict than low levels of disagreement. Apparently, when looking at product options from two different categories, couples experienced significantly higher levels of conflict if they had initially disagreed on the likelihood of product purchase than if they had not. This finding was not true of within category choices. This lends support for the assumption that across category decisions may place spouses in a "win/lose" situation where one spouse will get the product of his/her choice and the other spouse will not. However, this situation only appears to increase conflict levels when the spouses strongly disagree on the likelihood of purchase from the beginning of the joint decision process. When faced with within category choices, regardless of the level of disagreement (high or low), spouses do not experience higher levels of relative conflict because the final joint decision is in essence a "win/win" situation where both spouses receive the product, if not the brand/model, of their choice. Thus, both spouses and the family as a whole benefit when a final product selection is made.

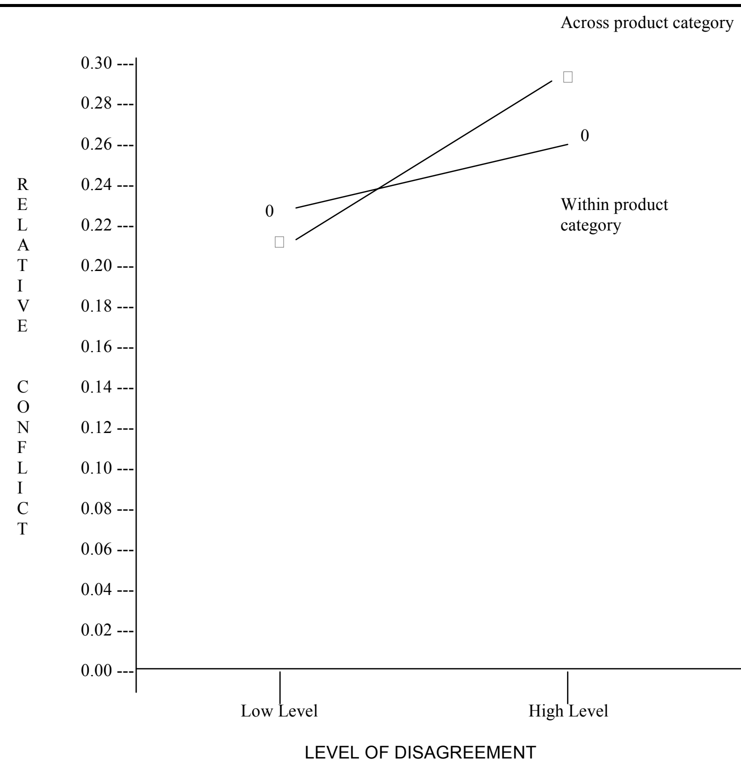


Figure 1

Two-way Interaction of Category Choice Decision by Level of Disagreement on Relative Conflict

This study extends the research of Corfman and Lehmann (1987), who found that the degree of relative preference intensity by a spouse was the primary determinant for the product choice made by the couple. However, they did not examine the role of product category or the impact of the level of disagreement in the joint decision process.

Researchers in the past have frequently not been able to conduct studies involving participation by both spouses. This study is one of relatively few that employed active involvement by both spouses (Corfman & Lehmann, 1987; Kirchler, 1993; Spiro, 1983). A relatively small amount of research of this nature has been conducted due to the substantial amount of time and effort required by the spouses. With spouses reporting increasing levels of "time poverty" and lifestyles being busier than ever, it is increasingly difficult to gain cooperation by couples in completing this type of study. However, with both spouses participating in the completion of this study, this study may be more realistic in examining the actual joint decision making process that occurs when you bring a husband and wife together.

REFERENCES

Burns, A.C. & J.A. Hopper. (1986). An analysis of the presence, stability, and antecedents of husband and wife purchase decision making influence assessment agreement and disagreement. *Advances in Consumer Research, 13*, 175-180.

Burns, D.J. (1992). Husband-wife innovative consumer decision making: Exploring the effect of family power. *Psychology & Marketing, 9* (May/June), 175-189.

Buss, D.M. & C.M. Schaninger. (1987). An overview of dyadic family behavior and sex roles research: A summary of findings and an agenda for future research. *Review of Marketing,* 293-324.

Cohen, J.& C.J. Kaufman. (1991). The impact of subculture on black spousal decision making. *Research in Consumer Behavior, 5*, 1-31.

Corfman, K.P. (1991). Perceptions of relative influence: Formation and measurement. *Journal of Marketing Research, 28* (May), 125-136.

Corfman, K.P.& D.R. Lehmann. (1987). Models of cooperative group decision-making and relative influence: An experimental investigation of family purchase decisions. *Journal of Consumer Research, 14* (June), 1-13.

Davis, H.L. (1976). Decision making within the household. *Journal of Consumer Research, 2* (March), 241-260.

Davis, H.L., S.J. Hoch & E.K.E. Ragsdale (1986). An Anchoring and adjustment model of spousal predictions. *Journal of Consumer Research, 13* (June), 25-37.

Douglas, S. P. (1983). Examining family decision making processes. *Advances in Consumer Research, 10*, 451-453.

Johnson, M.D. (1984). Consumer choice strategies for comparing noncomparable alternatives. *Journal of Consumer Research, 11* (December), 741-753.

Johnson, M.D. (1986). Modeling choice strategies for noncomparable alternatives. *Marketing Science, 5* (1), 37-54.

Johnson, M.D. (1988). Comparability and hierarchical processing in multi-alternative choice. *Journal of Consumer Research, 15* (December), 303-314.

Johnson, M.D. (1989). The differential processing of product category and noncomparable choice alternatives. *Journal of Consumer Research, 16* (December), 300-309.

Kirchler, E. (1990). Spouses' influence strategies in purchase decisions as dependent on conflict type and relationship characteristics. *Journal of Economic Psychology, 11*, 101-118.

Kirchler, E. & W. Wagner. (1987). Marital satisfaction and conflict in purchasing decisions. *Social Behaviour, 2*, 99-103.

Lackman, C. & J.M. Lanasa. (1993). Family decision-making theory: An overview and assessment. *Psychology & Marketing, 10* (March/April), 81-93.

Nelson, M.C. (1988). The resolution of conflict in joint purchase decisions of husbands and wives: A review and empirical test. *Advances in Consumer Research, 15*, 436-441.

Ochsman, R.B. (1979). Husband/wife interaction in making purchase decisions. *The Journal of Psychology, 103,* 145-157.

Pahl, J. (1995). His money, her money: Recent research on financial organisation in marriage. *Journal of Economic Psychology, 16,* 361-376.

Park, C.W. (1982). Joint decisions in home purchasing: A muddling-through process. *Journal of Consumer Research, 9* (September), 151-162.

Qualls, W.J. (1988). Toward understanding the dynamics of household conflict behavior. *Advances in Consumer Research, 15*, 442-448.

Quarm, D. (1981). Random measurement error as a source of discrepancies between the reports of wives and husbands concerning marital power and task allocation. *Journal of Marriage and the Family, 43* (August), 521-535.

Sheth, J.N. (1974). *A Theory of Family Buying Decisions. Models of Buyer Behavior: Conceptual, Quantitative, and Empirical,* New York: Harper and Row, 17-33.

Spiro, R.L. (1983). Persuasion in family decision-making. *Journal of Consumer Research, 9*, (March), 393-402.

Vogler, C. & J. Pahl. (1994). Money, power and inequality within marriage. *The Sociological Review, 42*, 263-288.

Winer, B.J. (1971). *Statistical Principles in Experimental Design,* New York: McGraw-Hill.

Wolgast, E.H. (1958). Do husbands or wives make the purchase decisions? *Journal of Marketing, 23*, 151-158.

THE APPLICATION OF TRADITIONAL CREATIVITY ENLARGEMENT METHODS FOR INSTRUCTING MARKETING STUDENTS: AN EXPLORATION

Robin T. Peterson, New Mexico State University

ABSTRACT

To date, educators in marketing have devoted much of their effort to improving student analytical skills and knowledge of the business setting. They have largely neglected the development of creativity in the classroom. One of the reasons for this inattention may be the notion that creativity is innate and cannot be instilled. To shed light on that issue and to provide guidance for marketing educators who desire to generate creative capabilities, the present study was designed to assess the degree to which four creativity-enhancement techniques emanating from the behavioral sciences can be effective. The inquiry produced results that strongly reinforce the position that they can be of value.

BACKGROUND

In the majority of marketing management positions today, creativity is an important attribute (Slater, 1995; Edwards & Simerly, 2001). The most important reason for this may be that firms have discovered that creativity is a critical factor in determining company success or failure (Bhatt, 2002).In turn, creativity denotes a capability which is marked by sensitivity to problems, originality, ingenuity, usefulness and appropriateness of thought patterns, and unusual responses to stimuli (Johnson, 1972).

Industry is in need of individuals who are able to conjure novel ideas for new products, advertising campaigns, packages, training programs, competitive strategies and tactics, and enumerable other elements (Gilbert & Bower, 2002). In an increasingly volatile environment, companies require a steady stream of new conceptions, in order to survive and prosper (Hogg, 1989;Firth & Narayanan, 1996).

Education in business has come under appreciable attack in recent periods (Karr, 2002; Brown & Gobeli, 1993). One of the leading charges is that undergraduate. and MBA. programs stress analytical and classification skills and neglect focus on creativity (Class of >96, 1996;Ramocki,1994). Numerous business spokespersons have reported that graduates are capable of performing break even, return on investment, and other analyses but lack capability in more subjective areas, such as creativity (Gilbert, Prenshaw, & Ivy, 1996).

Marketing educators have expended some efforts at creativity training. At the university level there are only a limited number of reported applications in marketing education, however.

This paper examines the effectiveness of four redefining methods in a university setting..All of these involve group effort. This appears to be in accordance with experience in industry where much of the current effort involves networks of creative people collaborating in the steps from developing new ideas to introducing the finished product, in contrast to the idea of the lone scientist or entrepreneur or divine inspiration producing useful ideas (Cushing & Gates, 2002).

PRACTICAL APPLICATIONS

A number of companies have employed creativity training techniques (Brown & Hyer, 2002; Arild-Johannessen, Olsen, & Olaisen,1997). These are extensive in number and only a sample is examined here. Many do not look at all like rational management, in that they appear to be counterintuitive and may seem strange, but many companies are using them with great results (Sutton, 2001; Livingstone, Palich & Carini, 2002).

In Japan a widely-used methodology is to group manufacturing, sales, and marketing employees for new product development. The members of the group deliver their ideas to a creativity circle, where they are analyzed by the members. One variation is the "Lotus Blossom" technique, where a moderator writes a central theme in the center of a lotus blossom diagram and group members are encouraged to think of related ideas or applications of the idea (Tatsuno, 1990).

Experience to date suggests that industry training programs can be effective in nurturing creativity (Wang & Horng, 2002; Kuriloff & Hemphill, 1988; McAdam & McClelland, 2002; Willings & Bruce, 1984;Buckler & Zien,1996). A number of Fortune 500 firms have implemented creativity training programs centered on the notion that virtually any employee has the ability to think innovatively (Schwartz & Nandhakumar, 2002). Executives in these companies generally appear to be satisfied with the programs (Hills, 2002; Olivero, 1990). Further, training in creativity has been shown to be of value to expatriate managers operating in foreign countries (Harvey & Novicevic, 2002). A number of authorities report that the best-managed firms in the United States are capable of taking advantage of employee creativity and nurturing their ideas. (Mitchell, 1989;Wagner & Hayashi, 1994).

One report on academic endeavor outlines computer-aided modifications for introducing the principles of creative problem-solving skills in an established project for a Master of Business Administration program. (Rickards, 1987). Students were able to overcome the complexities of the new technology, and it was possible to offer a large amount of interaction, monitoring, and feedback with each project group. Evidence was uncovered for the enhancement of the principles of creative problem solving associated with innovation in new technology.

RESEARCH OBJECTIVES

The research effort described herein was undertaken to determine if several well-known techniques constructed by psychologists could be constructive in marketing student creation of new package ideas. A second goal was to compare the effectiveness of the several techniques examined, as a means of determining which of these would be superior pedagogical methodologies.

If the techniques are in fact advantageous in elevating creativity, then they may have potential value for courses in marketing and other business administration disciplines. Packaging was selected because it is a difficult field within which to be creative. In industry, much of the package development function is delegated to highly-trained and skilled specialists. If students can be taught to be creative in this complex setting, they should be able to do at least as well in most other business functions.

The research assessed a number of hypotheses. Basically, the hypotheses were based upon the premises that sound creativity training will produce: (a) large numbers of new packaging ideas, (b) large numbers of good new packaging ideas, (c) substantial satisfaction among package development group members, and (d) divergence of ideas among group members. These criteria have been used by other researchers to assess creativity training efforts(Peterson, 1993).
The hypotheses which the study examined are:

1.	The four techniques under examination will be effective in producing large numbers of new package ideas, compared to a context where the techniques are not used, i.e. a control group setting.
2.	The techniques will be effective in producing large numbers of good new package ideas, compared to a control group setting.
3.	Some of the tested techniques will be more effective in producing large numbers of new package ideas than will others, i.e., some of the techniques are superior to others in this regard.
4.	Some of the techniques will be more effective in producing large numbers of good new package ideas than will others, i.e., some of the techniques are superior to others in this regard.
5.	Some of the techniques will be effective in producing more satisfaction among group members who use these techniques, compared to groups that do not use the techniques, i.e. a control group setting.
6.	Some of the techniques will be effective in producing more satisfaction among group members who use these techniques than will techniques used by other groups, i.e. some techniques are superior to others in this regard.
7.	Some of the techniques will be effective in producing more divergent package ideas among group members who use these techniques, compared to groups that do not use the techniques, i.e., a control group setting.
8.	Some of the techniques will be effective in producing more divergent package ideas among group members who use these techniques than will techniques used by other groups, i.e.,some techniques are superior to others in this regard.

THE INQUIRY

The subjects of the experiment were 115 undergraduate students enrolled in a principles of marketing class taught by the writer. In this group, 94 were business administration majors (38 of these were marketing majors) while the remainder were primarily arts and science and engineering majors. Since the respondents were mainly business administration students, the results of the study cannot necessarily be generalized to college students at large. The members of the class were randomly assigned to five groups, each of which consisted of 23 individuals. The experiment embraced four experimental groups and one control group. Each of the experimental groups received written directions and oral instructions on the utilization of a specific creativity-enhancing method. Conversely, the control group received only a written message and a lecture on the importance of creativity in new package design. The members were not informed that they were assigned to a control group, as this might serve as a demotivator of their efforts.

The four creativity-enhancement techniques which the study examined are all frequently mentioned, tested, and in broad use in the literature and research of psychologists who deal with creativity. All make use of team or group effort. Research has indicated that assembling personnel into groups, for purposes of generating creative ideas, is a highly-effective method (Taggar, 2002). The techniques were the "Gordon Method", "Attribute Listing", "Forced Relationships", and "Morphological Analysis".[See (Osborn, 1979). for a detailed description of the methods]. These techniques were selected for inclusion in the study due to their demonstrated effectiveness in enhancing creativity that other studies have uncovered (Peterson, 1993).

The written descriptions of the techniques which the members of the experimental groups received follow. The descriptions emanated from Osborne's classic book on creativity (Osborn,1979) with added inputs from another well-researched source (Higgins,1996). After the subjects read the written directions, they received comprehensive verbal directions from the researcher.

Gordon Method

"Your group discussion should first explore every conceivable aspect of the broadest possible approach to the problem. For example, if the group is devising an easy to open cereal package for senior citizens, the group will discuss "easy to open". The groups will first discuss all possible meanings of the word and all possible examples of "easy to open" in physical things, in nature, etc." "If your goal is to develop a new cereal package that would please children, the group would discuss the idea of "pleasing" in the same manner. Your approach should be to explore the idea in much more depth than would be the case when you are usually thinking about or discussing it. Later in the session your group will explore and develop approaches that have been uncovered."

Attribute Listing

"First you are to list the various attributes of the packages you are dealing with. Then turn your attention specifically to each one of these attributes, using them as a checklist to force you to look at all aspects of the problem. For example, if we were to consider the attributes of a cereal package we might list such items as (1) height, (2) width, (3) depth, (4) thickness (5) overall size (6) weight, (7) shape, (8) color, (9) material, (10) aperature, and (11) biodegradability."

"To devise a better package, you could focus on each of these attributes separately. For example, for a standard cereal package it could be made wider; it could be cast in a square form; it could be made of recycled paper. You could bring up many variations for each of the attributes."

Forced Relationships

"Your job is to induce original ideas by creating forced relationships between two or more normally unrelated packages or ideas as the starting point for idea generation. For example, you could consider each idea on a list as associated with each other idea on the list."

"In producing new package ideas for a cereal producer, for instance, you might list the following packaged goods the company already produces: cookies, bread, crackers, potato chips, and cereal. The first relationship might be between cereal and bread. From this starting point you would start a chain of free association leading to packaging ideas, such as enclosing cereal in soft plastic see-through bags. You could also forced relationships between cereal and other product packages."

Morphological Analysis

"Your job is to analyze structures and then use forced relationship techniques to produce idea possibilities. In developing a new cereal package, for instance, the major appeals might be assumed to fall under three headings: (1) physical appearance, (2) convenience, and (3) product protection. You can think up about 10 ideas under each of these three headings. It is possible, of course, that you would develop more than three headings for particular packages. Relate each idea under "physical appearance" to each "convenience" ideal. Continue with this process as you produce a succession of novel combinations."

Each experimental and control group experienced five one-hour sessions. Their assigned task was to produce new package ideas by utilizing the technique (in the case of the control group no assigned technique) that they were instructed to employ. During each one-hour session the group furnished new product ideas for a separate manufacturer. Executives employed by the manufacturers were used as judges to evaluate the creative work of the students.

The researcher utilized judgment in selecting the sample of companies. It was believed that these were firms with a strong track record in new package creation. The managers of these enterprises had provided brief outlines of their objectives, business operations, and product lines, permitting the students to develop package ideas that might be germane to the companies. Each experimental and control group created package ideas for each of the firms in the sample. Hence all of the groups were exposed to all five firms.

The packaging managers evaluated a written description of the package ideas on four measures. One (for hypotheses one and three) was the total number of new package ideas which might be considered to be possible new package candidates. A second measure (for hypotheses two and four) was the total number of "good" new package ideas, defined as those which the manager would estimate as having a better than 50% probability of generating a satisfactory level of profit. The third measure (for hypotheses five and six) was a written description by the students of the amount of satisfaction that group members experienced in the process of creating new ideas. The last measure (for hypotheses seven and eight) was the divergence of ideas created by the various groups. Each group produced package ideas for all of the businesses and each manager/judge evaluated the new package idea creation process for all five groups.

RESEARCH FINDINGS

The research findings are reported in this section. The analysis follows the order of hypotheses that correspond to each dependent variable that was considered.

Table One is directed to hypotheses one and three. It considers the mean number of new ideas which each group produced. All four of the experimental groups generated significantly larger scores than did the control group, according to a Tukey K test at the .05 level. This finding supports hypothesis one. The ranking of the methods was: (1) Morphological Analysis, (2) Gordon Method, (3) Attribute Listing, (4) Forced Relationships, and (5) The Control Group setting. The table labels with an asterisk the methods which produced scores that were significantly greater than the next largest score, according to Tukey K tests. The value for the Gordon Method, for instance, is significantly larger than the value for the Attribute Listing method. The data in the table support hypothesis three. Interestingly, the rank order of the methods is the same as that resulting from another study which tested the four methods and a control group for their ability to generate large numbers of new product ideas for small businesses (Peterson, 1993).

Table 1: Mean Number of New Package Ideas Produced by the Groups

Group	Mean Number of New Package Ideas
Morphological Analysis	10.6
Gordon Method	9.2*
Attribute Listing	7.6
Forced Relationships	6.6*
Control Group	4.4

*Indicates a mean score that is significantly greater than the next largest mean, according to a Tukey K test at the .05 level

Table 2 sets forth data which address hypotheses two and four. It presents the mean number of ideas which the managers identified as "good" and the percentage of good to total ideas (mean number of "good" ideas divided by the mean number of ideas produced).

The Gordon Method yielded the largest number of "good" ideas. It was followed by Morphological Analysis, Attribute Listing, Forced Relationships, and the Control Group. As in Table 1, asterisks identify means that are significantly greater than the next smaller mean value, according to Tukey K tests at the .05 level. The rank order of these methods was the same as that yielded in the study of new product ideas mentioned earlier (Peterson, 1993).

Both the Gordon Method and Morphological Analysis showed higher means than the remaining groups. They did not differ significantly from each other, however. Another cluster is formed by Attribute Listing and Forced Relationships. They do not differ significantly from one another but are significantly larger than the control group. Overall, the Gordon Method and Morphological Analysis present the most favorable results, and the Control Group yields the smallest number of "Good" ideas. The analysis, then, provides support for hypotheses two and four.

Table 2: Mean Number of New Package Ideas Judged as "Good"

Group	Number of "Good" New Product Ideas	Percentage of"Good" To Total Ideas
Gordon Method	5.0	54.3%
Morphological Analysis	4.6*	43.4%
Attribute Listing	3.3	43.4%
Forced Relationships	2.8*	42.4%
Control Group	1.2	27.3%

*Indicates a mean that is significantly greater than the next largest mean value, according to a Tukey K test at the .05 level.

Another gauge which researchers employ in evaluating creativity improvement methods is to ask those who used the methods how satisfied they were with the process. Researchers in management and psychology often employ this technique (Van-de-Ven & Delbecq, 1974). It is assumed that if the group members are very satisfied with the process, it is probable that they have been very productive, in their own judgment. On the other hand, if the group members manifest dissatisfaction with the process, they probably have not developed large numbers of potentially good ideas and will not be so motivated in the future.

Satisfaction with the methods was measured by asking group members to respond to the following scales immediately after finishing each creativity enhancement technique:

In using this technique, our group:	
Produced Excellent Ideas	Produced Very Poor Ideas
Did Not Work Well Together	Worked Well Together
Used Technique Correctly	Used Technique Incorrectly

The researcher calculated an overall satisfaction mean scale value, consisting of the mean scale values for the three sets of bipolar adjectives. Higher scale values signified larger magnitudes of satisfaction on the scales. Table 3 sets forth the overall mean scale satisfaction values for the experimental groups and the control group.

Table 3: Mean Scale Satisfaction Values by Group	
Group	Mean Scale Value
Gordon Method	4.4
Morphological Analysis	4.1*
Attribute Listing	3.2*
Forced Relationships	2.6*
Control Group	2.0
*Signifies a mean that is significantly larger than the next largest mean, according to Tukey K tests at the .05 level.	

Tukey K tests indicated that Morphological Analysis, Attribute Listing, and Forced Relationships all produced larger means that the next largest mean. As in the previous tables the Gordon Method and Morphological Analysis produced results superior to the other techniques. In turn, all of the experimental groups yielded larger means than did the control group.

The results of the satisfaction measures were consistent with the measures of the numbers of new product ideas and good new product ideas. The product moment coefficient of correlation between the data in Table 1 and that in Table 3 was .80, which is significant at the .05 level. The correlation coefficient for the data in tables 2 and 3 was .84, which is significant at the .05 level. Overall, the findings on satisfaction provide support for hypotheses five and six.

The last creativity measure used in the study was the divergence of ideas that participants using the various techniques brought into play. The business manager/judges evaluated divergence through the following measure:

Please evaluate, on the following five-point scale, the divergence of the product ideas created by the group when they used this technique. By divergence, we mean the extent to which the ideas vary from one another, rather than following a common norm. If they deviate or branch off considerably from one another, rank them as "High Divergence." If, on the other hand, they are very similar, mark them as "Low Divergence." If your evaluation is in between these two extremes, mark the appropriate scale accordingly.	
High Divergence	Low Divergence

Table 4 sets forth the mean divergence scores for subjects utilizing the various techniques. In the table, higher values identify larger divergence. As in the previous tables, asterisks signify significant Tukey K differences.

Table 4: Group Divergence Scores	
Group	Divergence Score
Gordon Method	4.4
Morphological Analysis	4.0
Attribute Listing	3.9*
Forced Relationships	3.1*
Control Group	2.1
* Indicates that the mean is significantly larger than the next largest mean, according to a Tukey K test at the .05 level.	

According to the Tukey test, all four of the experimental group means are significantly larger than the mean for the control group. The one significant difference in the experimental group set was that Forced Relationships was significantly smaller than Attribute Listing. The ranking of the methods was identical to that identified in the new product idea creation study cited earlier (Peterson, 1993).

The divergence values were closely correlated with the satisfaction values, with a product moment correlation of .84, suggesting a tight relationship between the two variables. The correlation between divergence and number of new ideas was .80 and with divergence and number of good new ideas .86. All of the coefficients were statistically significant at the .05 level, suggesting internal consistency between the variables. The analysis of divergence scores furnishes support for hypotheses seven and eight.

SUMMARY AND CONCLUSIONS

This inquiry produced evidence which supported all eight of the hypotheses which were raised. Several conclusions follow. One is that all of the groups employing the creativity-enhancement methods created significantly larger numbers of ideas and numbers of "good" new ideas, more satisfaction with the process, and more divergent ideas than did the control group. This provides support for the supposition that the methods are potentially effective agents for building creativity and have potential value to instructors of marketing and other business administration courses and to managers of business firms who are motivated to enhance employee creativity.

This inquiry concentrated on employing the methods for developing new packaging ideas, but they could also be useful creativity generators for producing innovations in product development, promotion offers, advertising themes and appeals, and channel of distribution patterns. The creative process is sufficiently broad to support broad applications of effective methods. Hence, these methods can be utilized to enhance creativity in a broad spectrum of courses, beyond those which focus on packaging.

The Gordon Method and Morphological Analysis created the largest number of significant results. This suggests that instructors should grant them high consideration as creativity-enhancement devices. The other two methods produced significantly higher results than did the control group, however, indicating that they have potential.

It is recommended that further research be undertaken to study the effectiveness of the creativity-enhancement methods evaluated in this study, as well as other methods that educators, managers, psychologists, and others have constructed. The research could be conducted among other groups, such students in other classes, students in foreign universities, and participants in executive development programs, using the research methods employed in this paper. Also, the research could consider the usefulness of the techniques when applied to other decision areas, such as selecting promotion themes (Varadarajan, 1985).

REFERENCES

Amabile, T. M.., C. N. Hadley & S. J. Kramer. (2002). Creativity under the gun. *Harvard Business Review, 80*(8), 52-61.

Arild-Johannessen, J., B. Olsen & J. Olaisen. (1997). Organizing for innovation. *Long Range Planning, 30*(1), 96-109.

Bhatt, N. A. (2002). What is your competitive advantage? *Pharmaceutical Executive, 22*(8), 106-108.

Brown, D.J. & D.H. Gobeli. (1993). Improving the quality of business education. 1993 Proceedings of the American Marketing Association, 36.

Brown, K. A. & N. L. Hyer. (2002). Whole-brain thinking for project management. *Business Horizons, 45*(3), 47-57.

Buckler, S.A. & K.A. Zien. (1995). The spirituality of innovation: learning from stories. *Journal of Product Innovation Management, 13*(3), 391-405.

Class of '96 (1996). *Journal of Business Strategy, 17*(2), 26-36.

Cushing, R. & G. Gates. (2002). When social capital stifles innovation. *Harvard Business Review, 80*(8), 20-27.

Edwards, J. & R. L. Simerly. (2001). A theory for explaining variations among organizational cultures, *International Journal of Management, 18*(4), 533-538.

Ensman, R.G., Jr. (1990). Brainstorming: A key to innovative ideas. *Credit, 21*(3), 30-31.

Firth, R.W. & V.K. Narayanan. (1996) .New product strategies of large, dominant product manufacturing firms: An exploratory analysis. Journal of Product Innovation Management, *13*(2), 334-337.

Gilbert, C. & J. L. Bower. (2002). Disruptive Change: When trying harder is part of the problem. *Harvard Business Review, 80*(5), 94-101.

Gilbert, F.W., P.J. Prenshaw & T.T. Ivy. (1996). A preliminary assessment of the effectiveness of creativity training in marketing. *Journal of Marketing Education, 18*(3), 46-56.

Harvey, M. & M.. M. Novicevic. (2002). The hypercompetitive global marketplace: The importance of intuition and creativity in expatriate managers. *Journal of World Business, 37*(2), 127-138.

Higgins, J.M. (1996). Innovate or evaporate: creative techniques for strategists. *Long Range Planning, 29*(2), 370-380.

Hills, D. (2002). Stumbling into brilliance. *Harvard Business Review, 80*(8), 152-161.

Hogg, C. (1989). The act of creation. *Director, 42*(13), 80-82.

Johnson, D. M. (1972). *Systematic Introduction to the Psychology of Thinking*. New York: Harper & Row, 276-278.

Karr, S. S. (2002). Striving for excellence. *Financial Executive, 18*(2), 69-71.

Kuriloff, A.H. & Hemphill Jr., J.M. (1988). *Starting and Managing the Small Business*. New York: McGraw-Hill, 40-51.

Livingstone, L. P., L. E. Palich & G. R. Carini. (2002). Promoting creativity through the logic of contradiction. *Journal of Organizational Behavior, 23*(3), 321-326.

McAdam, R. & J. McClelland. (2002). Sources of new product ideas and creativity practices in the UK textile industry. *Technovation ,22*(2), 113-127.

Mitchell, R. (1989, June). Nurturing those ideas. *Business Week*, 106-118.

Olivero, M. (1990). ET crazy: How to have a breakthrough idea. *Working Woman, 15*(9), 144-147, 222.

Osborne, A.F. (1979). *Applied imagination* (4th Ed.), New York: Charles Scribner's Sons.

Peterson, R. (1993).An examination of the effectiveness of selected techniques for enhancing new product creativity in small business. *Journal of Business & Entrepreneurship, 5*(2), 7-22.

Ramocki, S.P.(1994). It is time to teach creativity throughout the marketing curriculum. *Journal of Marketing Education, 16*(2),15-25.

Richards, T. (1987). Can computers help simulate creativity? Training implications from a postgraduate MBA experience. *Management Education and Development, 18*(2), 129-139.

Schwartz M. & J. Nandhakumar. (2002).Conceptualizing the development of strategic ideas: A grounded theory analysis. *British Journal of Management ,13*(1), 67-82.

Slater, S. F. (1995). Learning to change. *Business Horizons, 38*(6), 13-20.

Sutton, R. I. (2001). The weird rules of creativity. *Harvard Business Review, 79*(8), 94-103.

Taggar, S. (2002). Individual creativity and group ability to utilize individual creative resources: A multilevel model. *Academy of Management Journal, 45*(2), 315-330.

Tatsuno, S.M. (1990). Creating breakthroughs the Japanese way. *R & D, 32*(2), 136-142.

Van-de-Ven, A.H. & A.L. Delbecq. (1974). The effectiveness of nominal, delphi, and interacting group decision making processes. *Academy of Management Journal, 17*(4), 605-621.

Varadarajan, P.R. (1985). The sales promotion planning process in small retail business: An exploratory investigation. *American Journal of Small Business, 9*(2), 25-33.

Wagner C. & A. Hayashi. (1994). A new way to create winning product ideas. *Journal of Product Information Management, 11*(2),146-155.

Wang, C.W. & R. Y. Horng. (2002). The effects of creative problem solving training on creativity, cognitive type, and R & D performance. *R & D Management, 32*(1), 35-46.

Willings, D. & C. Bruce. (1984). Meeting the creative mood half way. *Gifted Education-International, 2*(2), 88-91.

AN EVENT STUDY APPROACH TO EVALUATING THE ECONOMIC RETURNS OF ADVERTISING IN THE SUPER BOWL

Peggy Choong, Niagara University
Greg Filbeck, Schweser Study Program
Daniel L. Tompkins, Niagara University
Thomas D. Ashman, Union College

ABSTRACT

While there are several anecdotal evidence of positive outcomes from Super Bowl advertising, there have not been any credible measurements of returns on investing in this expensive strategy.

This paper evaluates the returns on management's strategy to advertise during the Super Bowl using the event study methodology. This is a useful method often used in the finance field, to capture the market's valuation of the management decision by measuring the abnormal returns associated with the announcement of that strategy. A knowledge of the outcome associated with this strategy will enable marketing managers to better allocate their advertising resources among the array of media and media events.

INTRODUCTION

Reaching the largest proportion of prospective buyers is a problem faced by many advertising executives in media planning. This problem has been exacerbated in recent years by the increased fragmentation of the market. With numerous television channels and radio stations nationwide, programs on each of these media are consistently reaching smaller defined audiences. To add to this problem of reach, advertising executives are also faced with the lack of response most consumers have toward broadcast advertising.

In response to these issues, marketers have, over the last fifteen years, gravitated toward television programs such as the Super Bowl, Olympics, Oscars and Grammy Awards. Among the handful of important media events, the Super Bowl has remained one of the most coveted and expensive advertising venues (Elliott, 1999). The annual scramble to secure strategic time slots during the game has become a major media event in itself. Many companies spend the bulk of their annual advertising budget on this single costly program. A thirty-second spot during the Super Bowl cost an average of $2.0 million dollars compared with $1.6 million for the Oscars and $0.57 million for the Grammy Award (O'Connell, 2002).

The two reasons most advertisers cite for advertising on the Super Bowl are its substantial reach and the high degree of audience receptivity to commercials during the program. For example, advertising agents for 7UP claim that their target market of 12 to 24 year-olds is so highly fragmented that Super Bowl Sunday is one of the few television venues that captures the highest percentage of this market. Similarly, when executives at Philips Electronics, North America released their new advertisement of the 64-inch hi-definition television priced just under $10,000, they claimed that the Super Bowl was their best opportunity to reach 40 percent of their 18 to 49 year-old target market Reaching "the same unduplicated number of viewers" would have required buying the equivalent of 13 or 14 prime-time spots (Elliott, C8, 1999).

Audience receptivity during the program is also reported to be higher than during normal programming. Unlike regular programming where advertisements are often viewed as intrusions, Super Bowl audiences are actually paying attention to the commercials. A research conducted by SAA/Research reported that 48 percent of respondents listed seeing the commercials as a reason they watch (Elliott, 1999). Audiences view the advertisements during Super Bowl as part of the entertainment. Interestingly, reviewing the commercials the day after have become an event in itself ranging from the informal office conversations to the annual consumer survey known as the Super Bowl Ad Meter conducted by USA Today. Marketing executives are loath to find themselves at the bottom of the well-publicized meter.

There has been extensive research in marketing about advertising and its effects. Market response models form a significant segment of these studies on how advertising works (see Demetrios et. al 1999 for an excellent discussion of the taxonomy of advertising effects). Generally, this genre of studies examines the relationship between advertising and some measure of behavioral response. Aggregate level studies typically use sales or market share as proxies for the market response (Bass & Clarke, 1972; Rao & Miller, 1975; Little, 1979; Blattberg & Jeuland, 1981; Rao 1986; Zufryden 1987; Hanssens, Parsons & Schultz, 1990; Rao & Burnkrant, 1991). However, measuring the overall effect of advertising expenditure on sales and profits is fraught with problems. One significant problem is that the duration of advertising effects uncovered in many studies clearly shows that the effects of advertising accrue over time, thus making current profits or sales less useful measures of advertising effectiveness (Winer, 1979, 1980; Dekimpe & Hanssens, 1995; Leone, 1995; Lodish, 1995;; Mela, Gupta & Lehmann, 1997). These problems are exacerbated when attempting to measure the effects of a single advertising strategy. Thus to circumvent these problems and to measure the effects of a single advertising strategy, another method of measurement is required.

The event study methodology is a feasible and useful method often used to measure the direct effects of a strategy. Commonly used in the finance and economics fields, this methodology captures the market's valuation of a management decision by measuring the abnormal returns associated with the announcement of that strategy. When applied to the measurement of advertising effectiveness, this method is able to capture the abnormal returns of advertising in a specific program such as the Super Bowl.

This kind of measurement should also be of particular relevance nowadays as marketing managers are increasingly pressured to provide evidence of economic returns to their strategic decisions. An oft quoted remark attributed to John Wanamaker, founder of the first U.S. department store (1838-1992), "Half the money I spend on advertising is wasted, the trouble is, I don't know which half," underlines the skepticism corporate America still has for how advertising works (Lee & Lade, 2001). While there are several anecdotal evidence of positive outcomes from Super Bowl advertising, in the form of increased sales, phone inquiries and hits on Web sites of advertisers, there have not been any credible measurements of the returns on investing in this expensive programming. Just as companies seldom make major capital expenditures without estimating the likely financial returns, so too is corporate America increasingly demanding to know the returns on their advertising strategy.

The purpose of this paper is to evaluate the returns on management's strategy to advertise during the Super Bowl using the event study methodology. Knowledge of this will enable managers to better allocate their advertising resources among the array of media and media events.

EVENT STUDY METHODOLOGY

The event study methodology is a statistical procedure to examine the effect that the release of information has on the stock market returns of the firm. It has been used extensively in the economics and finance literature. In the marketing field, it has been used to examine strategies such as product innovation, change in a company's name, bad publicity associated with a product introduction and recall, announcements of green activities and introduction of e-commerce (Horsky & Swyngedouw 1987; Capon, Farley & Hoenig, 1990; Szymanski, Bhardwaj & Varadarajan, 1993; Mathur & Mathur 2000; Subramani & Walden 2001).

The theory underlying this procedure is the efficient market hypothesis, which states that a firm's stock price is the present value of the stream of future cash flows. At any point in time, this stock price reflects all known information pertaining to the firm's current and future profits. In this way, stock prices reflect the true value of the firm because they reflect the discounted value of future earnings as well as all relevant information known in the market. New information that will impact on the firm's current and future profitability will result in a change in security price. The purpose of this methodology is to determine whether the announcement of some upcoming event produces a significant stock price reaction around the time of the announcement. For example, the announcement of new information in the form of the company's strategy to advertise on the Super Bowl constitutes new signals about the present and future earnings of the company. This signal will impact its stock price. If the market views this strategy as worthwhile, the perceived value of the firm is likely to increase and be reflected in a simultaneous increase in the market price of the stock. To conduct such tests, daily stock returns are measured around the announcement or event date and are compared with the expected return. The change in the price of the stock, or abnormal returns, after the event reflects the unbiased market valuation of the economic value of the event. This methodology provides a unique opportunity to evaluate the financial effect of a corporate strategy. By examining a sample of firms over a period of years, it is possible to evaluate the overall market valuation of a particular business strategy.

The hypothesis in this paper is tested using the standard event study methodology (see e.g., Brown & Warner, 1985). The expected return is generally based on the Capital Asset Pricing Model or some other suitable market based return generating mechanism. The market model is specified as:

(1.) $$R_{j,t} = \alpha_j + \beta_j R_{mt} + u_{jt}, j = 1, \ldots, N; \; t = -325, \ldots, -71,$$

where N is the number of issues in the sample, $R_{j,t}$ is the return on stock $_j$ for day $_t$, $R_{m,t}$ is the return on market proxy m for day t, $u_{j,t}$ is the random error for stock j for day t normally distributed with $E|u_{j,t}| = 0$, α_j is the estimated intercept term for stock j, and β_j is the estimated risk coefficient for stock j. The market model is estimated by using the equally-weighted market returns from CRSP files as the market proxy.

The prediction errors are calculated for each day in the test period, which begins 50 days before the announcement day and ends 50 days after the announcement day. The prediction error for stock j for day t is defined as

(2.) $$PE_{j,t} = R_{j,t} - \left(\alpha_j + \beta_j R_{m,t}\right), j = 1, \ldots, N; \; t = T_1, T_1 + 1, \ldots, T_2,$$

such that $E|PE_j| = 0$, i.e., the prediction error is not expected in an efficient market in equilibrium. If $E|PE_j| \neq 0$, then we infer that some unanticipated information had come to the market and was used by well-informed individuals.

The cross-sectional average prediction error for day t for a sample of size n is

(3.) $$APE_t = \frac{1}{N} \sum_{j=1}^{N} PE_{j,t},$$

and the cumulative average prediction error is

(4.) $$CAPE_i = \sum_{k=T_1}^{i} APE_k.$$

The time-series of CAPEs tells us whether prediction errors would have occurred had investors bought the test portfolio in day T_1 and held until day I, $i = T_1, T_1 + 1, \ldots, T_2$.

Following Patell (1976), tests of statistical significance are based on standardized prediction errors. The standardized prediction error for stock j in day t, is calculated as

(5.) $$SPE_{j,t} = \frac{PE_{j,t}}{S_{j,t}},$$

where

(6.)
$$S_{j,t} = \{\sigma_j^2 (1 + \frac{1}{T} + \frac{(R_{m,t} - \overline{R_m})^2}{\sum_{k=1}^{T} (R_{m,k} - \overline{R}_m)^2})\}^{1/2}$$

where σ_j^2 is the residual variance from the market model estimation for stock j, T is the number of days in the period used to estimate the model and $\overline{R_m}$ is the mean market return in the estimation period.

The average standardized prediction error for day t is:

(7.)
$$ASPE_t = \frac{1}{N} \sum_{j=1}^{N} SPE_{j,t} .$$

For each day, the Z-statistic is calculated as

(8.)
$$Z_t = \sqrt{N} \bullet ASPE_t .$$

The limiting distribution of Z_t is the unit normal, under the null hypothesis that the mean normalized, standardized prediction error equals zero. Over the testing period, which begins with T_1 and ends with T_2, the cumulative normalized, average standardized prediction error is

(9.)
$$Z_{T_1,T_2} = \sqrt{N} \bullet CASPE_{T_1,T_2} ,$$

Then, the Z-statistic is calculated as

(10.)
$$CASPE_{T_1,T_2} = \left(\frac{1}{N}\right) \frac{\sum_{t=T_1}^{T_2} \sum_{j=1}^{N} SPE_{j,t}}{\sqrt{T_2 - T_1 + 1}} .$$

and has a unit normal limiting distribution under the null hypothesis that the cumulative normalized, average standardized prediction error over the period from T_1 through T_2 equals zero.

DATA

Data was collected for ten years from 1990 to 1999. Announcement day is defined as the date in which the company's announcement of its intention to advertise in the upcoming Super Bowl was published in the print media. Major newspapers (e.g. The Wall Street Journal and New York Times) were consulted as well as leading advertising outlets such as Advertising Age and AdWeek. A search was also conducted on Lexis/Nexis data files to search for possible leaks to alternative sources.

A pre-requisite of the event study methodology is the availability of market data for the firm under investigation. The sample of firms with well-defined announcement dates during the ten-year period totaled 112 or about 80% of total firms. Daily stock prices were obtained from the University of Chicago's Center for Research in Security Prices (CRSP) tape.

RESULTS AND DISCUSSION

Following Brown and Warner (1985), the event day is defined as day '0' (t=0). Using the standard estimation duration of 255 days (t= -325 to t=-71), the parameters of the market model in equation (1.) is estimated. These estimated parameters are then used to calculate expected returns for each of the firms for the specified event window. Abnormal returns are simply obtained by comparing these to the actual returns observed in the event window as shown in equation (2.).

Two events were identified and analyzed. Event 1 is defined as the date that the firm announced its intention to advertise during the Super Bowl and Event 2 is defined as the first trading day after the Super Bowl.

Event 1: Announcement of the Strategy

Results for the 112 announcements for this event, for a window of -10 and +10 are exhibited in Table 1. The results indicate that a firm's announcement of their intention to advertise on the Super Bowl is associated with statistically insignificant negative excess returns. On the event day itself, firms experience an average of a 0.23 percent decline in excess returns. These results are only significant at the ten-percent level.

Cumulative abnormal returns (CAR) are calculated to capture any possibility that the effects may be spread over a few days due to the gradual spread of information and their implications on future cash flows. Results for different windows are exhibited in Table 2. The CAR associated with the announcement of the strategy, is negative and statistically significant for the (-1; 0) and (-1; +1) windows, indicating that there is a pattern of information leak before the announcement date. Cumulative abnormal stock price across the windows -1 and +1 average negative 0.67 percent. This result together with the previous result of insignificant negative abnormal returns (p=0.1) suggests that the market is somewhat pessimistic about the firm's strategy. The announcement of the firm's decision to advertise on the Super Bowl does not result in any significant positive abnormal returns. This indicates that the market believe the strategy will not result in any future flows of positive earnings. A possible reason could be that the market has at that point no credible means of measuring the probability of success in this strategy. The market has little information about the advertising campaign and has indeed not seen the broadcast of the campaign. Thus, it reacts accordingly and does not reward the firm with positive and significant abnormal returns. The significant CAR results merely indicate that the information flows are gradual and there are leaks in the market. Bearing in mind that many Super Bowl advertisers are repeat advertisers, the CAR results probably indicate that investors have simply anticipated that the firms will again participate in yet another Super Bowl.

Table 1: Abnormal Returns of Announcements

Event Day	Average Abnormal Returns (%)	
	(A.) Event 1: Announcement	(B.) Event 2: After Super Bowl
-10	-0.03	0.03
- 9	-0.22*	0.33**
- 8	-0.55**	-0.20*
- 7	-0.22+	-0.14+
- 6	-0.50**	-0.39**
- 5	-0.05	-0.14
- 4	-0.19	0.01
- 3	0.11	0.32
- 2	-0.29*	-0.51**
- 1	-0.41+	-0.33**
0	-0.23+	0.16*
1	-0.05	-0.29*
+2	-0.19	-0.10
+3	-0.39*	0.01
+4	0.04	-0.63**
+5	-0.14	0.03
+6	-0.13	-0.35**
+7	0.13	-0.25
+8	-0.15	-0.12
+9	0.06	-0.31
+10	-0.34	0.26

** Significant at the p=0.01 level
* Significant at the p=0.05 level
+ Significant at the p=0.10 level

Event 2: First trading day after Super Bowl Sunday

Event 2 was specified to investigate the market reaction subsequent to the actual broadcast of the advertising campaign. It is defined as the first trading day after Super Bowl Sunday. Results of this analysis exhibited in Table 1 indicates that on the event date, firms experience on average a 0.16 percent positive excess returns. This is statistically significant at the five-percent level. The results indicate that on average firms who advertise on the Super Bowl experienced a gain of 0.16 percent in excess returns on the first trading day following the broadcast. The size of excess returns is in line with the magnitudes obtained in other event studies investigating the impact of marketing strategies on share price responses. Agrawal and Kamakura (1995) found that the announcement of new celebrity endorsers resulted in a 0.44 percent positive abnormal returns, Chaney, DeVinney and Winer (1991) showed that the announcement of new products resulted in a positive abnormal return totally 0.25 percent.

Table 2: Cumulative Abnormal Returns for Announcement Event Dates

Windows	Cumulative Abnormal Returns (CAR) (%)	
	Event 1: Announcement	Event 2: After Super Bowl
-10; -6	-1.51**	-0.37
-10; -1	-2.35**	-1.02*
-5; -1	-0.83*	-0.65+
-2; 0	-0.93**	-0.67*
-1; 0	-0.64*	-0.16
-1; +1	-0.69*	-0.46+
0; +2	-0.46*	-0.22
+1; +5	-0.72+	-0.96**
+1; +10	-1.15*	-1.73**
+6; +10	-0.43	-0.76**

**	Significant at the p=0.01 level
*	Significant at the p=0.05 level
+	Significant at the p=0.1 level

Looking at the event subsequent to the airing of the Super Bowl, CARs, exhibited in table 2, are seen to be not significant between days -1 and +1. This together with the positive average abnormal returns obtained on the first trading day after Super Bowl Sunday suggest that the market reacts in a positive direction to the advertisements broadcast during the game. Having seen the actual execution of the strategy and the reaction of the audience to the advertisement, the market reacts in a positive manner and rewards the firms with an increase in stock prices on average.

CONCLUSION

Two interesting results have emerged from the analysis. The first is that the market considers the announcement of the firm's intentions to advertise on the Super Bowl as a non-news event with insignificant effects on the future cash flows and profits of the firm. The second and more interesting finding is the positive and statistically significant average abnormal returns recorded on the first trading day after the airing of the advertisement on the Super Bowl. The market obviously rewards firms adopting this strategy at this point. The message as well as the reaction of the audience to the advertisement is viewed to positively impact on the firm's future cash flows and profits and stock prices rise accordingly.

These results suggest that the market does not reward the firm on its announcement of its strategy to launch an advertising campaign during the Super Bowl due probably to investors' lack of information about the campaign's probability of success. Therefore, it is in the marketing manager's interest at the announcement date to offer information that will help the market assess the outcome of their forthcoming campaign. Managers should also provide investors with "reminders" of the success of similar campaigns they launched in the past. These additional sets of information will enable investors to more effectively gauge the potential for success of their current campaign.

Future research should include measuring the returns on advertising in other major programs such as the Academy Awards and Grammy awards. Results from these studies can be pooled together to obtain a clearer picture of whether it makes economic sense to target advertising dollars to these specific programs.

REFERENCES

Agrawal, J. & Kamakura, W.A. (1995). The economic worth of celebrity endorsers: an event study analysis. *Journal of Marketing, 59*, 56-62.

Bass, F.M. & Clark, D.G. (1972). Testing distributed lag models of advertising effects. *Journal of Marketing Research, 9*, 298-308.

Blattberg, R.C. & Jeuland, A.P. (1981). A micro-modeling approach to investigate the advertising-sales relationship. *Management Science, 27*, 988-1005.

Brown, S. J. & J. B. Warner. (1985). Using daily stock returns: The case of event studies. *Journal of Financial Economics, 14*, 205-258.

Capon, N., Farley, J. & Hoenig, S. (1990). Determinants of financial performance: A meta-analysis, *Management Science, 36,* 1143-59.

Chaney, P.K., Divinney, T. & Winer, R.S. (1991). The impact of new product introduction on the market value. *The Journal of Business, 64*(4), 573-611.

Dekimpe, M.G. & Hanssens, D.M. (1995). The persistence of marketing effects on sales. *Marketing Science, 14*(1), 1-21.

Demetrios, V. & Ambler, T. (1999). How advertising works: What do we really know. *Journal of Marketing, 63*(1), 26-43.

Elliott, S. (1999, January 28). Trying to score big in 'ad bowl' companies jostle to reach consumers on super Sunday. *The New York Times,* C1/C8.

Hanssens, D.M., Parsons, L.J. & Schultz, R.L. (1990). *Market Response Models: Econometric and Time Series Analysis.* Boston, MA: Kluwar Academic Publishers.

Horsky, D. & Swyngedouw, P. (1987). Does it pay to change your company's name? A stock market perspective. *Marketing Science, 6*, 32-34.

Kim, P. (1992). How advertising works: A review of the evidence. *The Journal of Consumer Marketing, 9*(4), 5-9.

Lee, M. & Lade, D.S. (2001). Demystifying advertising investments. *The Journal of Business Strategy, 22*(6), 18-22.

Leone, R.P. (1995). Generalizing what is known about temporal aggregation and advertising carryover. *Marketing Science, 14*(3), 141-50.

Little, J. (1979). Aggregate advertising models: The state of the art. *Operations Research*, 27.

Lodish, L.M. (1995). A summary of fifty-five in-market experimental estimates of the long-term effects of advertising. *Marketing Science, 14*(3), 133-40.

Mathur, L.K. & Mathur, I. (2000). An analysis of the wealth effects of green marketing strategies. *Journal of Business Research, 50*(2), 193-200.

Mela, C.F., Gupta, S. & Lehman, D.R. (1997). The Long-term impact of promotion and advertising on consumer brand choice. *Journal of Marketing Research, 34,* 248-61.

O'Connell, V. (2002, January 28). Super bowl gets competition. *The Wall Street Journal,* B1.

Patell, J. M., (1976) Corporate forecasts of earnings per share and stock price behavior: Empirical tests. *Journal of Accounting Research, 14*(2), 246-276.

Rao, R.C. (1986). Estimating continuous time advertising sales model. *Marketing Science, 5*(2), 125-142.

Rao, U.H. & Burnkrant, R.E. (1991). Effects of repeating varied ad executions on brand name memory. *Journal of Marketing Research, 28*, 406-416.

Subramani, M. & Walden, E. (2001). The impact of e-commerce announcements on the market value of firms. *Information Systems Research, 12*(2), 135-154.

Szymanski, D.M., Bharadwaj, S.G. & Varadarajan, P.R. (1993). An analysis of the market share-profitability relationship. *Journal of marketing, 57*, 1-18.

Winer, R.S. (1979). An Analysis of the time-varying effects of advertising: The case of Lydia Pinkham. *Journal of Business, 52*(4), 563-76.

Winer, R.S. (1980). Estimation of a longitudinal model to decompose the effects of an advertising stimulus on family consumption. *Journal of Consumer Research, 21,* 708-718.

Zufryden, F.S. (1987). A model for relating advertising media exposures to purchase incidence behavior patterns. *Management Science.*

TRENDS IN THE CHILDCARE INDUSTRY: PROJECTED DEMAND FOR CHILDCARE SERVICES IN SOUTH MEMPHIS, TENNESSEE

Reginald M. Peyton, Christian Brothers University
Gilda G. Lewis, Christian Brothers University
Sarah T. Pitts, Christian Brothers University
Rob H. Kamery, Christian Brothers University

ABSTRACT

This paper discusses recent trends in the childcare industry. Research indicates that two-thirds of all jobs created in the 1990s were filled by women, three-quarters of whom are likely to become pregnant during their working lives. More than half of all new mothers now return to their jobs before their child's first birthday. Furthermore, two-thirds of women with pre-schoolers and over three-quarters of those with school-age children were expected to be in the labor force by 1999. Recent research suggests that roughly half of these women and more than a third of their husbands will likely discover that problems with their child care arrangements affect their productivity at work (Anonymous, 1995).

INTRODUCTION

The feasibility analysis of this paper will cover the following areas:

1)	Strategic situation analysis, including trends in the childcare industry, number and quality of childcare centers serving the targeted area, and projected demand for child care services in the area.
2)	Target market description, including target population, income levels, and businesses in the area.
3)	Marketing program and positioning strategy, including services offered relative to other day-care providers, reduced institutional dependence on public and private grants, and the marketing mix.

Requirements for childcare are met in many ways. Table 1, based upon data collected by the Bureau of the Census in 1994 (Anonymous, 1994), illustrates how childcare outside of school hours was provided for children under 15 years of age whose parents were working outside the home:

Table 1: Child Care Alternatives	
Type of Care	Percentage
Care in child's home	26.1%
Care in provider's home	35.4%
Organized childcare facility	33.5%
Other	5.0%

Childcare in the child's home, usually by a relative, has decreased for a variety of reasons. Increased geographic mobility has made it less likely that parents of young children have family members living nearby. In addition, many older people, currently healthier and more affluent than earlier generations, apparently prefer a more independent lifestyle, which can be incompatible with childcare commitments. The decline in availability of care by relatives and the inability of home-childcare providers to keep pace with demand (most care for only a few children), have resulted in a greater emphasis on center-based care.

NUMBER AND QUALITY OF CHILDCARE PROVIDERS IN THE AREA

There are approximately 25 licensed childcare centers in the South Memphis area. Existing providers appear to fall into three general categories and, within those categories, are largely undifferentiated. The categories are church-affiliated, independent, and federally sponsored (such as Head Start). The church-affiliated centers are typically housed within the physical structure of a church and utilize existing facilities to provide some learning activities, play activities, and general care. Most have some outside play area. (primary survey conducted by GMCCS)

The independent providers have typically occupied what was once commercial property, such as a storefront establishment in a strip-mall or a freestanding facility that once housed a restaurant or other business. The nature and quality of these facilities vary greatly. Depending on the size of the property, there may or may not be an outside play area. There are no franchised chain providers (such as Children's World, KinderCare, or La Petite Academy). Hence, the nature and quality of learning activities are unknown.

There is one Head Start center in the area. As a federally funded program, standards for the physical facility and the programs are high. Head Start offers a structured learning environment for pre-school children with qualified instructors. While the quality is generally high, space in Head Start is limited and the centers only serve children between the ages of three and five years.

PROJECTED DEMAND FOR CHILDCARE SERVICES IN SOUTH MEMPHIS

Pressure resulting from the Welfare Reform Act puts constant pressure on families, especially single-parent households, to seek full employment. As the workforce in areas such as South Memphis becomes more fully engaged, the overall demand for childcare must increase. The demand for full-service childcare centers in the South Memphis area will be further determined by several factors, including: the capacity for the community to provide financial support, the availability of public sources to provide for those families who lack sufficient resources to self-pay, and projected growth in job opportunities for mothers.

Data from the 1990 census suggest that approximately 12% of the population will use organized childcare facilities. The 1994 update suggests that this number has increased to 29.5% for the whole population, 33.5% in households where the mother is employed full-time (Anonymous, 1990d). If this rate of increase in demand continues, the percentage of the population requiring full service could exceed 40% in 2003. Assuming that the level of demand will remain constant, and using the more conservative level of 29%, the overall demand for pre-school childcare in the area is approximately 4,389 children.

GMCCS, in determining the capacity of the neighborhood to support the subject's center, bases its conclusions on two key assumptions. 1) The subject's projected capacity of 100 children ages 6 weeks through 2 years and 100 children ages 3 through 5 years (a total of 200 children) is representative of other full-service centers in the area. 2) The 29% level of total demand will not decrease. This assumption is more risky than the first, but seems reasonable based on the data available.

Under these assumptions, the neighborhood should be able to support 22 centers with a capacity of 200 full-time children (4,389 children divided by 200 children per center). If growth continues, there may be fewer full-service childcare facilities in the area (Anonymous, 1999).

The South Memphis community is characterized by widespread poverty. However, the projected growth in income over the next five years is somewhat encouraging. While it is unlikely that the community can fully support the center through self-pay, the projected economic growth will provide increased capacity to support the center. This will reduce dependency on grants.

On the other hand, federal and state funds to support childcare are available for those families trying to work out of the welfare system. So long as these funds are available, they will allow the subject to operate with considerable financial independence, particularly from competitive grants. Although the level of funding is apt to fluctuate over time, it is reasonable to expect that this resource will remain available for the foreseeable future.

Welfare reform is putting pressure on women in communities like South Memphis to obtain well-paying jobs. Because such jobs often require specific skills, public and private sources are looking to create opportunities for women to pursue education and training in order to enter the workforce. Income and demographic projections for the area suggest that this opportunity is expected to become a reality and have a significant impact on the economy of the area.

The external environment suggests that there is a need for additional childcare capacity in the South Memphis area. Further, the projected improvement in the economic environment suggests that there will be increased demand for high quality care and an increased capacity in the community to provide its own financial support. Finally, the availability of public funds to help underwrite the cost of care for those families still emerging from poverty and the welfare system provides security for the subject's investment. Because the subject offers a unique package of services and a sound, values based approach to child development, the proposed center at 1222 Riverside seems conceptually feasible.

TARGET MARKET DESCRIPTION

Analysis indicates that the current site, operated at 1222 Riverside Boulevard, is characterized by low-to-moderate income families, a significant population of children ages 17 and below, and a relatively large number of undifferentiated child care providers (Anonymous, 1990c). Because a large majority of the people living in the area qualify for federal and state childcare support, the area can support a facility in spite of the relatively low median income. The relevant population (individuals under the age of 18) resides within a two-mile radius of the Riverside Boulevard facility. Table 2 illustrates the number of children in two general categories: pre-school (those requiring some form of childcare during school hours) and school age. Table 3 illustrates the population of each age group as a percentage of the total population in the area. In both tables, 1998 and 2003 projected values are shown. Based on the data, GMCCS expects a slight decrease in both the pre-school (.7% or 556 children) and school age (.3% or 73 children) categories over the next five years.

Table 2: Demographic Profile (Totals)

Total pre-school	5,559	4,993
6-11 years	4,979	4,771
12-17 years	4,595	4,730
Total school age	9,574	9,501

Table 3: Demographic Profile (% of Total Population)

Age Group	Total	
	1998	2003
0-2 years	6.0%	5.7%
3-5 years	5.8%	5.4%
Total pre-school	11.8%	11.1%
6-11 years	11.1%	10.5%
12-17 years	10.2%	10.5%
Total after-school	21.3%	21.0%
Total youths 0-17 years	34.1%	32.1%

INCOME LEVELS

Although the data suggest a decline in the raw population totals, economic data indicate a trend toward increased utilization of full-service childcare and after-school care for families in the area. Table 4 shows that wages in the area are increasing significantly. Median household income is projected to show a 105% increase from 1990 to 2003. Per capita income is projected to show an 87% increase (Anonymous, 1990a).

Table 4: Household Income Projections (1990-2003)

	1990	1998	2003	% Change
Median household income	$10,100	$16,853	$20,802	105%
Average household income	16,119	24,420	29,378	83%
Per capita income	5,594	8,594	10,449	87%

Another revealing statistic can be found in the changes within specific income brackets illustrated in Table 5. These data suggest a significant increase in both the capacity of the population to support full-service childcare and the demand for full-service childcare relative to other alternatives. This conclusion is based on the significant decrease in the percentage of households whose base income is below $25,000 and the dramatic increase in the percentage of households with a base income in excess of $40,000. While the data do not permit a firm conclusion as to the exact cause of this increase, the most likely explanation is that a combination of enhanced job skills, increased economic opportunity resulting from city-wide initiatives, and increased number of two-income families lies at the roots of the improvement.

Table 5: Household Income Projections by Category (1990-2003)

	1990	1998	2003	% Change
< $15,000	64.3%	45.3%	36.6%	(43.1%)
$15,000 - $24,999	17.0%	20.0%	20.9%	22.9%
$25,000 - $34,999	8.6%	12.8%	13.3%	55.7%
$35,000 - $49,999	5.7%	11.0%	13.8%	142.1%
$50,000 - $74,999	2.9%	7.1%	9.1%	213.8%
$75,000 - $99,999	0.8%	2.2%	3.5%	375.0%
$100,000 - $149,999	0.2%	1.2%	2.1%	950.0%
$150,000 +	0.5%	0.5%	0.8%	60.0%

BUSINESSES IN THE AREA

The nature and number of businesses in the area are changing. Table 6 illustrates the 1990 census report on business in the area (Anonymous, 1990b). Although statistics are not available to illustrate the current business mix in the area, general trends in neighborhoods similar to South Memphis suggest an increase in wholesale trade businesses and a decrease in retail businesses. However, as the economic situation improves, there should be an increase in retail business as well as personal services.

Table 6: Businesses in Three Mile Area

Description	# Businesses	% of total
Membership organizations	302	9.0%
Wholesale trade	282	8.3%
Executive, legislative and general government	231	6.9%
Eating and drinking places	178	5.3%
Personal services	152	4.5%
Miscellaneous retail	145	4.3%
Food stores	127	3.8%

SERVICES OFFERED RELATIVE TO OTHER CHILDCARE CENTERS

The proposed subject center would offer the community three unique opportunities: 1) A fully renovated, free-standing facility that can serve the needs of infants, toddlers, pre-schoolers, after-school pre-teens, and teenagers; 2) A faith-based orientation that ensures parents of the spiritual development of their children and a values-based orientation to all activities; 3) A strong program for developing children in the arts as well as the fundamentals of pre-school development. None of the centers in the area appear to offer the full range of quality services that would be offered by the subject. The ability of the subject to offer such a unique and high quality service is the result of the organization's proven record for: 1) Strong grounding in the Christian faith; 2) Long-term commitment to the community; 3) Reputation for developing youth in the arts; 4) Record of graduating 100% of its after-school participants; 5) Zero pregnancies for young women participants; 6) Outstanding, multi-purpose facility; 7) Computer resources; 8) Professional, committed administration and staff.

CONCLUSION

This initiative is, in large part, the result of a charge by one of the local foundations to explore the possibility of reducing the subject's dependence on public and private grants. This recommendation is based on the commonly held belief that there is a long-term trend toward reduced pools of both public and private grant dollars. As a result of these decreased funding pools, grantors will be looking toward programs that will not tie up scarce donations.

REFERENCES

Anonymous (1990a). *U.S. Census Report--1990*. Washington, D.C.: U.S. Government Printing Office.

Anonymous (1990b). *U.S. Census Report--Business Data*. Washington, D.C.: U.S. Government Printing Office.

Anonymous (1990c). *U.S. Census Report--Census track 25*. Washington, D.C.: U.S. Government Printing Office.

Anonymous (1990d). *U.S. Census Report--Memphis, Tennessee SMA*. Washington, D.C.: U.S. Government Printing Office.

Anonymous (1994). *U.S. Census Report--1994*. Washington, D.C.: U.S. Government Printing Office.

Anonymous (1995). *National Center for Education Statistics--1995.* Washington, D.C.: U.S. Government Printing Office.

Anonymous (1999). *U.S. Census Report--Projection 1999*. Washington, D.C.: U.S. Government Printing Office.

MULTIPLE CHANNELS FOR ONLINE BRANDING

Gary P. Schneider, University of San Diego
Carol M. Bruton, California State University San Marcos

ABSTRACT

Companies have been doing brand development for physical world products and services for many years. These experiences have led to a body of generally accepted approaches and processes that constitute the activity called brand building. In recent years, both new and existing companies have undertaken the task of building new brands for their online offerings. This paper examines the new approaches that are being used alone and in combination with existing approaches to build online brands.

INTRODUCTION

This paper examines a multi-channel approach to building online brands that combines the time-tested methods of brand building that have been used for years for products in the offline world (Neuborne & Hof, 1998) with some new techniques that have been developed to exploit opportunities in the online world (Dennis, 2001; Kalin, 2001; Pastore & Saunders, 2001). The paper uses publicly available information about two online businesses, RedEnvelope.com (Helft, 2001) and Kozmo (Blair, 2001), to illustrate this multi-channel approach. The use of these two companies allows us to contrast a successful application of the approach with a less-successful application (Schneider, 2003). The comparison provides lessons for marketers and suggestions for future research.

JUST ANOTHER WEB GIFT SHOP

In September 1997, a new gift shop opened for business on the Web. Of course, in 1997, there were already many gift shops on the Web. Thus, this new store needed to create a new and distinctive brand. Since this store carried items that were chosen specifically to meet the needs of last-minute gift shoppers, the owners decided to call it 911Gifts.com. By using 911, which is the emergency telephone number used in most parts of the United States, in the store's name, the owners hoped to convey the impression of crisis-solving urgency (Marschak, 1998).

The company's two major strengths were its promise of next-day delivery on all items and its site layout, in which gift selections were organized by holiday rather than by product type. Thus, the harried shopper could simply click the Mother's Day gifts link and view a set of gift choices appropriate for that holiday that were ready for immediate delivery. The site also included a reminder service, called GiftAlert, so that its customers would not find themselves in an emergency gift situation on the next holiday (Marschak, 1998).

A NEW NAME, A NEW BRAND

By 1999, the company had 90,000 customers signed up for GiftAlert and was doing about $1 million in annual sales. It carried about 500 products, and each of the products was chosen to yield a gross margin of at least 40 percent (Marschak, 1998). 911Gifts.com was a successful business, but without additional capital to build the company's brand, future growth would be difficult. To take the company to the next level, the company hired Hilary Billings, a retail marketing executive whose experience included building the Pottery Barn catalog business at Williams-Sonoma. Billings undertook a complete reevaluation of the 911Gifts.com marketing plan and, after revising it, took it to investors and raised over $30 million for a rebranding and complete overhaul of the company's Web site. In October 1999, the new brand was born as RedEnvelope. In many Asian countries, gifts are sent in a simple, red envelope. The new brand was designed to create a sense of elegant simplicity to replace the sense of panic and emergency solutions conveyed by the old brand name (Helft, 2001). The product line was revamped to fit the new image as well. About 300 products were dropped and replaced with different products that focus groups had judged to be more appealing. The new product line had an even higher average gross margin than the old line (RedEnvelope, 2001).

MULTI-CHANNEL BRAND BUILDING

Billings launched a massive brand-awareness campaign that included online advertising, buses in seven major cities painted red and festooned with large red bows, and print advertising in upscale publications. The most important change in advertising strategy was the launching of a print catalog (Helft, 2001). RedEnvelope's use of multiple advertising channels (including some old-fashioned offline channels) was unusual for a dot-com company at that time (Clarkson, 2001; Dennis, 2001; Miles, 2001). RedEnvelope catalogs are mailed to customers to coincide with major gift-giving holidays and serve as additional reminders. Because RedEnvelope sells a small set of products that are chosen for their visual appeal and for the status they are intended to convey, the full-color, lushly illustrated print catalogs are a powerful selling tool (Hoffman & Novak, 2000; Koprowski, 1998).

One year later, the results of this extensive makeover were clear. RedEnvelope had tripled its number of customers and had increased sales by over 400 percent (RedEnvelope.com, 2001). The company chose a specific part of the gifts market and targeted its offerings to meet the needs and desires of those customers. The company created a brand, a marketing plan, and a set of advertising and promotion strategies that would expose the company to the largest portion of that market it could afford to reach. RedEnvelope matched its inventory selection, delivery methods, and marketing efforts to each other and to the needs of its customers. This integration of operations and strategy is especially important for online businesses (Geyskens, Gielens & Dekimpe, 2002; Grebb, 2001; McWilliams, 2002).

DIGITAL PROMISES

One of the most important elements of any brand, online or offline, is the promise imbedded in the brand. Dayal, Landesberg, and Zeisser (2000) argue that online promises, which they call "digital promises," are at least as important as explicit or implied promises made using traditional advertising and promotion channels. RedEnvelope.com's main digital promises were convenience and reliability. Customers would know that they could rely on RedEnvelope to have a last-minute gift available that was of high quality and that RedEnvelope would deliver it on time to the recipient. The company used traditional methods (focus groups and questionnaires) to obtain knowledge about its customer needs (Lochridge, 2001). RedEnvelope had to make adjustments to its business model (changing its product mix and its online catalog presentation) to ensure that this promise was consistent with what it could deliver. Business model changes are often required to accomplish this (Dayal, et al., 2000; Jarvis, 2002).

A CONTRASTING CASE

Kozmo was launched in 1998 to meet the needs of New York City denizens who were in their homes late at night craving videos and snack foods. With its orange-jacketed delivery persons riding bicycles or motor scooters, Kozmo promised delivery of most items within an hour of ordering. Kozmo did not offer as wide a range of items as most convenience stores sold, so its main competitive advantage was its delivery service. Kozmo attempted to become profitable by adding high-margin items such as DVD players and Sony PlayStations and by expanding its delivery areas to include higher-income neighborhoods. In addition to Manhattan, Kozmo opened operations for a short time in Houston and San Diego. In these cities, the higher average distances between deliveries made it even more difficult for Kozmo to cover its operating costs (Blair, 2001).

FAILURE TO DEVELOP BRAND

Despite its best efforts, Kozmo was unable to create a brand image that was much different from that of a convenience store on wheels. Kozmo found it difficult to convince customers that having snack food items and videos delivered made those items significantly more valuable. Most of Kozmo's product line consisted of items for which most people were accustomed to paying low prices. Kozmo lacked the integration of customer needs, a brand that communicated an ability to satisfy those needs, and a set of operations that, in fact, fulfilled those customer needs. Kozmo's failure to integrate (Grebb, 2001; McWilliams, 2002) would prove to be fatal to the company.

DEATHBED INTEGRATION ATTEMPT

In March 2001, just one month before closing operations, Kozmo announced a marketing plan that included spending $2.5 million to print and circulate 400,000 catalogs (Blair, 2001). The plan was a last desperate attempt to increase brand awareness, gain new customers, and convince people who did not have an Internet connection to use Kozmo's phone order service. Unlike RedEnvelope, however, the Kozmo catalog was not a part of an integrated business plan. Kozmo's tactic did not provide the same kind of added value that RedEnvelope's catalog provides. Unfortunately, a bag of potato chips does not gain much appeal by appearing in a full-color catalog photo.

CONCLUSION: LESSONS LEARNED

Kozmo's experience illustrates that using one element from a branding strategy that has worked for another company is not a magic key to success. Branding techniques are effective only when implemented as part of an integrated strategy that fits the company's products and gives customers a compelling reason to buy (Grebb, 2001). RedEnvelope found that a print catalog could be an integral part of branding and promoting its online sales. However, a print catalog is only a good idea if it provides customers with recognizable value and augments the rest of the company's branding strategy.

FUTURE RESEARCH

The elements of offline branding strategies are well understood and have been used successfully by many companies for many years. The use of new online information delivery approaches has been the subject of some research (Moffett, Stone & Crick, 2002), but not much has been done regarding the integration of the new and old approaches. Also, the use of older approaches to enhance the branding of new online businesses has not been studied carefully. These are two areas of research that could produce useful results that could be applied by practitioners as they move forward in the brave new world of integrated online branding.

REFERENCES

Blair, J. (2001). Behind Kozmo's demise: Thin profit margins, *The New York Times*, April 13. Available online at: (http://www.nytimes.com/2001/04/13/technology/13KOZM.html).

Clarkson, B. (2001). Got brand? *The Industry Standard,* March 19. Available online at: (http://www.thestandard.com/article/0,1902,22658,00.html).

Dayal, S., H. Landesberg & M. Zeisser. (2000). Building digital brands, *McKinsey Quarterly*, Issue 2, June, 42-51.

Dennis, S. (2001). Online advertisers must pick up on multi-channel consumer, *BizReport*, April 5. Available online at: (http://www.bizreport.com/marketing/2001/04/20010405-1.htm).

Geyskens, I., K. Gielens & M. Dekimpe. (2002). The market valuation of internet channel additions, *Journal of Marketing, 66*(2), April, 102-116.

Grebb, M. (2001). The art of integration, *AdsGuide,* April 10. Available online at: (http://www.adsguide.com/article.php?id=13).

Helft, M. (2001). Masters of the rich niche, *The Industry Standard*, July 16. Available online at: (http://www.thestandard.com/article/0,1902,27598,00.html).

Hoffman, D. & T. Novak. (2000). How to acquire customers on the web, *Harvard Business Review, 78*(3), May-June, 179-188.

Jarvis, S. (2002). Bright spots in marketing, *Marketing News, 36*(8), April 15, 1-4.

Kalin, S. (2001). Brand new branding, *Darwin,* July. Available online at: (http://www.darwinmag.com/read/070101/brand.html).

Koprowski, G. (1998). The (new) hidden persuaders: What marketers have learned about how consumers buy on the web, *The Wall Street Journal*, December 7, R10.

Lochridge, S. (2001). Do you really know your customers? *E-Business Advisor, 19*(4), April, 28-36.

Marshak, D. (1998). Making it easy to give gifts, *Patricia Seybold Group SnapShots,* November.

McWilliams, B. (2002). Dot-com noir: When internet marketing goes sour, *Salon.com,* July 1. Available online at: (http://www.salon.com/tech/feature/2002/07/01/spyware_inc/index.html).

Miles, S. (2001). People like us: The net takes customized marketing to a whole new level, *The Wall Street Journal*, April 23, R30.

Moffett, T., M. Stone & P. Crick. (2002). The use of new customer-facing technology in fast-moving consumer goods, *Journal of Brand Management, 9*(6), July, 437-451.

Neuborne, E. & R. Hof. (1998). Branding on the net, *Business Week,* November 9, 76-81.

Pastore, M. & C. Saunders. (2001). Banners can brand, honestly they can, *Internet News,* July 19. Available online at: (http://www.internetnews.com/IAR/article/0,,12_804771,00.html).

RedEnvelope.com. (2001). RedEnvelope announces huge valentine's day success with 300 percent increase in sales and largest order volume to date, RedEnvelope.com Press Release, February 14. Available online at: (http://www.redenvelope.com).

Schneider, G. (2003). *Electronic Commerce,* (4th Ed.) Boston: Course Technology.