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Emotions by Design: Product Design Benefits, Post-consumption Emotions, and Loyalty

Ravi Chitturi, Raj Raghunathan, and Vijay Mahajan

For the past few decades, customer satisfaction has been the mantra by which many firms have managed the relationship between their products and the customer. However, managers are beginning to realize that high levels of customer satisfaction do not necessarily translate into high levels of customer loyalty. They are surprised to find that more than 60% of customers who leave to find another brand would classify themselves as "satisfied" (Jones and Sasser Jr. 1995; Keiningham and Vavra 2001; Reichheld 1993). On the other hand, customers who are *delighted* with a service are more loyal and valuable to firms than satisfied customers (Rust and Oliver 2000). This raises the following substantive questions: 1) what can product designers do to enhance the customer's level of emotional experience beyond mere satisfaction; and 2) is the enhanced emotional experience associated with positive word-of-mouth behaviour and repurchase intentions? To develop a more comprehensive understanding of this relationship, this research studies a variety of positive and negative post-consumption emotions that arise as a result of both positive and negative consumption experiences with the hedonic and utilitarian benefits offered by a product. This is followed by a study of the relationship between these emotions and customer loyalty as measured by positive word-of-mouth and repurchase intentions.

Three experimental studies were conducted with three products (automobiles, cell phones and laptop computers) to test the hypotheses developed in the previous paragraph. The products were chosen to ensure that subjects (undergraduate students) were familiar with their attributes and could imagine them in various usage scenarios. At the same time, we wanted the chosen products to be ones that are both visible and useful to enhance the relevance of both the hedonic as well as utilitarian attributes. All the three products and the stimuli that we used in our experiments have a strong utilitarian as well as a strong hedonic dimension to their consumption.

The findings demonstrate that: 1) a positive experience with hedonic designs makes consumers feel greater excitement, cheerfulness, and delight whereas a positive experience with utilitarian designs makes consumers feel more secure and confident ; 2) a negative disconfirmation with utilitarian designs leads to greater customer sadness, disappointment and anger whereas a similar experience with hedonic designs leads to greater customer guilt and anxiety; 3) customer delight (anger) is significantly more responsive to hedonic vs. utilitarian design changes than customer

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satisfaction (dissatisfaction); and, 4) hedonic designs lead to greater positive word-of-mouth and repurchase intentions than utilitarian designs. Overall, the results show that the relative differences in the design of a product (hedonic vs. utilitarian) and the corresponding hedonic and utilitarian consumption benefits lead to significantly different emotional experiences and customer loyalty. From a managerial perspective, we provide insights into how the choice of hedonic vs. utilitarian design attributes by product designers and marketers can enhance the customers' emotional experience with the product beyond mere satisfaction. In order to lower the rate of defection by satisfied customers, designers and marketers must keep in mind the breadth and depth of the emotional needs of their target customers while choosing product attributes.

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Lost Customers Compliant Behaviour and Triggers: An Exploratory Study

Rajeev Kumra

1.1 BACKGROUND

The Indian telecom landscape today has emerged as one of the most dynamic business segments in the country. The last five years, in particular, have witnessed a plethora of changes resulting in what we are now seeing – a highly competitive industry with about 39 million subscribers as of January 2005, and growing at the rate of 85 per cent annually. These changes have taken place in almost every aspect of the business, be it pricing strategies, policy legislations such as the unified license regime or foreign investment legislations.

GSM providers operating in Delhi circles are Bharti, Hutch, Idea, Reliance, Tata Indicom and MTNL. In March 2004, Delhi has the maximum mobile teledensity of 31.603 against the national average of 4.061. The mobile service provider post-paid category has grown 124% and pre-paid 168% in 2004. Reliance has the maximum subscriber base (7.26 million) followed by Bharti, BSNL and Hutch. However, in the GSM category Bharti is the undisputed market leader enjoying the maximum market share (19.29 %). This sector today is not only witnessing unparalleled growth but is also facing tremendous challenges in terms of retaining customers and driving customer profitability.

A survey (2004) conducted by TNS mode named India's Cell Track involving 30 million subscribers reflected that 2/3 of users are under the age of 35 and mostly among students. The survey further pointed out that when subscribers were asked whether they changed their mobile service provider, in GSM 24% said yes and in CDMA 35% said yes. There was a 69% retention observed in post-paid connections compared to a 71% retention in pre-paid connections. In a nutshell, the lost customer is an area of concern for the mobile service provider in post-paid connections. A similar pattern is witnessed around the world today with telecom companies trying to reduce churn – the loss of vulnerable customers to competitors. Churn is estimated to cost companies over $10 billion worldwide. Unfortunately, the frustration due to customer churn is just the beginning. Many telecom companies are finding it difficult to translate the vast quantities of customer information scattered throughout the enterprise into strategic, effective and measurable actions. They have the data but not the knowledge. With the lack of detailed customer knowledge, telecom companies are finding it difficult to define targeted customer strategies to address this customer churn. This has resulted in fewer cross-sell and up-sell opportunities for them to act upon.

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Reicheld (1996) defines lost customers as those who close their accounts and shift all their business to another supplier and are clearly defecting. The kinds of switching are described as total or partial according to a unique pattern of customer preferences with behaviour as the reference point. In the case of mobile phones, for example, if he switches from one provider to another and abandons the previous one fully, this is total defection. On the other hand, if he uses more than one mobile service provider then this defection can be partial.

Churn management can be defined as the process of finding potential customers who are considering leaving and then preventing them from doing so. The purpose of churn management is to minimize the loss of subscribers and to maximize profit by retaining a stable and profitable customer base. The most effective way of churn management is to understand subscribers' churn-related behaviour in advance and form an action plan to combat this. That is quite possible by managing customer complaint behaviour. Nevertheless, the lost customer problem stems from the fact that 70% to 95% of dissatisfied customers do not bother to complain to the service provider (Bolton, 1998).

1.2 RATIONALE

The most effective method of churn management is to understand subscribers' churn-related behaviour in advance and to form an action plan to combat this. It is important for us to understand what results in customer churn and how this can be addressed. But it is equally important for us to understand that predicting which customers are likely to leave and then designing cost effective strategies to persuade them to stay can be extremely difficult. In today's competitive global marketplace, it is estimated that an average business loses 20% of its customer base each year. Stauss and Friege (1999) make convincing arguments in a case study in which they find that the net return on investment from a new customer obtained from an external list is 23% compared with a 214% return on investment from the reinstatement of a customer who has defected. Most industry experts agree that it costs 5 times more to replace a customer than it does to retain one (Roos Inger et. al. 2004). As it costs much more to acquire and service new customers than current ones, it makes good business sense to reduce customer churn to the minimum (Reichheld 1996).

Lost Customer (Churn) research is also important as defecting customers have most of the information. They always know when a company's value proposition is foundering in the face of the competition (Reichheld, 1996). Furthermore the Marketing Science Institute's 2002 working paper mentions that the vast majority of customers who leave will not bother to say why they left, but they will complain about the company to numerous friends and business associates. The views of lost customers can provide valuable insights to direct the company's strategy. These may help to identify the root causes of customer attrition, focus on the controllable reasons for loss, and highlight the key elements of product and service delivery that are impacting on customer churn. Based on this, the company can develop a complete and pro-active customer retention strategy. This underlines the importance of the lost customer assessment research. One of the ways to manage lost customers is through consumer complaints. It should be an invaluable source of information used to make strategic and tactical decisions (Burnham et al, 2003).

Firms who heed, and respond appropriately to, consumer complaints can increase satisfaction, ensure higher repurchase intentions (Keaveny, & Susan, 1995) and prevent customers from switching (Griffin et. al, 2001). A complaint provides the firm with the opportunity to change an annoyed customer into a loyal one (Schmittlein et. al. 1997). While the aforementioned models provide a theoretical understanding of the consumer complaint behaviour, the more fundamental question is, what are the antecedents of consumer complaints? Thus, the purpose of this paper is to identify, describe, and understand the linkage between various triggers and consumer complaint behaviour.

1.3 LITERATURE REVIEW

There are always some critical incidents that cause loss of customers. The critical incident technique has its origin in the technique used by Flanagan. By an incident is meant any observable human activity that is sufficiently complete in itself to permit inferences and prediction to be made about the person performing the act. To be critical, an incident must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effect (Ganesh, 2000). However, the trigger provides direction and the switching determinant gives the performance. There are three types of triggers namely, situational, influential, and reactional triggers.

A situational trigger consists of a change in the customer's situation outside the customer relationship per se. Situational triggers are defined as changes in the customers' own lives, not necessarily related to the service provider at all. Customers switch when they perceive that the service provider no longer reflects their reality. These customers make deliberate changes and they are aware of various offers and prices. Different changes may act as situational triggers: altered work hours, altered financial circumstances, demographic changes etc.

Influential triggers are factors related to the competitive situation. The competitors' effort to increase their market share comprises the most common influential trigger. An influential trigger might consist of, a competing company, a new payment method (credit card) etc.

A reactional trigger influences the customer's susceptibility to switching as a result of a change within the company. This change may consist of a drop in the quality of the products or services compared with past performance by the same company, or it could be associated with organizational changes.

This study focuses on the type of trigger that would be linked to the type of consumer compliant behaviour.

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An Investigation of Switching Costs and Customer Loyalty in the Indian Cellular Telephony Industry

S.P. Kasande

INTRODUCTION

In the prevalent hyper-competitive environment, customer retention is a key objective for every firm. It has now been established that defections have a stronger impact on profitability than "scale, market share, unit costs, and many other factors usually associated with competitive advantages (Reichheld and Sasser, 1990, p. 105)." Scholars have highlighted the fact that customer acquisition is costlier than customer retention (Fornell and Wernerfelt, 1987; Zeithaml, Berry and Parasuraman, 1996).

Customer retention and customer loyalty go together. Customer loyalty is a "deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1999, pg. 34)." Several studies have emphasized that customer loyalty is influenced by customer satisfaction (Brady and Robertson, 2001; Bruhn and Grund, 2000; Edvardsson et al., 2000; Eklo¨f and Cassel, 2001; Gerpott et al., 2001; Gronholdt et al., 2000; Hackl et al., 2000; Kristensen et al., 2000; Oh, 1999; Sharma, 2003;). Hirschman (1970) argues that dissatisfied customers may not exit. Conversely, Rowley and Dawes (2000) hypothesize that satisfied customers are not necessarily loyal. Satisfied customers may switch brands or service providers for behavioural reasons such as variety seeking (Givon, 1984), impulse (Stern, 1962), and situational context (Skoglan and Siguaw, 2004). Customer responses to dissatisfaction occur along a continuum of severity (Colgate and Norris, 2001; de Ruyter et al., 1998; Hirschman, 1970; Levesque and McDougall, 1996). A dissatisfied customer may vent his feelings by complaining, by negative word-of-mouth, by being inactive or by looking for alternatives.

Scholars have thrown light on the positive influence of service quality. Service quality enhances the customer's inclination to rebuy, to buy more, to be less price-sensitive, to generate positive word-of-mouth and to resist better alternatives (Bloemer et al., 1998; Jones et al., 2002 , Venetis and Ghauri, 2000). Composed of affective, instrumental and temporal dimensions (Gundlach et al., 1995), commitment is seen as an essential antecedent of customer loyalty (Young and Denize, 1995). Similarly, trust, comprising of the three dimensions of benevolence (Anderson & Weitz, 1989; Geyskens et al., 1996), honesty (Doney & Cannon, 1997; Ganesan, 1994) and competence (Andaleeb, 1992; Moorman et al., 1992) has been identified as closely related to commitment. Brand trust leads to commitment, which then reduces the customer's propensity to switch (Moorman et

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al., 1992; Morgan and Hunt, 1994). An alternative to increasing customer retention and improving profits is to create switching costs that make it difficult for customers to defect to competitors (Klemperer, 1995).

SWITCHING COSTS

Switching costs prevent customer defection (Sudhir, 2001; Buschken, 2004). They create 'spurious' rather than 'true' loyalty (Dick and Basu, 1994). Switching costs are the perceived additional costs required to terminate the current relationship and secure an alternative (Porter, 1980; Thompson and Cats-Baril, 2002). Jackson (1985) views switching costs as the sum of economic, psychological and physical costs. A consumer incurs such costs while switching to a competitor's product; even when the products of two firms are functionally equal (Klemperer, 1995). Consumers face a switching cost between sellers when an investment specific to his current seller must be duplicated for a new seller. Factors such as the firm specific loyalty programmes and customer characteristics influence the real or perceived switching costs. Switching costs can be found in many markets like insurance, financial services, telecom, etc.

FIRM'S PERSPECTIVE OF SWITCHING COSTS

Firms have several incentives to establish and/or increase switching costs, since switching behaviour endangers potential additional profits (Reichheld and Sasser, 1990), sinks initial investments in the customer (Colgate et al, 1996), and necessitates additional costs of customer acquisition (Fornell and Wernerfelt, 1987).

Switching costs shield firms from short-term fluctuations in service quality, lend flexibility to charge prices above marginal costs, to a certain point (Shy, 2002) without fear of losing customers, and thus foster customer loyalty (Bloemer et al., 1998; Burnham et al., 2003; Jones et al., 2002; Lee et al., 2001). Switching costs also act as an entry barrier and hinder the growth of late entrants. Individual lock-in leads to collective lock-in. Collective switching costs affect the competition by strengthening incumbents and hindering new entrants, who must overcome both the collective and individual switching costs to be able to succeed in the market. To illustrate, network effects drive more and more new users of keyboards to adopt QWERTY and prevent current QWERTY users from switching to another layout.

Since switching costs affect market performance, governments and regulators too are highly concerned with the negative impact of switching costs on competition and social welfare.

SWITCHING COSTS AND CONSUMER BEHAVIOUR

When customers select from a number of functionally similar brands, they exhibit brand loyalty and go on buying the same brand over an extended period of time (Hocutt, 1998; Klemperer, 1987). This changes the consumers' relative utilities for the brand so as to create a real or perceived cost of switching and reduces the likelihood of supplier substitution (Morgan and Hunt 1994) despite dissatisfaction (Gronhaug and Gilly, 1991).

Switching costs also arise when a buyer purchases follow-on products such as service and repair, and finds it costly to switch from the supplier of the original product. The firm is thus locking in the buyer after the initial purchase and shifting the competition from a single item to a bundle of goods.

Scholars also warn of the potential disenchanting effects of switching costs on customers and the resultant undesirable consumer behaviour. Switching costs may cause adverse 'entrapment' feelings (Jones et al., 2000) and cognitive dissonance (Burnham et al., 2003) thus evoking switching intentions.

TYPES OF SWITCHING COSTS

The literature provides a number of ways in which switching costs have been categorized. It is not the intention of the researcher to review these at length.

Klemperer (1987) identifies three types of switching costs:

a) *Transaction costs* are incurred to start a new relationship with a provider and sometimes, also include the costs necessary to terminate an existing relationship. Specific transaction costs may be in the form of information and search costs, the value of lost time involved in the paperwork, etc.

b) *Learning costs* represent the effort required by the customer to reach the same level of comfort or facility with a new product as they had for an old product. For e.g. learning how to use the interface of a new mobile phone, computer software, etc. The learning costs are accentuated when the two products are more heterogeneous.

c) *Artificial switching costs* are created by deliberate actions of firms to lock in consumers (e.g., frequent flyer programs, repeat-purchase discounts, or coupons included with packaging, pre-decided subscription period). Others may take the form of sign-up incentives with penalties for early cancellation, exit fees and compensatory damages.

Burnham et al. (2003), provide another classification in terms of:

a) *Procedural switching cost* that stems from the process of buyer decision-making and the customer's implementation of the decision. For example, a customer contemplating switching, in the context of a mobile telephony service, should ideally evaluate alternative operators with regard to different criteria, such as entry costs, network coverage, billing, value added services, hand-set requirements and so on. Redistribution of the new telephone number to one's social circle requires effort, which may be viewed as a switching cost.

b) *Economical or financial switching cost* can be thought of as a 'sunk cost', which appears when a customer changes his/her brand. Examples are the costs of surrendering a credit card, a gas connection, closing a bank account, etc.

c) *Relational switching costs* include the psychological effect of terminating a relationship and initiating a new one, and the time and effort involved. It is customer specific, since it is a perceived cost. Termination of a relationship involves severing social bonds that are formed in the course of time.

Loyalty programs may increase the perceived and actual cost of switching (Gruen and Fergusson, 1994; Gummesson, 1995) due to the potential loss of accumulated benefits such as loyalty points (Burnham, Frels and Mahajan, 2003; Yi and Jeon, 2003). Such initiatives may, in certain contexts, be viewed as being anti-competitive.

The psychological, emotional, and social costs of switching are often overlooked or underestimated by both buyers and sellers. Perceived risk influences switching costs and subsequent switching behaviour (Dowling and Staelin, 1994). The degree of perceived risk is highest in the case of experience goods (Gremler and Brown, 1996; Sharma et al., 1997). Initiating a new relationship entails the anxiety due to uncertainty and risk associated with switching to an unfamiliar brand (Sharma and Patterson, 2000; Sharma, 2003). Both the cost of uncertainty and the cost of poor customer service vary over individuals, creating heterogeneity in switching costs across individuals. A strong habit formation can also result in large switching costs. People also exhibit loss aversion. The pain of giving up a benefit is much more significant than the pleasure of gaining that benefit. Finally, the influence of reference groups, which pressure a consumer to conform to others' expectations or norms, affects broad values and behaviour, and acts as a switching barrier. Thus, it can be concluded that switching costs are a result of a combination of, primarily, the firms' actions as well as consumer psychology.

Despite the recognized role of switching costs in contributing to competitive advantage and their increasingly strategic characteristics we find that little research has been carried out to investigate the phenomenon of switching costs in mobile telephony in the Indian context.

CELLULAR TELEPHONY MARKET IN INDIA

The telecom sector in India has a significant role in the emergence of India as a key player in the global economy. India constitutes one of the world's largest telecom markets with 49.75 million land lines and 96.92 million cellular phone connections[1] (as of April 2006). Wireless telephony using GSM & CDMA technologies are a key component of the telecom sector. With enhanced affordability, increasing geographical coverage and numerous value added services offered, the mobile revolution is sweeping the Indian landscape.

In India, cellular mobile service providers are licensed to operate in specified geographical areas, categorized as A, B and C, where Class A is the heaviest users, i.e. in the metros. They offer pre-paid and post-paid options to customers.

Presently the industry has witnessed a proliferation of innovative tariff plans and schemes available in the market with varying combinations of fixed charges and recurring charges both in the post-paid and pre-paid segments. Different service plans include: pre-paid calling card schemes, discounted airtime rates for evening and night time calls, friends and family calling schemes, discounted roaming charges, no or minimum activation fees, SMS packages, and reduced mobile to mobile long distance call rates. The typical tariff is non-linear, and normally consumers are

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[1] http://coai.in/

offered a choice between a variety of schemes, with the purpose of price discrimination between heterogeneous consumers and also perhaps to obfuscate price comparisons.

Gerpott et al. (2001, pg. 249) have highlighted the criticality of customer retention to the success of a company in the competitive telecommunication services sector in comparison to any other industry sector. The launch of life-time validity schemes is an attempt to hook cellular users to a particular network forever. Since these schemes involve an upfront payment in lieu of such special features, the right of the subscriber to move to any other tariff plans of his choice gets restricted to the extent that he/she has to forfeit the upfront payment made, unless appropriate exit options are provided. Effectively these schemes have a sugar coated 'lock-in', designed to minimize or prevent customer churn.

OBJECTIVES OF THE STUDY

This research intends to investigate the relationships of service quality, trust, commitment, switching cost and variety seeking behaviour with customer satisfaction and customer loyalty in the context of mobile telephone services in Pune city. This research also examines how customer demographic characteristics, usage levels, age of the relationship, and other individual level factors affect switching and retention. The primary data for this study has been gathered from the subscribers of cell phone operators functioning in Pune city. Multi-item measures on seven-point balanced, anchored Likert scales have been used to measure the attitudes, beliefs and feelings of the respondents in the context of the constructs delineated above.

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An Exploration of Differential Customer Response to Technology based Customer Relationship Management Applications Across a Taxonomy of Banks in India

Jayraj D. Jadeja and Tanushri Banerjee

INTRODUCTION

Background

Earlier companies bet their profits on classic marketing tactics – primarily television advertisements, mass mailings and billboards – and then sat back and waited for the customers to pour in. With the increase in competition, consumers had more choices than ever before about where to do their banking, their grocery shopping and their vacationing.

Executives soon realized cost reduction tactics were not enough to satisfy either customers or shareholders. Maximizing profitability was the real name of the game. Companies are reading the competitive writing on the wall and looking to technology for a leg up. It costs a company six times more to sell a product to a new customer than it does to sell to an existing one. This has motivated businesses to try to maximize existing customer relationships. And the main way to squeeze every drop of value from existing customers is to know who the best customers are and motivate them to stay that way.

CRM (Customer Relationship Management) can be defined as:

The virtual or tangible infrastructure that enables the delineation of and increase in customer value, and the correct means by which to motivate valuable customers to remain loyal – indeed, to buy again.[1]

INFORMATION TECHNOLOGY (IT) INFRASTRUCTURE can be defined as:

Computer hardware, software, data, storage technology and networks providing a portfolio of shared information technology resources for the organization.[2]

CRM is about more than simply managing customers and monitoring their behaviour. CRM has the potential to change a customer's relationship with a company and increase revenues in the bargain. Technology can help address some of these issues.

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Rationale of the study

In the context of Banking, CRM cannot be simply grafted onto the multi product, multi-organization of most banks. The huge amount of information available to these banks, coupled with the wide array of products and services they sell, can make implementing CRM a complicated and time-consuming task entailing broad institutional changes. In the present work an attempt has been made to identify the customer touch points and hence identify the role of IT in customer relationship management solutions across public and private sector Banks in India. It aims to study the customer preferences for various service offerings by banks and hence tries to establish a framework for customer choices governed by their technical inclinations and fear of risk. The study also finds the success of the banking industry in India in terms of attaining productivity as well as customer satisfaction and hence identifies the proper mix of variables that identify wise investments in sophisticated technology-based CRM application for public and private sector Banks in India.

LITERATURE REVIEW

Emerging economies are low-income, rapid growth countries using economic liberalization as their primary engine of growth. They fall in two groups: developing countries in Asia, Latin America, Africa and the Middle East and the transition economies in the former Soviet Union and China. Private and public enterprises have had to develop unique strategies to cope with the broad scope and rapidity of economic and political change in emerging economies.[3]

In the East Asian region, foreign investors initially misjudged the extent of exchange rate risk by effectively presuming that many Asian central banks were bearing the foreign exchange rate risk through pegged exchange rates. Crisis prevention would therefore be achieved through major reform of banking practices in the region.[4]

The relevant literature has been categorized into two major components:

a) Literature dealing with the role of technology in improving operating efficiencies in banking and other organisations.

It appears that literature confirms the enormous role that technology has played in driving down costs and increasing operating efficiencies in banking organizations across the world.

"The bottom line is that the technologies to do a pretty good job are out there," Bell said. "but institutions are not doing a very good job of using those technologies. They need to move beyond the content and look very seriously at support."[5]

In India, while the performance of Public Sector Banks has been satisfactory of late, there is need first, to strengthen their fundamentals, before embarking on consolidation.[6]

For the average sample bank, technological change lowered the real cost of bank production by about 1.0% per year over the sample period. Larger banks, however, realized a greater percentage reduction in costs than did smaller banks.[7]

Most technology experts advise businesses that the role of technology is to help streamline a business operation, lower costs and allow the organization to focus on high-leverage activities.[8]

Banks have several choices about which type of technology to employ in servicing demand deposits. The choices include conventional bookkeeping machines, electronic bookkeeping machines, punch card tabulating equipment, off-line sorter, computer off premises and computer on premises.[9]

b) *Literature dealing with the specifics of CRM initiatives in banking and other organizations, their success rates and also their relationship with the technological inputs provided.*

However, it appears that on the customer front, while there is a growing realisation of the need to streamline and enhance effectiveness of customer management processes, literature seems ambivalent about the success achieved by various organisations in attaining this, be it with or without the help of technological advancements. The following set of issues, collected from the literature survey, seem to validate the notion.

Customer Satisfaction and Productivity relation with one another is of substantial and growing importance, especially in the light of expected continued growth in services throughout the world economy.[10]

One of the greatest stumbling blocks of most so called CRM packages is that they are simply too big and cumbersome by design. By the time they are conceived, programmed, configured, installed and commissioned the company's needs have changed and the software is outdated. To overcome this problem, companies need to be more specific when defining the parameters and objectives of their CRM strategies.[11]

How a company actually digests information and acts upon it is the harder yet more crucial part of implementing CRM programs and software. Simply having information does not ensure CRM success. Timely action is needed. And the more high performance the technology, the more adept the drivers must be.[12]

To summarize, it appears that there is not enough documented validation of the role of technology in driving effective customer management initiatives. Moreover, most of the research efforts are focused on organisations in the developed markets. Hence, there is a necessity to revisit the propositions with regard to the role of technology in customer relationship building. Also, to the best of our knowledge, this will be one of the first comprehensive attempts to study these issues in the context of Indian Banks.

METHODOLOGY

Areas of research

Based on studies done for banks around the world, the following areas have been chosen for exploratory research across various types of banks in India (privately held and public sector banks only):

1. Identify effective implementation of CRM within a span of 5 years by measuring technology based service offerings by banks and their added value in facilitating percentage gain of customers (acquisition and retention).
2. Identify customers' perception about added value from the above mentioned initiatives.
3. Provide a theoretical explanation of any variance in customer perception of value across the initiatives as mentioned in points 1 and 2.

No details about research are provided for local (cooperative) banks and Multinational banks because for local banks, the customers are located within a localized area and hence CRM strategies for such banks are to target customers within a small region only. For Multinational banks the strategies are focused more on serving global customers and hence cannot be compared with initiatives focused mainly for the Indian market.

Research Design

The hypothesis has been tested through a comparison between the following:

1. Most useful to least useful CRM applications in private and public sector banks. These include
   - E-mail for customer service
   - ATMs
   - Internet
   - E-commerce

   Compare them to traditional face to face interaction method.

2. Reasons for gain and loss of customers across public and private sector banks as a result of these initiatives. Link planned investments in CRM by banks in the next five years to expected loyalty from customers.

3. Customer usage preferences for ATMs and the Internet and also identify the importance of non technology based services provided by the banks for customer satisfaction.

Sample size

We have studied a collection of the diverse talents required to effectively examine, plan, test and implement the business, human resources and technical aspects of successful CRM engagements in banks and the customer reactions to various Online Initiatives across Public and Private sector banks in India.

Primary data: This has been collected using a Structured / Unstructured Questionnaire and In-depth Interview.

Secondary data: This has been collected using Literature Survey of Banks, Magazines and Journals.

A set of respondents have been chosen from each bank that includes at least one representative from the following sets of personnel:

1. Decision Maker of a Business Unit.
2. Functional Head of CRM Initiatives.
3. Customer Group.

The sample size for the banks has been decided by considering all the public and private sector banks in India and then coming up with a fair mix of banks across both sectors based on their years of existence, volume of customers handled, number of branches across India and past as well as current efforts made by them to bring about changes in CRM. The customer data has been collected by choosing a sample size that provides a fair representation of responses across both public and private sector banks. Data has been collected from customers in Ahmedabad, Vadodara, Delhi, Calcutta and Bangalore to represent regional diversity. The data has also considered respondents of varied literacy and economic levels.

Data Collection

Based on the Methodology, the data collection procedure has been divided into Primary and Secondary Data Collection.

Primary Data Collection

Questions have been designed for Head of a Business Unit, CRM Initiatives Manager, and The Bank Customer respectively. The questions have been divided into closed ended questionnaires or structured interviews depending on the kind of information that is required to be collected. These question sets have been used to gather relevant information from various categories of banks in India specifically, 1) Public Sector Banks and, 2) Private Sector Banks.

- A total of 22 banks have been visited and
    1. 22 surveys have been collected for "Head of Business Unit" – some banks have different Business Heads for different functions.
    2. 22 surveys have been collected for "CRM Initiatives Manager"
- A total of 846 customer surveys across public and private banks have been collected of which 612 are for public sector and 234 are for private sector respectively.

Secondary Data Collection

This has been collected using literature survey of Banks; Books, Magazines and Journals relating to the Banking Industry in India, Customer Relationship Management and Types of Information Technology based Applications and their Role in providing success in the financial service industry.

DATA ANALYSIS

The significant portion of analysis has been done by summarising technology integration efforts made by different banks and their history of success/failure in driving CRM initiatives.

There are issues that require enumeration, which has been done by applying standard statistical tools available in SAS. Initial data entry of our study has been done in 3 separate EXCEL spreadsheets. Then SAS has been used to do frequency distribution for the results obtained from Business Head that highlights the importance of face to face interaction with customers and also links investments made in developing CRM in the next 5 years to expected loyalty from customers. Frequency distribution has also been done for the results obtained from CRM Head that studies the significance and seriousness of CRM efforts by banks. The customer responses have been studied by doing a frequency distribution and further OLS regression that considers "customer satisfaction" as the dependent variable and hence highlights the importance of non technology based services by banks for customer satisfaction. It also identifies the change in customer satisfaction based on usage with respect to ATM and the Internet.

FINDINGS, SUGGESTIONS AND CONCLUSIONS

Results of the study indicate a differential response from the customers and the paper tries to prove and justify the reasons for the differential response. It has been seen that in spite of the banks offering a number of technology based CRM services, customers have yet to respond to acquiring the usage of Internet, doing credit and debit card transactions, E-commerce and to some extent to using ATMs. Face to face interaction still seems to be the most popular method of customer interaction. The results clearly indicate that although the technology based initiatives by both sectors of the banks are beginning to reap benefits for them, they are still in their nascent stage. Results also indicate that it is very important for the banks to communicate to the customers through proper channels about the details of the new technology based initiatives for customer relationship management or else the customers prefer to continue with old traditional means of banking resulting in neither the bank nor the customer gaining from the additional new services provided by the banks. It has also been observed that although significant awareness has been created, the benefits of core banking are yet to be seen by both the customers and the banks, in Public sector banks as compared to Private sector banks. Investment in technology based CRM applications by banks will depend upon them overcoming their shortcomings from past experiences and wisely planning on acquiring new applications based on forecasted percentage increase in loyal customers. Young energetic staff trained to use the latest technologies in the bank need to be hired to cater to the needs of the customers who are actually willing to use the new service offerings by the banks. This study will be useful for practitioners (upper management level in the financial sector) to identify and plan timely cost effective transitions and implementations of Customer focused initiatives. It will also be beneficial for researchers to study and suggest proper mix of strategies and applications within the banking sector for various target customer groups.

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Customer Relationship Management and its Returns in the Indian Pharmaceutical and Healthcare Sector

Harmeen Kaur Soch and H. S. Sandhu

INTRODUCTION

Customer relationships have been increasingly studied in academic marketing literature (Berry 1995; Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994; Sheth and Parvatiyar 1995). Companies want to build a good Customer Relationship Management (CRM) system to keep track of their customers. As a tool and a business philosophy, the concept of CRM has gained attention and importance in recent years because of its potential impact on the bottom line of companies. Gronroos (1991) advocates that customer relationships ought to be the focus and the dominant paradigm of marketing. It is an established fact that the deeper the relationship of a customer with a company, the greater the profitability of that company will be on account of the increased sales and 'share of wallet' phenomenon. Return on marketing investments has a different meaning in different marketing situations. It is said that companies that implement marketing ROI programs, with integrated measurement of marketing expenses and performance, typically show meaningful ROI gains within two years (Cook 2004). Companies today must design and implement their own CRM programmes to improve the quality and magnitude of their businesses. Hence, it is important to identify the types of CRM activities that companies can employ and to explore how these relate to company performance and profitability (Reinartz, Krafft and Hoyer 2004).

Existing CRM literature is somewhat ambiguous about what constitutes the domain of CRM. Although much has been written about the concept, there has been little consensus on the assessment of CRM. We need adequate tools and techniques to quantify and assess the domain of this construct. In a booming economy like India, the management of customer relations is going to be of the utmost importance for companies to survive in the competitive marketplace. Until now, there appears to be no significant empirical study, particularly in India, conducted on CRM implementation of a company vis-à-vis its financial performance. This study is based on the premise that CRM consciousness in companies is paying dividends for those who follow it.

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METHODOLOGY

Based on extensive review of both the academic and the practitioner literature, the present study captures the domain of CRM using fourteen broad constructs. Further, the study proposes measurement scales for each of these constructs. Using empirical data collected from two sets of studies, the proposed measurement scales are purified and validated using item and reliability analysis on a set of 117 manufacturing companies in India. The newly generated scale was then refined wherein 1) each item in the sub-scale (construct) was correlated with its sub total score and those that correlated poorly were deleted; 2) items that did not have statistically high correlations with the dimension to which they were hypothesized to belong in comparison to item-correlations with remaining dimensions' total scores were also deleted (Ruekert and Churchill 1984; Bearden et al. 1989; Tian et al. 2001); 3) Items that did not have corrected item-to-total correlations above 0.5 for each item's appropriate dimension were deleted (Nunnally 1967) and 4) items with both larger means (around 4.0) and larger variances (above 0.9) were retained and the rest deleted (Kumar and Beyerlein 1991). Content and construct validity of the scale were established using factor analysis.

In the second study, data on companies in the pharmaceutical and healthcare sector in India was collected and a regression analysis was used to analyse the performance measures. To monitor the financial performance of the company, four indicators were selected viz., Profit before interest and taxes (PBIT), Profit after tax (PAT), Growth in Sales (GS) and Growth in Assets (GA). Data for the past 5 years (2001-2005) was collected. Dummy variables were used to capture the effects of CRM. Leverage, capital intensity, skill, size and risk were the control variables.

RESULTS AND DISCUSSION

It was found that the impact of CRM on financial performance, even though positive, was insignificant in the case of both profitability and growth. This could be because firstly, the competition among Indian companies is not very high and practical applications of CRM do not provide a clear indication of what specifically constitutes the CRM process. Secondly, sometimes it is also possible that companies are reluctant to terminate relationships with customers who are not profitable. Thus they keep hanging on to those customers who in turn lower the profits for the organization. As a result, we can say that unnecessary deployment of financial and human resources in CRM processes are not justified, as CRM seems to have no significant impact on financial performance of firms in India. This is in consonance with the findings of Reinartz, Krafft and Hoyer 2004 (2004) wherein they say that a large proportion of CRM deployment may not yield the desired performance.

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Available on request

CRM and e CRM initiatives in Malaysia of Large and SME Sectors: A Comparative Study

M.V. Shetty and Baldev Raj

RESEARCH HIGHLIGHTS

The SME sector or the economical / low capital sector involves more human participation than any large corporate or MNC. They have also been able, unlike the large corporates, to get quality products with due modifications (redesigned for specific customers) with marginal efforts. However, the SME sector suffers from its inability to create relationships, as the costs and the expertise associated with this process is beyond them, making customers view the SME sector purely from a price advantage, while the large sector can do well, both through expertise and finance availability, to build a long term relationship with their customers. Further, through the use of the internet and IT tools which are powerful (i.e. by practice of e CRM) the major corporates, who take full advantage of them are able to get special advantage over the SME sector who for want of the right database and capabilities of the required IT skills and knowledge to leverage this tool, ignore these opportunities. This results in most of the units in the SME sector (except a few successful ones) becoming "me-too" players, always trying to copy the leader and having to be satisfied with lower returns. How could one transform this situation, when the flexibility and focus is an advantage which could be leveraged with regard to the customer i.e. through faster adaptability and timely customer focused design, which is presently valued by the customer, and is becoming the order of the day? This dilemma is solved by making the specialized SME sector target niche markets, while the others are not able to perceive or capitalize on the opportunities. Other methods of handling CRM also have been explored where the SME sector can take advantage of their key attributes indicated above, and maintain the competitive advantage of their smallness.

The research explores the outcomes of some select units in the large and SME sector on their practices and the experiences and shortfalls experienced in the implementation of the CRM and e CRM initiatives.

The sample studied consists of mainly Units who have tried CRM (especially e CRM) initiatives, either individually or jointly. The study includes estimating the units with plans and ability to attempt CRM / e-CRM initiatives in a bid to maintain a sustainable competitive advantage. The research also discusses the key issues of CRM and e CRM and the practices followed in Malaysia with regard to various trades or product categories or services, both by the large sector and the

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SME sector. The various approaches and strategies attempted by them jointly to leverage for competitive advantage on a win – win situation is also reviewed. In the few cases studied, the large Corporate (or MNC) has an extended market addressed by a flexible and swift SME sector, which has a greater prize (price) in return. This extra return stems from the fact that the value addition of the offering and the relationship building process of CRM and e CRM, initiated by the large corporate are beneficial also to the SME units managing this extension. Various reference cases (including related secondary sources) and experiences of the research study and the findings, summarised and interpreted, would be highlighted in an empirical manner. It is hoped that this would enable other SME sector units to get the right perspective of CRM and e CRM opportunities that are available even to them. It is expected that the units desirous of developing the CRM and e CRM practices for their units would similarly research and apply in their individual situation and leverage the opportunities that a joint approach offers.

The research also includes selected samples from the Service sector and Cyberpreneurs. A few large units practicing CRM initiatives are studied in depth and some comparative study with the selected sample of SME sector is made, differentiating the successful ones. The factors that led to their success have been highlighted in a structured framework. Highlights on how best to research the outcomes of these initiatives and develop new approaches to get similar benefits are also reviewed in the research study.

ADOPTED METHODOLOGY

a) Secondary research study and case reviews.
b) Field study with questionnaire for the selected sample, based on random (convenience) method in selected regions of Malaysia.
c) Other methods include interactive discussions with consultants / service providers in the area of CRM and e CRM practices and focus groups.

CITED REFERENCES

Would be indicated in the final paper.

Impact of Expressiveness Value of Service on Satisfaction and Patronage Intentions

Subhashini Kaul and Piyush K. Sinha

INTRODUCTION

Given the increasingly competitive markets, Indian retailers can no longer afford to neglect customer service issues. Consumers satisfied with service quality are most likely to patronise a store. Several studies provide evidence that satisfaction acts as a mediator between service quality and patronage intentions (Fornell et al., 1996; Oliver, 1997, 1999) but empirical support in the Indian retail context is absent. From a practical perspective, investment in service quality improvement programmes will happen only if Indian retailers are provided with the necessary confidence regarding the relationship of these variables. Also, given that consumers obtain different kinds of 'value' from the store service (Cronin and Taylor, 1992), retailers would be especially interested in knowing if the interrelationships hold irrespective of 'value'.

This study has a two-fold objective.

First, using the apparel retail setting in India, this study explores the mediating role of satisfaction on the relationship between service quality and patronage intentions.

Second, besides the performance value related to service delivery, this study measures 'expressiveness' value of service and examines if the mediating role of satisfaction applies irrespective of type of value.

SERVICE QUALITY

It is believed that consumers have some basis of distinguishing between service attributes based on a 'value-percept' (Syzmanski and Henard, 2001). This premise has led several researchers to distinguish service attributes on various dimensions though not necessarily consumer-value focused; such as having either 'mechanistic or humanistic qualities' as being 'visible or invisible indicators of quality' (Carman, 1990, p 33/40), as being 'tangible or intangible' (Finn and Lamb, 1991); having 'technical or functional quality' (Gagliano and Hathcote, 1994) and so on. However, using these existing bases researchers find it difficult to explain consumer perceptions. This is because all these classifications of service aspects are retailer strategy centric.

Cronin and Taylor (1992) in their study found that consumers do not always 'buy the best quality service' and propose future research should examine other 'attitude-based conceptualisations' (p

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65). In this study, in addition to 'performance value' we classify store service attributes in terms of the 'expressiveness value'.

Performance Value

Performance value is defined as the value obtained by a consumer based on the 'global evaluation' of the store capability regarding its 'service delivery system' (Dabholkar, Thorpe and Rentz, 1996). This performance value reflects the present definition of service quality employed by researchers (Szymanski and Henrad, 2001).

Expressiveness Value

Sirgy et al. (1991) argued that attributes of a product [store] can be classified into utilitarian and value-expressive depending on what value they offer to the consumer. Some attributes are expressive of the consumer self-image related values (hence the term value-expressiveness) while others are too utilitarian and functional to hold any such special appeal to consumer self-image. Expressiveness of store attributes is meaningful only when they are 'dissimilar to those of competing stores' (Stern, Bush and Hair, 1997).

Thus, expressive store attributes are defined in this study as those attributes that have <u>unique</u> appeal to the consumer self-image. Consequently non-expressive attributes are attributes that are perceived as being common across similar stores.

MODEL SPECIFICATION

We thus propose two value dimensions associated with store service – performance and expressiveness value, that impact patronage intentions (Figure 1).

Figure 1: Value from Service and Role of Satisfaction

Specifically the hypotheses we propose to examine are as follows:

H1/H2: Satisfaction has a mediating effect on the relationship between performance value and intention to repurchase/recommend.

H3/H4: Satisfaction has a mediating effect on the relationship between expressiveness value and intention to repurchase/recommend.

Satisfaction is defined as an affective state arising from 'feeling of parity between what is expected from the store and how the store performs' (Morganosky, 1988, p311; Ganesan, 1994). Patronage Intentions are the 'indicators that signal whether customers will remain with or defect from a company' (Zeithaml et al. 1996, p31).

METHODOLOGY

Measures

Satisfaction was measured using the scale by Ganesan (1994). Additional items for assessing scale validity and measuring patronage intentions were based on the study by Boshoff and Terblanche (1997).

Service Value Measures

To adapt the RSQS to the Indian context, we used the procedure adopted by Dabholkar, Thorpe and Rentz (1996), and 18 of the 22 items in SERVPERF were selected for inclusion based on face validity. Similarly, of the 28 items in RSQS, 25 were included in the final list of items.

The final list had 45 items of which eleven were common to both SERVPERF and RSQS, seven were from SERVPERF, fourteen from RSQS and thirteen were added based on content analysis of in-depth interviews of eight shoppers.

The Two 'Value' Instruments

In the performance instrument respondents were required to rate the performance of their preferred store on a scale of 1-7 from 'strongly disagree' to 'strongly agree'. In the expressiveness instrument, ratings were obtained on a similar 1-7 point scale from 'completely common across similar stores' to 'completely unique in my preferred store'. The item wordings were different across the two instruments. For example, in the performance instrument while the attribute was 'The store employees are well dressed'; in the expressiveness instrument it was worded as a phrase 'Well-dressed store employees'.

Samples

A sample of 180 respondents for each 'value dimension' was divided equally across SEC A and SEC B (education and occupation categories), gender and age groups; 18-25 and greater than 25. The sample was selected from the city of Bangalore which was among the first cities in India where large format retail stores were introduced. The two instruments were administered at the residence of shoppers over a period of two months during the evenings and weekends to one adult member of a household who had most recently shopped and was willing to respond.

ANALYSIS AND RESULTS

The KMO and Bartlett's tests for both samples indicated sample sizes were adequate (N= 144 in each data set).

EFA of the 45 items in performance value using principal axis factoring with direct oblimin rotation in SPSS-X, yielded eight factors, using item loadings greater than 0.45. Of these, seven factors were easily interpretable and could be labelled using our present understanding of service quality.

Expressiveness data yielded ten factors of which three contained single items. Of the remaining seven, we could easily interpret all but the first factor given our present understanding of expressiveness and service quality dimensions.

The validity tests indicated that the adapted scale(s) has/ (have) good convergent and predictive validity. Cronbach's alpha for satisfaction was high across both the samples: 0.8224 for performance and 0.8441 for expressiveness.

REGRESSION ANALYSES ON MEDIATING ROLE OF SATISFACTION

Baron and Kenny (1986) suggest examining the following set of three models and the related conditions to test for mediation effect:

Model I: Regressing the mediator (satisfaction) on the independent variable (service quality).
Condition to be satisfied: Service quality must affect satisfaction.

Model II: Regressing the dependent variable (patronage intentions) on the independent variable (service quality).
Condition: Service quality must affect patronage intentions.

Model III: Regressing the dependent variable (patronage intentions) on both the independent variable (service quality) and the mediator (satisfaction). SEM researchers would recognize this as the direct effects model.
Condition: Satisfaction must affect patronage intentions when both service quality and satisfaction are used as regressors. The effect of service quality in Model III must be less than in Model I.

Since Model III is likely to have a high degree of multicollinearity, Baron and Kenny suggest that the absolute value of the coefficients should be examined to understand the 'reduced power in the test of the coefficients' (p 1177).

The regression results are reported in Table 1 and 2 (for the two data sets of performance and expressiveness value respectively).

The empirical results do not support H1 - the mediating effect of satisfaction on the relationship between performance value of service quality and intention to repurchase. H2, H3 and H4 are all supported.

Implications and Future Research Directions

Store service provides not just performance but also expressiveness value to consumers. The dimensions obtained based on each value are quite different but both have significant explanatory power on satisfaction and patronage intentions. Researchers have long suspected this difference

in perceptions amongst service attributes. This study is among the first to provide supporting empirical evidence that such perceptual differences can be traced to value obtained. Retailers need to understand the different value associations that consumers obtain from each service attribute. For this reason, the service quality construct needs to move away from a purely service delivery focus. It is this delivery focus that is making this construct's relevance for the consumer questionable (Iacobucci, Ostrom and Grayson, 1995).

The adapted RSQS is very promising. This scale is the first extensive effort to develop a scale specifically for measuring retail store service quality in an emerging economy. A wider application of the scale across different contexts is necessary to assess its reliability. Future research also needs to focus on developing a service quality scale which includes non-performance dimensions as well. Other relevant consumer value dimensions also need to be explored.

This study also indicates that the role of satisfaction as a mediating variable is dependent on whether the value obtained from service attributes is performance or expressiveness based. Satisfaction does not seem to have any mediating effect on the relationship between service quality [performance value] and intention to repurchase. In our study, we also have evidence that the dimensions of service quality influencing satisfaction and patronage intentions are somewhat different when expressiveness value is considered. Retailers using satisfaction as a proxy measure of patronage need to keep in mind not just the qualified mediating role of satisfaction but need also to assess whether the quality dimensions influencing satisfaction and patronage intentions are the same.

LIMITATIONS OF THIS STUDY

The first and most obvious limitation of this study was our inability to measure performance and expressiveness value from the same set of respondents. The 45 items of service quality were tedious and pre-tests indicated that respondents tended to confuse the two instruments. Another limitation was the inability, given the relatively small sample size, to employ the SEM technique which would have lent far greater confidence in our results.

Table 1: Performance Value

Row No.	Dependent variable	IV's	ARS[a]	F-ratio	Sig variables	Stnd Beta	t-ratio	CI[b]
Model I								
1	Pleased/Displeased [d]	SQ FS[c]	.292	7.567	Store Ambience	-.225	-2.648	3.27
					Physical facilities	-.249	-2.836	
					Problem Solving	-.264	2.975	
2	Sad/Happy	SQ FS	.138	3.547	None			3.27
3	Contented/Disgusted [d]	SQ FS	.124	3.258	Store Ambience	-.197	-2.087	3.27
					Employee Presence	.213	2.229	
4	Dissatisfied/Satisfied	SQ FS	.143	3.646	Store Ambience	.300	3.209	3.27
5	Satisfaction (Overall)	SQ FS	.247	6.219	Store Ambience	.253	2.891	3.27
Model II								
6	Repurchase intentions	SQ FS	.409	11.983	Transaction Assurance	.220	2.480	3.27
					Store Ambience	.329	4.239	
7	Intention to recommend	SQ FS	.361	9.969	Store Ambience	.385	4.771	3.27
Model III								
8	Repurchase intentions	SQ FS + Satisfaction	0.465	10.549	Store Ambience	.271	3.490	43.6
					Pleased/Displeased	-.217	-2.122	
9	Repurchase intentions	SQ FS + Satisfaction (Overall)	0.461	13.232	Transaction Assurance	.241	2.839	29.4
					Store Ambience	.260	3.401	
					Satisfaction	.274	3.743	
10	Intention to recommend	SQ FS + Satisfaction	0.380	7.576	Store Ambience	.352	4.211	43.6
					Pleased/Displeased	-.195	-1.778	
11	Intention to recommend (Overall)	SQ FS + Satisfaction	0.377	9.648	Store Ambience	.343	4.176	29.4
					Satisfaction	.166	2.110	

[a] Adjusted R-Square
[b] Condition Index
[c] Service Quality Factor Scores
[d] Reverse Scored Item

Table 2: Expressiveness Value

Row No.	Dependent variable	IV's	ARS[a]	F-ratio	Sig variables	Stnd Beta	t-ratio	CI[b]
Model I								
1	Pleased/Displeased [d]	SQE FS[c]	.209	4.671	Physical Facilities	-.287	-3.069	3.09
					Personal Interaction	.260	3.022	
					Service Materials	-.191	-2.329	
2	Sad/Happy	SQE FS	.204	4.558	Personal Interaction	-.246	-2.845	3.09
3	Contented/ Disgusted [d]	SQE FS	.170	3.843	Personal Interaction	.250	2.831	3.09
					Service Materials	-.173	-2.067	
4	Dissatisfied/ Satisfied [d]	SQE FS	.166	3.767	Personal Interaction	-.168	-1.897	3.09
					Service Materials	.170	2.027	
5	Satisfaction (Overall)	SQE FS	.264	5.995	Physical Facilities	.212	2.345	3.09
					Personal Interaction	-.279	-3.345	
					Service Materials	.173	2.193	
Model II								
6	Repurchase intentions	SQE FS	.301	6.977	Factor 1	.193		3.09
					Assurance	-.187		
					Promotional material	-.232		
					Service materials	-.193		
7	Intention to recommend	SQE FS	.265	6.016	Physical Facilities	.223	2.474	3.09
					Efficiency	.206	2.369	
Model III								
8	Repurchase intentions	SQE FS + Satisfaction	0.356	6.485	Sad/Happy	.254	2.376	30.3
9	Repurchase intentions	SQE FS + Satisfaction (Overall)	0.356	7.975	Factor 1	.189	2.029	22.8
					Assurance	-.168	-2.021	
					Promotional Material	-.227	-2.723	
					Satisfaction	.285	3.464	
10	Intention to recommend	SQE FS + Satisfaction	0.357	4.967	Physical Facilities	.158	1.700	30.3
					Efficiency	-.190	2.203	
11	Intention to recommend	SQE FS + Satisfaction (Overall)	0.297	6.334	Physical Facilities	.176	1.949	22.8
					Efficiency	.192	2.250	
					Satisfaction	.224	2.608	

[a] Adjusted R-Square
[b] Condition Index
[c] Service Quality Expressiveness Factor Scores
[d] Reverse Scored Item

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Consumers' Perception of Product Related Aspects of Mobile Services

Vinith Kumar Nair

Psychology plays a very important role in business. It helps marketers to understand how consumers behave as they do. Psychological factors, such as motivation and personality, perception, learning, values, beliefs, attitudes and life styles influence consumer behaviour. Stephen P. Robbins[1] states that "Perception is a process by which individuals organise and interpret their sensory impressions in order to get meaning to their environment. It is very important for marketers to understand the whole notion of perception and its related concepts so that they can more readily determine what factors influence consumers to buy". According to Elizabeth C. Clemmer and Benjamin Schneider (2003)[2] "It seems that customers build up in their minds a picture of what it is like to go to a service facility". It is very difficult to predict and understand the user's behaviour. Obviously it becomes important for every service sector to concentrate on users and their behaviour.

This paper is a study related to the consumer's perception on product related aspects of mobile services. An effort is being made to study the perception of consumers with relation to the different personal variables in the state of Kerala.

1.0 INTRODUCTION

Customers will buy from the firm that they see as offering the highest perceived value. Customer perceived value (CPV) is the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering and the perceived alternatives.

One of the determinants of the success of the relationship marketing strategies of a firm is how the customers perceive the resulting service quality. There is enough evidence that the overall performance of a firm is linked with customer satisfaction. Kosaka (1990)[3] identified the direct relationship between customer satisfaction and organizational performance. Customer Satisfaction is also found to be strongly correlated with repurchase intentions, the willingness to recommend the company and to improve cross-buying. The quality of service, both technical and functional, is a key ingredient in achieving customer satisfaction and in turn, in the success of service organizations (Gronroos, 1984)[4]. There is enough evidence that demonstrates the strategic benefits of quality in contributing a market share and returns on investment (Devling & Dong, 1996)[5], lowering manufacturing cost and improving productivity (Garvin, 1988)[6]. Providing high quality services enhances customer retention rates, helps to attract new customers through positive word of mouth advertising, increases productivity, leads to higher market share, lower staff turnover, improves

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employee morale, financial performance & productivity (Barnes, 1997)[7]. Positive consumers' perceptions of service quality also enhance customer satisfaction (Durvasual and Mehta, 1998)[8].

1.1 FACTORS INFLUENCING CONSUMER PERCEPTION

The satisfaction of the buyer after purchase depends on the offer's performance in relation to the buyer's expectations. In general, satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted. A user's perception is influenced by personal characteristics. These include the buyer's age and stage in the life cycle, occupation, economic circumstances, lifestyle and personality and self-concept.

The buyers form their expectations from past buying experiences, friends' and associates' advice, marketers' and competitors' information and promises.

Consumer complaints represent the negative perception of Quality of Service. Quality of Service as perceived by a customer largely depends on: Service support performance, ability of an operator to provide service and maintain it, i.e., provisioning of service, billing, etc; Service operability performance; service user-friendliness, simplicity and ease of use; service integrity performance; transmission performance to the pre-established performance criteria, Serveability performance; accessibility, retainability and reliability signifying; making a service available to a customer on request and the ability to provide it without interruption.

1.2 MOBILE SERVICES – AN OVERVIEW

According to a recent industry survey on customer care carried out by IDC- Voice & Data Magazine, Indian mobile users are not happy with the level of service they get. Their complaints cover the gamut of issues, from network availability and billing, to value-added services and customer care. The number of enquiries a call centre receives is two or three times more than the international norms. The national average waiting time to talk to customer care is 4.1 minutes. About 61 per cent of the respondents had to wait for up to 3 minutes whereas 14 per cent had to wait for more than 7 minutes.

The high level of competition in the cellular market has forced cellular operators to constantly improve their networks. The areas with scope for improvement are billing complaint incidence and call success rate with respect to the Global System for Mobile Communications (GSM) - based cellular operators. This is as per the Telecom Regulatory Authority of India (TRAI) quality of service (QOS) survey conducted by IMRB for the period October-December 2003. Meanwhile key concern areas for Code Division Multiple Access (CDMA) based operators are billing complaint incidence, billing complaint resolution and fault incidence in that order. From a geographical perspective, both cellular and basic operators provide "poor quality of service" in the Category C circles- which include states like Assam, Bihar, Himachal Pradesh, North East, and Orissa.

Customers set the service quality among the components of service performance as the most important criterion to determine behavioural intention. Service quality with respect to cellular market includes elements like coverage, connectivity and voice clarity, which are strongly correlated with the technical limitation of the mobile subscriber network as well as the service providers' own infrastructure. Raising service quality requires a long-term effort, so service providers need a practicable project to provide short-term performance within a long-term strategy for network development.

1.3 SERVICE MARKETING MIX

Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. McCarthy classified these tools into four broad groups that he called the four P's of marketing: Product, Price, Place and Promotion. The emergence of marketing concept with respect to services is a recent phenomenon. Let's produce, what the producer thinks, the market wants, the sales department will manage to sell. This was the focus prior to the beginning of the marketing concept in the context of selling the services. The end of the decade 1950's paved the way for service marketing as users' satisfaction received due weightage.

Some researchers view service from the perspective of a system-thinking paradigm. They view it as a production system where various inputs are processed, transformed and value added to produce some outputs which have utility to the service seekers, not merely in an economic sense but from supporting the life of the human system in general, maybe even for the sake of pleasure (Lakhe and Mohanty, 1995, p.140[9]).

Although there have been many efforts made to understand the concept of service, there is no consensus among researchers on its characteristics. First, some researchers view the concept from the perspective of service itself - they pay attention to the discrepancy between the marketing strategies of service and goods. This approach differentiates service (intangible) from goods (tangible), which suggests that different marketing strategies should be taken for each of these concepts. Parasuraman, Zeithaml, and Berry (1985)[10], identified four features of service that distinguish it from goods. Service is intangible, heterogeneous, simultaneous in production and consumption, and perishable. This approach distinguishes service from goods, by pointing out the unique features of service. It advances the understanding of the concept. However, it has drawn many critics. On the one hand, the four characteristics mentioned above are not universal in all service sectors. Wright (1995)[11] criticized this first approach for four reasons. First, a service industry depends more on tangible equipment to satisfy the customers' demand while some customers do not care about whether goods are tangible or not. Secondly, some service businesses are very standardised such as franchise industries. In addition, in some cases, customers value equality and fairness from the service provided. Thirdly, many services are not simultaneously produced and consumed. Fourthly, highly technological or equipment-based services could be standardised. On the other hand, this approach focuses on service and ignores the role of customers (Wyckham, Fitzroy, & Mandry, 1975)[12].

The second approach is based on the ideas of some researchers who view service from the perspective of service customers - they focus on the utility and total value that the service provides for the consumer. This approach implies that because consumers evaluate service quality in terms of their experiences, customers' subjective perceptions have great impact upon service success or failure (Shostack, 1997)[13].

With this background information, a study to assess the perception of mobile consumers, with respect to the product related aspects of the mobile service providers in the urban and rural areas of Kerala, based on personal variables is necessitated. Though there are 7P's in service marketing, only one P, i.e. product related aspects regarding the mobile services will be considered for the study. For the product related aspects a comprehensive questionnaire will be prepared covering important factors and sub-factors of the services offered by mobile operators.

1.4 SIGNIFICANCE OF THE STUDY

The present study on mobile users' perceptions of product related aspects of mobile services has great impact on formulating marketing strategies and policies. The study will help in identifying the personal variables which affect the perception of mobile users regarding mobile services as a product It will also help in finding out the correlation of perception between prepaid and postpaid users and as well as the male and female users. The study will also help in identifying in detail which type of product related aspects/ services give maximum satisfaction to the mobile users and which do not. The study takes into consideration the product related aspects of the mobile services provided by all the mobile operators. Further, the study may help the mobile service providers to plan and offer their services in a better manner to the mobile users.

1.5 PROBLEM STATEMENT

The aim of the research is to study the "Consumers' Perception of Product Related Aspects of Mobile Services".

1.6 OBJECTIVES OF THE STUDY

The main objectives of this study are:-

1) To examine the perception of consumers with respect to the different factors of product related aspects of mobile services.
2) To examine the perception of consumers with respect to the different sub-factors of identified factors of product related aspects of mobile services
3) To suggest an appropriate product related marketing model for mobile service providers.

1.8 SCOPE AND COVERAGE

The scope of the research study includes the selected traditional P, i.e. Product and the different factors and sub-factors of product related aspects of mobile services.

The factors and sub-factors that have been selected as part of the product related aspects of the study are:

i) TECHNOLOGY (Technology)
ii) NETWORK AVAILABILITY (Coverage within city, Coverage inside buildings, Coverage inside basements/lifts, Coverage while roaming)
iii) PRE-ACTIVATION SERVICES (Documentation Required, Initial Deposit/Acquisition Cost, Activation Time, Ease of getting new connection)
iv) PREPAID ASPECTS (Talk-Time Availability, Availability of recharge cards, Denomination of Cards, Ease of Locating Dealer, Ease of Balance Enquiry)
v) POST-PAID ASPECTS (Processing Time, Clarity on Tariff Plans, Prompt receipt of bills, Error free billing, Time taken to resolve billing queries, Ease of understanding bill, Current bill enquiry system)
vi) REGULAR AND VALUE ADDED SERVICES (STD Calls, Local Calls, ISD Calls, SMS, Roaming, Internet Services, Entertainment Services, Downloads, News/ Sports, Stock Info, Call Waiting & Call Forwarding Facility, MMS)

These factors and sub-factors have been selected from a focus group discussion carried out as part of the preliminary study.

Scope of the study also includes the place of the study that has been selected for the study i.e.:

• Trivandrum Urban Area
• Trivandrum Rural Area
• Kollam Urban Area
• Kollam Rural Area
• Aleppey Urban Area
• Aleppey Rural Area

1.9 DATA COLLECTION

The study is based on primary data collection. A sample size of 300 has been fixed for the study covering the three districts. Primary data will be collected through a structured questionnaire. A focus group discussion has already been carried out to arrive at the factors and sub-factors of the product aspects of service marketing with respect to mobile services. Based on this discussion a questionnaire was formulated and it was administered to 30 respondents as a part of pre-testing. A five-point Likert Scale, which is a summated scale, was extensively used in the questionnaire to judge the mobile users' satisfaction levels and thereby understand their perception about each of the attributes. The respondents were asked to rate each of the services as; Not at all satisfied, Dissatisfied, No Opinion, Satisfied, and, Fully Satisfied. Finalization of the questionnaire and final collection of data is pending.

1.10 RESEARCH FRAMEWORK

The study will be conducted with respect to the product aspects of service marketing. The perception of the mobile users will be studied with respect to five personal variables i.e. age, gender, occupation, income, duration of use (in years), type of user (prepaid/post-paid) and the different categories of personal variables.

1.11 RELEVANCE OF THE STUDY

In the present day scenario the concept of "the Customer is King" has changed to "the Customer is God". If the mobile service providing companies are not able to retain their customers by providing good quality as well as new services, it is going to affect their pockets. This will see the mobile companies going into the red. In this context the study about the most happening field i.e. mobile services becomes relevant.

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Service Quality and Customer Loyalty:
A Case Study on Indian Cellular Phone Industry

P. Ganesan, S.R. Pullabhotla, Bideri Nyamulinda, and Gokula Krishna Vasudevan

INTRODUCTION

Word-of-mouth communication (hereinafter WOMC) is an important market place phenomenon by which consumers receive information relating to organizations and their offerings, Laczniak, DeCarlo and Ramaswami (2001). Because WOMC usually occurs through sources that consumers view as being credible (i.e. peers, reference groups), it is thought to have a more powerful influence on consumers' evaluations than information received through commercial messages. The role of word-of-mouth communication is considered to be particularly significant in a service context because the predominance of experience and credence qualities in services suggests that consumers experience a higher degree of perceived risk in making a purchase (Ennew, Barnejee and Li, 2000). It has also been shown that WOMC can lead to increased retention and loyalty in the customer base (Wangenheim and Bayon). This is not a trivial issue, because profits from referrals have been mentioned not as the only, but as one of the important arguments for striving for a long-term relationship with customers. In addition there is evidence that shows that customer loyalty plays an important role as an antecedent in WOMC.

Spiros and Vlasis (2004) are of the opinion that the concept of brand loyalty is strategic for companies in order to obtain a sustainable competitive advantage. This is due to the following reasons. Firstly, brand-loyal consumers are less expensive, since they reduce the marketing costs of doing business. Secondly, brand extensions are less risky for brands that exhibit high loyalty. Thirdly, brand loyalty has been shown to be associated with higher rates of return on investment through increases in market share. Fourthly, brand-loyal consumers have fewer reasons to engage in an extended information search among alternatives, thus reducing the probability of switching brands. Finally, brand loyalty has been identified as a major determinant of brand equity. Therefore, this confirms the notion that customers who provide other consumers with positive WOMC about a service provider are more likely to become loyal customers themselves, thus implying that WOMC may have benefits in terms of retention as well as acquisitions. Furthermore, evaluations of consumption experiences are apparently affected by previously received WOMC, despite one's experience with a product or service provider.

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Different authors give different loyalty definitions though generally they aim at the same thing. Hoyer and McInnis (1999) assert that brand loyalty occurs when consumers make a conscious evaluation that a brand or service satisfies their needs to a greater extent than others and because of this they buy the same brand repeatedly. In the same vein, Mohamed et al (1999, pp663) are of the opinion that loyalty metrics are typically measured in terms of repeat purchase rates and/or the overall percentage of the product that is purchased from one-retailer vis-à-vis all other retailers. Similarly, Oliver (1999, pp34) describes "loyalty as a deeply held commitment to re-buy or re-patronize a preferred product / service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behaviour".

According to Spiros and Vlasis, (2004), there are four alternative consequences of loyalty namely: word of mouth communication, buy alternative brand, go to a different point of sale (store) and buy nothing. However, the single most expected behavioural outcome of loyalty is brand recommendation. Consumers become loyal as a result of the satisfaction they experience with their purchase. Satisfied consumers who share their experience with other individuals are the best advocates of any company and its products. The aim of this research is therefore, to determine the requirements of mobile phone customers and to explore the antecedents for WOMC for Indian cellular phone users and to empirically test the same.

EARLIER STUDIES

Spiros and Vlasis (1999) conducted an empirical study to investigate the antecedents and their consequences of brand loyalty. They had objectives of conceiving a better definition of brand loyalty and validating its operationalisation; to empirically examine the effects of brand loyalty on consumers' behaviour. The study was conducted in Athens, Greece with 850 randomly selected respondents, using whisky as a product. They suggested a model showing potential drivers of brand loyalty, which are: consumer drivers that include risk aversion and variety seeking; brand drivers which include brand reputation, availability of substitute brands; and social drivers which include social group influences and peer's recommendation. All these determine the consumers' behavioural responses to the brand loyalty namely: word-of-mouth communication; buying alternative brands, going to different point of sale (store) and buying nothing. It was found that premium loyalty buyers contribute to positive word-of-mouth communication for the brand, covetous loyalty buyers contribute to the development of a favourable word-of-mouth communication for the brand. Inertia loyalty appears to be an inferior type of loyalty and does not associate with word-of-mouth communication but it does not deter consumers from purchasing a substitute/ competing brand. As regards the antecedents of the types of loyalty, the study shows that premium loyalty is associated with risk-averted individuals who are inclined not to seek variety in their purchases; covetous loyalty is associated with strong normative/ social influences and particularly influences derived by individuals who are part of the consumer's intimate environment (peers, friends and acquaintances); inertia loyalty on the other hand is strongly related to perceptions of similarities between alternative brands and recommendations made by the consumer's close friends.

Christine, Banerjee and Li (2000), conducted a study with the purpose of exploring the relationship between product, market and organizational characteristics and the role of WOMC within an organization's marketing strategy. 250 self-completion questionnaires were distributed to the financial services sector in Northern India, out of which 73 usable responses were obtained. It was found that products have some tentative impact, but strategic focus was probably the most influential factor, in relation to the perceived importance of WOMC.

Wangenheim and Bayon conducted a study in the German energy industry with the purpose of examining the difference between stayers, switchers and referral switchers. The sample included 367 switchers and 398 stayers. Their results showed that switchers differ from stayers in their higher levels of active and lower levels of loyalty, as well as in more passive WOMC. Referral switchers differ from other switchers with respect to their higher satisfaction, active loyalty and more positive WOMC giving. Within the group of switchers, the referral switchers represent a special customer group. They exhibit higher levels of satisfaction, active and reactive loyalty and WOMC behaviour than the other switchers. They conclude that customer acquisition through referrals is a very important goal for companies, not only due to reduced costs of acquisition, but also because clients gained through referrals are easier to satisfy and retain.

Yu and Dean (2001) explored the role of emotions in customer satisfaction, re-testing the satisfaction-loyalty relationship when an emotional component is included. Employing convenient sampling on campus undergraduate students, they obtained 122 usable questionnaires out of 320 distributed surveys. The results showed a significant correlation between the two major components of customer satisfaction (emotional and cognitive) and loyalty. However, there is a higher correlation between overall customer loyalty and the emotional component than the cognitive component. Further, the emotional component has slightly higher correlation coefficients for positive word-of-mouth, switching behaviour and willingness to pay more when compared to the cognitive component. The correlation coefficients for the positive and negative emotions suggest that positive emotions are associated with all dimensions of loyalty except "complaining behaviour". The associations between loyalty and negative emotions suggest that they have a significant impact on loyalty as well. The results also suggest that the emotional component is an important predictor of loyalty, and is consistent with the suggestion that customer satisfaction is better explained when emotions are included.

Laczniak, DeCarlo and Ramaswami (2001) investigated a set of hypotheses that describes the consumers' attributions and evaluative responses to different types of word-of-mouth communication (WOMC) messages. The central theme underlying the attribution theory is that casual analysis is inherent in an individual's need to understand social events, such as why another person would communicate negative information about a brand. The research found that casual attributions mediate the negative WOMC-brand evaluation relation, suggesting that they are used to influence subsequent brand evaluation. It also found that different combinations of consensus, distinctiveness, and consistency information lead receivers to have differential responses; that the strength of focal brand's name influenced consumers' responses to negative WOMC; and found that brand name does have a direct effect on the attributions generated by receivers of negative WOMC.

Lief and Nina (2003) investigated the importance of brand loyalty in the transfer of brand equity in brand extension. Their purpose was to explore the effects of different dimensions of brand loyalty towards the original brand on the evaluation of brand extension. Five brands (i.e., bank, computers, telecommunications, automobile and snack) were involved. A total of 701 respondents were contacted in a Norwegian City. The results were as follows: the postulate that consumers evaluate brand extensions more favourably if they have a strong affective relationship towards the original brand was not supported for automobile and telecommunication samples; the postulate that consumers evaluate brand extensions more favourably if they have a high loyal behavioural intention towards the original brand was supported; and the postulate that consumers evaluate extension more favourably when there is a high self-image relationship towards the parent brand was also supported.

James, Kim and Roberts (2003), studied the influence of satisfaction and brand community on loyalty. The study was conducted on casino customers at the Shadow Casino with a sample size of 372. The objective was to explore the relative contribution of brand community integration (BCI) to the customer loyalty equation. It was found that customer satisfaction has a positive effect in the less experienced group although its effect in the more experienced group was insignificant; satisfaction is associated positively with brand community integration for the less experienced as well as the more experienced; integration in the brand community is associated with customer loyalty for both the less experienced and the more experienced; and brand community integration has a less experienced group.

Wangenheim and Bayon (2004) conducted a study on the effect of word of mouth on services switching. Their objective was to identify variables that have an influence on the effect of WOMC on buying decision making, with specific regard to interactions between service category and communicator characteristics. An interview was conducted with 400 respondents, each from switcher and non-switcher energy customers. This resulted in 267 usable responses (i.e. 137 switchers and 130 non-switchers). The results showed that both source expertise (i.e., experts are more often opinion leaders in a product category than others) and similarity (i.e. the degree to which individuals are similar in terms of certain attributes) have an effect not only on perceived influence and attitudes, but also on subsequent decision making.

The above studies, though limited in number, have one thing in common Customer loyalty is instrumental in both the retention of existing customers and the acquisition of new ones. Some studies have given emphasis to the antecedents of customer loyalty for some industry/ products, but not for the cellular phone industry, hence this forms the background of this study.

PROBLEM STATEMENT AND MODEL

With six cellular phone providers (i.e. BSNL, Airtel, Aircel, Hutch, Reliance and Tata) and a fixed phone service, the Indian market is poised for fierce competition. Therefore, the need for the companies to employ the available tools for building and nurturing consumer loyalty cannot be over-emphasized. However, there is a lack of knowledge on the Indian cellular phone consumers' behaviour and more particularly, information on factors that can influence their post-purchase

behaviour. The information on factors that can make them engage in positive WOMC is scanty; hence this study is intended to test the service-loyalty model.

This paper aims to develop a complete and accurate view of the link between the quality of services provided by mobile phone service providers and its influence on loyalty. Specifically the paper aims to achieve the following objectives.

1. To analyze the level of customer satisfaction based on service quality attributes.
2. To examine the relationship between the service quality attributes and the loyalty of the customer.
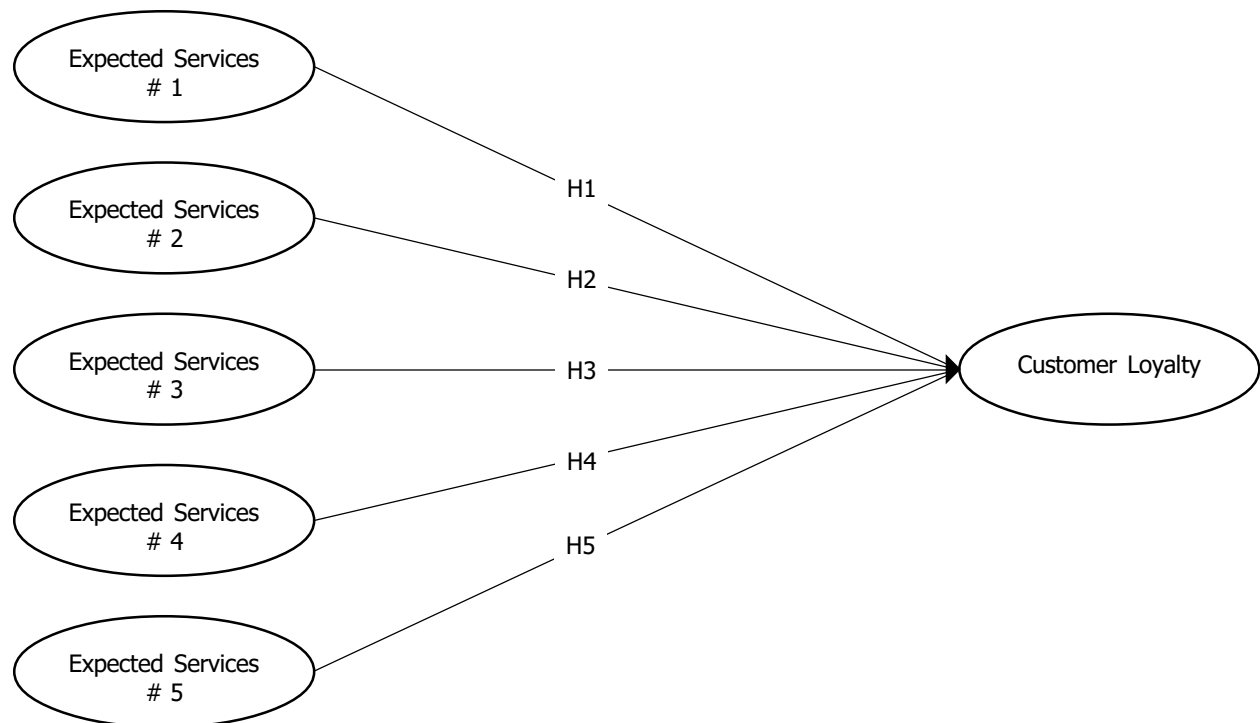
METHODOLOGY

It is very difficult to obtain the sampling frame from the mobile service providers in India. Therefore, the sample units will be identified by a non-probability convenience sampling method. A sample size of 250 will be collected from Chennai, the state capital of Tamil Nadu, India. Since the review of literature did not provide complete information regarding mobile services, the preliminary set of items will be developed through discussions with cellular phone users and managers of cellular companies in Chennai.

Factor analysis and correlation tools will be used for the analysis and interpretation.

Effects of Service Quality and Satisfaction on Customer Behavioural Intentions

Ashwini K. Awasthi

ABSTRACT

Marketing theory has tried to delve into the process of buying behaviour and various models have been postulated to explain it. Two underlying themes in the behaviour are evaluations of quality and satisfaction. Though the general models hold good for both physical goods and services, the sequence of the different phases and the processes involved in each phase differ in services. This research is an empirical assessment of behavioural intention models, in the Indian hotel industry, affected by service quality and customer satisfaction.

CONCEPTUAL FRAMEWORK

Several researchers have contributed to the understanding of service quality and customer satisfaction as two distinct constructs. Earlier researchers mostly considered either the effect of service quality or the effect of satisfaction on behavioural intentions. Such studies may lead to biased results, which potentially overstate the importance of one or both of these variables in the development of behavioural intentions and therefore confound the antecedent role of service quality and satisfaction.

Perceptions of service quality and customer satisfaction are viewed as attitudinal constructs. Service quality in the marketing literature is considered as a cognitive process. Satisfaction in service environments is an affective state that results from the cognitive process as well as affective process, and the outside communications. There isn't a convergent view on the relative roles of these two constructs. One view considers customer satisfaction to be an independent construct affecting customer behaviour (Dabholkar, 1995; Iacaobucci et al., 1994); while some consider customer satisfaction to be a determinant of service quality (Bitner, 1990; Mohar and Bitner, 1995). However the conceptualisation that customer satisfaction is a mediating variable in the service quality-customer satisfaction-behavioural intentions framework has received more empirical support and acceptance in the recent services marketing literature (Cronin, Brady and Hult, 2002; Kang and James, 2004).

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Dabholkar (2000) found that the antecedent role of service quality and satisfaction would vary depending on such factors as the nature of the service experience and the consumers' rational predispositions. The issue whether the effect of customer satisfaction is independent of service quality, or is a mediating factor has not been addressed in the Indian services environment. The present research investigates this relationship between perceptions of service quality, satisfaction and the behavioural intentions in the Indian hotel industry. Three competing models are tested in the study. The first model defines the direct effects of service quality and satisfaction on behavioural intentions. The second model depicts the relationship between service quality and behavioural intentions through the mediating effect of customer satisfaction. The third comprehensive model includes the multiple direct links between service quality, satisfaction and behavioural intentions and the indirect effect of service quality.

In view of the earlier evidence in the literature, it is hypothesised that the mediating effect model would hold in the present study. In addition to model fit, a test of competing models is the comparison of their ability to explain variance in the dependent variables. Based on the dominant theory from prior studies, the mediating effect model should explain more of the variance in the behavioural intentions than the independent effects model and the comprehensive model. This leads to the second hypothesis that the mediating effect model explains more variance in behavioural intentions than the two competing models.

METHODOLOGY

The study employs a cross-sectional research design. Variables in the study are overall service quality, customer satisfaction and behavioural intentions of loyalty, and paying more. The primary data was collected from two hill towns by personally administering the questionnaire. The data was collected in the month of February 2005. Multiple stage sampling procedure was used. In the first stage, data was collected on convenience and judgment sampling techniques. In the second stage, techniques of area sampling and systematic sampling on one hand and mall intercept type on the other hand were used. The final sample consisted of 136 usable questionnaires.

Domestic hotel guests were surveyed in the study. Mean age, household income and education level of the sample was 35 years, Rs. 25,000.00 and 16 years respectively. Government service, private service and own business were represented by 26, 27 and 28 percent of the participants. The sample had 84% male respondents. The mean hotel tariff was Rs 1265.00. 68% of the respondents paid their hotel bills themselves.

The overall service quality measure has been used from SERVQUAL (Zeithaml, Berry and Parasuraman, 1996). Four items on customer satisfaction have been adapted from Cronin, Brady and Hult (2000) and by Brady and Robertson (2001). The behavioural intentions of 'loyalty' and 'pay more' have been adopted from the behavioural intentions battery developed by Zeithamal et al. (1996).

The local language of the towns surveyed is Hindi. Therefore a Hindi questionnaire was used in the study. The procedures of forward and backward translation recommended for cross-cultural

studies were followed for translating the questionnaire into Hindi. Mullen's iterative process to maximise "translation equivalence" was used. The final Hindi translated questionnaire was pre-tested twice for clarity of wording, sentences and conceptual meaning.

RESULTS AND ANALYSIS

Measurement model and the competing structural models are tested through LISREL (student edition). Since the student edition of LISREL allows the use of a maximum of 12 observed variables; single indicator variable of overall service quality is used without explicitly accounting for the measurement error and only two favourable behavioural intentions are tested. For assessment of the measure, the $\div 2$ statistic is significant (0.0), however it may have been influenced by sensitivity to sample size. The GFI and AGFI values of 0.83 and 0.73 respectively are marginally acceptable. SRMR value of 0.07 is acceptable. The incremental indices CFI and NFI are above the acceptable limits at 0.95 and 0.90 respectively.

The reliability of the scales is examined from the composite construct reliability ratio. The ratio ranges from 0.68 to 0.85 for the three constructs (overall service quality is not analysed as its error term is constrained to zero), and it is above the acceptable levels. Convergent validity is assessed by analysing the significance of path coefficients from latent variables to the observed variables. The t-value estimates range from 5.43 to 8.27 ($p< 0.01$). Discriminant validity is analysed through the variance extracted measure. Its estimates range between 0.50 and 0.60 and are equal to or above the threshold limit of 0.50.

The first research hypothesis postulates that the mediating effect model fits the data better than the two competing models. Though the $\div 2$ estimate is lower for the second model (mediating effect model) than the first model (independent effects) for the same number of degrees of freedom, the statistic for all the models is significant ($p<0.0$), indicating a poor fit in each case; however as discussed earlier, this could be the result of sensitivity of the $\div 2$ statistic to sample size.

The GFI and AGFI estimates for the research model are 0.81 and 0.71 respectively, which are marginally acceptable and better than those for the first model. The SRMR estimate of 0.08 is moderate while the CFI and NFI estimates of 0.94 and 0.89 are above the recommended limits. The first model has satisfactory estimates of CFI and NFI but a much higher SRMR value. The inclusion of direct links between service quality and behavioural intentions in addition to the indirect effect of service quality in the third model (comprehensive model) marginally improves the model fit. However the service quality – behavioural intention links are not statistically significant in this model.

The second research hypothesis postulates that the mediating effect model explains more variance in behavioural intentions than the two competing models. The comparison of R^2 values (reduced form) of the second model with the first model and the third model shows that the former outperforms the later ones. However, none of the models is able to explain more than 12% variance in any of the two behavioural intentions. This implies that the models need to incorporate other variables that have an impact on customer behaviour. Another finding is that the path coefficients

point to a significant and stronger influence of satisfaction on the intention to remain loyal than the intention to pay more.

IMPLICATIONS

The objective of the study was to empirically test the relationship between service quality and customer satisfaction in influencing customers' behavioural intentions in an Indian service environment. The results support the mediating role of satisfaction. The mediating effect model fits better than the independent effects model. The mediating effect model also explains more variance than the two other models investigated. Another finding that emerges is that customer satisfaction has a stronger influence on customers' intention to remain loyal than their intention to pay more. The results also indicate that the customers' behavioural intentions are affected by other influences, not included in the models.

There are a few limitations of the study. The sample size was moderate, a larger sample size can produce more conclusive results. The advantage of deriving latent variables from their multiple indicators in structural equation modeling technique was lost in case of service quality measure, because of the limitation on the use of number of variables in the student version of LISREL. More complex models, with variables like service quality dimensions, customer satisfaction, value, price equity and various positive and negative behavioural intentions as the endogenous variables can throw more light on the multiple and interlinked influences on service customers' behaviour.

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Do Service Employee Labels Communicate Value?
Marketing Implications of Employment Practices in Service Firms

Shashi Matta and Valerie Folkes

OVERVIEW

Service firms provide a variety of cues to customers that an individual service provider is dissimilar to others or unrepresentative of others within the firm. These may occur via linguistic designations (e.g., a university may identify an instructor as an adjunct professor), by physically marking the individual (e.g., a firm might require trainees to wear distinctive badges), by placing the individual in a different setting (e.g., a firm might assign a smaller office to one person than to others), or even by employing off-shored or outsourced employees who sometimes sound different from domestic service employees. In this research, we investigate whether these employee 'labels', some of which are seen as organizational innovations to increase firm profitability (e.g., outsourcing or offshoring), communicate value to customers. In two experiments we varied employee labels and employee service performance to understand the effect on consumers' evaluations of the target employee, and the service firm. Social psychological research on group heterogeneity, categorization, and group cohesiveness provides the theoretical basis for our predictions.

STUDY 1

In study 1 we examined whether making a service employee's 'trainee' status apparent to consumers has any effect on consumers' inferences about the service and the firm, compared to no such employee label. As a comparison to the 'trainee' label, we also included another label, that of a 'temp' (a temporary employee hired from an agency as a replacement or for additional help when the need arose). Temporary employees are increasingly common, with U.S. staffing firms employing an average of 2.3 million workers per day in the first quarter of 2004 (Maher 2004). The temp label provided a useful comparison condition to the trainee label because both trainees and temps should be perceived as having little experience providing service for the firm. Yet, the trainee suggests more cohesive group membership, with a greater commitment and expectation of remaining with the firm, compared to a temp (this was also confirmed by a pre-test).

Study 1 (N = 159) was designed as a 3x2 between-subjects experiment manipulating employee label (trainee, regular/no-label employee, temp employee) and service performance of the employee (excellent, poor). The cover story was that a car rental company was interested in the perceptions of the customer service provided by its employees. Respondents listened to an audiotape

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of a conversation ostensibly between a female employee of the car rental company and a customer. About a third of the respondents were told that the employee was a trainee, another third were told that she had been working at the firm for the last three years (no label was given to this 'regular' employee), and the remainder were told that she was a temp. Further, about half the respondents in each of the three label conditions listened to a version of the audiotape in which the employee delivered excellent service, while the other half listened to a version in which she delivered poor service. Participants rated the service delivered, and the service firm on various measures.

Study 1 results using ANOVA and planned contrasts revealed that the trainee label influenced consumers' perceptions of the service delivered and differentiated the firm from competitors. More specifically, employing a trainee providing excellent service made the firm seem more superior than when the same excellent service was provided by the regular, three-year employee. No such effect was found with the temp who provided the same excellent service (ruling out a simple expectation-disconfirmation explanation, since pre-tests showed that consumers had similar expectations of the level of service from trainees and temps). When the trainee or the temp provided poor service, the firm was rated less negatively than when the regular employee provided the same poor service. These results set up novel implications for firms about communicating the trainee or temp status of their service employees.

STUDY 2

In study 2 we investigated whether consumers, when made aware that the service employee is outsourced or off-shored, evaluate the service firm differently. Outsourcing and offshoring are innovative hiring policies that have experienced a dramatic surge in the last three years. It is estimated that close to 300,000 new call-centre agents from countries like India and the Philippines will be employed by the turn of this decade, mostly by firms in the U.S. Though policy and profitability debates over outsourcing and offshoring are common, little academic research exists on consumers' perceptions of the service delivered by outsourced or off-shored employees and the service firms that employ them. In this study, we examined consumers' evaluations when the service employee was (1) outsourced (with no country information), (2) off-shored (from India), and (3) employed in a franchise operation. Similar to the temp condition in study 1, the franchise employee provided a valuable comparison to the outsourced and off-shored conditions since all three employee conditions suggest some kind of dual category membership.

Study 2 (N = 165) was similar in design and method to study 1. The study was a 3 (outsourced employee, off-shored employee, franchise employee) x 2 (excellent service, poor service) between-subjects experiment, using the same car-rental employee cover story and stimulus. Results revealed that when the employee provided excellent service, the outsourced and off-shored employees were rated higher than the franchise employee on service performance. However, the service firm employing the off-shored employee was rated lower than when the employee was outsourced (no country information) or a franchise employee. When the employee delivered poor service, the employee's service performance and the service firm were rated lower when the employee was

outsourced or off-shored, than when the employee was employed at a franchise operation. As in study 1, these results highlight hitherto unexplored implications for service firms.

DISCUSSION AND IMPLICATIONS

Overall, results from the two experiments suggest that firms should be aware of the effect that employee labels have, on consumers' perceptions of the service and the firm. Some key implications are: (1) Communicating trainees' status to customers and maintaining that trainee status longer rather than for a shorter period of time could benefit the firm. If a trainee performs poorly, that poor service will damage the firm less than if the employee is not labelled a trainee. If a trainee performs well, it enhances the firm's reputation. (2) Conveying that a temp employee is, in fact, a temp when performance is poor would help because that performance will have little influence on the firm's reputation. (3) Even more crucial than achieving excellent service from off-shored providers is preventing poor service from them, because of the influence on perceptions of the service firm (in case consumers find out or infer that the providers are off-shored).

More broadly, our research identifies marketing consequences of organizational actions that are often considered the domain of non-marketing managers. A longstanding issue for organizations is whether to directly hire employees and how to differentially reward and recognize employees. These questions are likely to continue to arise as firms consider innovative employment strategies, such as outsourcing and offshoring. These human resource issues have important implications for marketing, though they have been explored in a rather limited context (e.g. in terms of contractual vertical marketing systems). Our research suggests that marketing managers may be justified in having a say on these issues.

IMPLICATIONS FOR EMERGING ECONOMIES

Emerging economies like India and Philippines, with their large, educated and young English speaking workforce, are major players in the world services economy. The proliferation of call centres is an ongoing phenomenon that will only increase in the years to come. As these economies continue to tackle the challenges of providing services to the world, it is vital that there exists an understanding of how consumers, particularly in western countries, perceive outsourced or off-shored service providers. Apart from media and policy debates, there exists little academic research on this issue. Our study offers managerial insights that would help managers in these emerging economies manage not only their service employees' performance but also consumer perceptions of that service.

Antecedents and Consequences of Customer Satisfaction with Content Sites

Anand Kumar Jaiswal and Pingali Venugopal

Content sites provide wide range of information offerings such as online news, research reports, entertainment, information on sports, and references. We conduct a study (1) To identify the antecedents and behavioural consequences of customer satisfaction with content sites, (2) To empirically examine the relationships of 'customer satisfaction with content sites' with its antecedents and behavioural consequences. Seven antecedents of customer satisfaction with content sites were identified - information quality, experiential quality, flow, privacy, ease of use, customer service, Web community. Customer loyalty has been included in model as a behavioural consequence of satisfaction. The two-step structural equation modeling approach is used for model testing. The result shows that information quality, flow and customer service are positively associated with satisfaction with content sites. Privacy, ease of use and Web community do not have statistically significant impact on satisfaction. The result also shows that satisfaction has positive and significant impact on customer loyalty. The paper discusses the managerial implications and direction for future research.

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Evaluating Customer Management Implementations

Sven Berger

KEY WORDS: Customer Management, CRM, Customer Equity, Reference Process, Decision Calculus

ABSTRACT

The objective of this paper is to propose an alternative method for evaluating customer management implementations in order to allow the development of efficient and effective customer management in retail banking.

Therefore, a reference process for customer management within retail banking is derived and by using decision calculus method, experts can evaluate the effect of activities to close the gap between the individual company and the reference process. All effects are measured in five core customer metrics (No. of customers, Retention Rate, Retention expenditures, Acquisition expenditures, cash flow) and aggregated to customer equity, allowing a clear recommendation on certain activities.

An empirical study is conducted to back test the reference process and evaluate the need for customer management implementation.

PROBLEM DEFINITION

The past decade has seen rapid and substantive changes in the way the customer relationship is dealt with in retail banks. CRM systems are widely used and projects are undertaken to improve the technical infrastructure and business processes to ensure the most efficient customer-bank-interaction as well as increases in sales and profit.

Better support of customer management by dedicated processes and specific infrastructure might substantially benefit the companies' success in the long-run but the question for ROI of these investments is continually being asked. (Brynjolfsson and Hitt 1998)

Determining the effect of IT investments in an ex-ante situation has been a challenge for a long time, but the inability to measure certain beneficial customer base effects further complicates the well-known problem.

Banks have to actively decide for their most-promising investments within the wide field of customer management, selecting projects across all processes along the customer lifecycle. But actively preferring certain initiatives requires understanding of the way in which customer management activities affect the relevant core metrics.

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OBJECTIVES

The objective of this paper is to provide a method to improve customer management. To achieve this, a reference process for retail banks should be modelled, back-tested by an empirical study and a method should be set-up to identify primary areas of improvement.

LITERATURE REVIEW

The problem of IT investment ex-ante-evaluation has been dealt with extensively and several approaches developed (Walter and Spitta, 2004). The business process perspective is not the primary focus, but some authors link the effects on business processes to an ROI estimation of the investment (Chircu and Kauffman, 2000, and Lee, 2004).

The linkage between business processes and their effect on marketing success metrics has been analyzed by different works (Srivastava/Shervani/Fahey, 1999, and Grabner-Kräuter and Modritscher, 2002). Causal analysis for customer relationship management activities and effects on success measures were also conducted (e. g. Reinartz, W., M. Krafft, et al., 2004) but only with actual financial data taken into consideration, neglecting the long-term effect on the metrics relevant for the customer base.

There was also the attempt to make use of the decision calculus method for evaluating IT investments (Glazer and Weiss, 1993), but leaving out the process perspective and limiting the field of application to marketing-related problems which are strongly based on infrastructure and IT systems decisions.

The research reviewed above has provided insights into single aspects of the decision problem, but there is no approach to compile this knowledge and provide a systematic way to solve the stated problem.

METHODOLOGY

Using the published and well-accepted processes in analytical and operational customer relationship management an initial process model was set up and discussed in several workshops with industry experts from European banks and related consulting companies. This was further developed to a reference process consisting of 10 core processes and 94 sub-processes, specifically adjusted to the retail banking business, but generic enough to cover different business models (e. g. direct brokerage as well as brick-and-mortar branches). Finally, the reference process is being back-tested by an empirical study among European retail banks.

The performance criterion and key metric for the customer management processes is the customer equity as an aggregated measurement for the value of the customer base, consisting of five core customer metrics (no. of customers, retention rate, retention expenditures, acquisition expenditures and cash flow).

The collection of data regarding a certain bank's actual status in the implementation of these processes as well as their potential effects on the customer metrics is being done by using the Decision

Calculus method, enabling subjective estimation of experts to be utilized (Little, 1970). An S-shaped function integrates the Customer Equity as a target variable and allows the determination of the processes and sub-processes in which activities are most promising regarding their additional value for the customer base. Taking cost estimations for potential activities into consideration, a (customer equity based) ROI for these activities can be calculated and compared.

The collection of additional balance sheet data enables us to determine the effect on the company's shareholder value on a ceteris paribus assumption (Wiesel and Skiera, 2005).

EMPIRICAL STUDY

An empirical study among 60 German retail banks has been conducted in order to determine the fit of the whole reference process and the relevance and importance of the developed sub-processes for the bank's business models. All customer management processes are evaluated individually regarding their implementation status, the technology support and the metrics used to control the process nowadays.

Finally, the relevance and the fit of the whole reference process can be confirmed with an average fit of more than 80% percent of the bank's business models. Even the importance of customer-related metrics relevant for Customer Equity calculation is being approved although the importance of certain metrics varies among the business processes.

CONTRIBUTION

This paper provides a method to evaluate customer management implementations from a customer equity point of view in order to allow the development of efficient and effective customer management in retail banking.

A comprehensive reference process for customer management activities within retail banking is assembled for the first time and a ready-to-use method for identifying potential improvements along these customer management processes is provided. The method of Decision Calculus is transferred to another area of application.

This knowledge can now be used in order to evaluate potential activities in customer management in alternative ways, more appropriate to the customer equity with the aim of increasing a company's long-term profitability.

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Antecedents of Business to Business m-Payment Technology Adoption

Saji K.B. and Aditya Agarwal

EXTENDED ABSTRACT

With the growing prevalence of electronic commerce and the widespread use of mobile devices, a new type of channel is now emerging, widely referred to as mobile commerce. Furthermore, the pervasiveness of wireless networks is now creating new opportunities to offer innovative mobile services (Lan, 2005). While e-commerce is mostly about buying and selling (Kalakota and Whinston, 1996), m-commerce is expected to be largely data-driven (Senn, 2000). Of course, the ever growing number of mobile phone users as a target group represents an enormous potential for mobile commerce (MC) as a new level of electronic commerce. Here, MC refers to any transaction, either direct or indirect, with a monetary value, implemented via a wireless telecommunication network. So far, mobile applications are mostly the transformation of conventional internet applications or e-business models on mobile devices (Nohria and Leestma, 2001; Sadch, 2002), which is not sufficient to be successful in a MC setting. Added values are indeed necessary; and most of these values colour themselves in the aspirations and expectations of the various actors involved in MC.

The cost of MC technology licenses to market players in several developed economies appears to be out of proportion with previous expectations (Garber, 2002). Coupled with falling ARPU (Average Revenue Per User), designing a killer application so as to generate substantial revenues is rapidly becoming a priority for the various actors involved. Recent strains of public disagreement between two leading Indian players over the proposed sale of 3G spectrum reiterates that the need is not limited to the developed economies alone. In any case, the demand for next generation mobile technologies is increasing as more mobile services are required to be made available to the mainstream mobile services market (Lin and Wang, 2006). This contemporary trend is visible in the Indian situation too. For instance in India, during 2005, the music downloads via mobile phones alone constituted about 20 per cent of the size of the entire Indian music industry. Additionally, a recent hit in the Reality-TV show generated close to US$ 4 million in revenues from MC through its innovative voting features, proving that the market is maturing in India too.

The growth in this area depends on the technological and infrastructural support available (Siau et al, 2001; Sadch, 2002; Urbaczewski et al, 2003; Cai et al, 2004). At present in India, the 2.5G, 3G, and WCDMA mobile communication technologies are available as platforms for the deployment

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of communication, business, and entertainment services. With MC technologies gradually becoming available, the development and deployment of mobile services is becoming an increasingly attractive market for the service providers, content providers and MC solution providers. For greater acceptance of these services, quality and performance must be ensured through the integration of mobile support services. An example of necessary mobile support services is mobile payment (m-Payment) services, which would provide common payment solutions to mobile services.

It has already been predicted that m-Payment will become a successful mobile service for the reason that in addition to the necessity support services, the growth of MC relies on effective payment solutions provided by m-Payment services *and vice versa* (Constance, 2001; Herzberg, 2003; Lee and Benbasat, 2004; Liao et al, 2005). It is a fact that, at present there is an uncertainty as to whether the adoption and use of m-Payment technologies will prevail as expected. In all the markets, there is an uncertainty caused primarily due to the lack of standards and the immaturity of the market (Siau and Shen, 2003). However, financial institutions and mobile service providers are trying to overcome these issues by launching isolated initiatives for responding to the ever changing market needs (Lee and Benbasat, 2004). One of the possible consequences of this phenomenon is that collaboration between banks and mobile service providers would become limited as both want to control most of the assets in the value chain so as to increase their revenues (Johne and Storey, 1998; Constance, 2001; Wu and Wang, 2005). To avoid long, complex negotiations, and as they have relatively fast reaction time capabilities, few newcomers propose the m-Payment solutions, wherein the financial institutions and mobile service providers can enact as tools for enabling the desired services. The m-Payment services are currently provided in India by mobile network operators, financial institutions and independent vendors.

Though a number of proven m-Payment technologies are available in the Business to Business market, the real issue of m-Payment technology adoption is currently being faced by almost all m-Payment service providers (Karnouskos and Fraunhofer, 2004; Wu and Wang, 2005). The central issue of concern here is observed to be the problem of choice. Since the outcome of the choice can only be known in the future, the technology buyer is forced to deal with uncertainty or risk. Perception of risk and resulting trust are assessed to be pivotal aspects of the technology buyer behaviour (Taylor, 1974; Szajna, 1996; Siau et al, 2001; Urbaczewski et al, 2003; Cai et al, 2004; Lee and Benbasat, 2004). Though numerous papers are available in comparable context in e-Business, there are only a few studies that have emerged so far in MC. To address this identified critical gap, it has been decided to initiate exploratory research on m-Payment technology adoption process in the business to business context.

The study has been organized using a case study method. Seven specific international cases were referred to by the researchers. These also included four failure cases. The exploratory phase of the study did help the researchers to identify the antecedents of m-Payment technology adoption process in the business to business context. By incorporating these seven antecedents, a conceptual model on B2B m-Payment technology adoption process has been arrived at. In the next phase of the study, we propose a large scale empirical validation of this conceptual model in the context

of business to business technology market. In a nutshell, the present research is successful in generating useful ideas for stimulating and directing further research efforts in the emerging field of m-Payment technology adoption.

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Website Satisfaction: Role of User and Website Characteristics

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ABSTRACT

Business to business and business to consumer ecommerce conducted through the mechanism of websites provides a flourishing opportunity for companies to create a cognitively and aesthetically rich shopping environment in ways not readily available in the traditional shopping world. The World Wide Web has become increasingly popular among businesses and consumers for marketing, selling, and communication purposes (Hoffman & Novak, 1996) and its use is predicted to increase at a rapid rate. This paper focuses on business to consumer ecommerce. The question arises as to why e-tailers experience difficulties in retaining their customers. The reason may be that while some of the basic premises that underlie consumer offline transactions apply to online environments, there are some fundamental differences that arise from the nature of the interface, and the consequent consumer reaction to this interface (Ranweera, McDougall & Bansal, 2005).

The progressive predominance of the internet coupled with the efficiency and convenience of online transactions is likely to change both consumer behaviour and business practices in India. The aforementioned facts and the data available on shopping online make such a study important in India. As this is a new and emerging area in India, a deeper analysis and understanding of online markets is needed and it becomes essential to develop an appropriate marketing strategy. Until now virtually no scholarly effort has been undertaken by marketing academics to understand hypermedia computer mediated environments, both as media for marketing communications and as markets in themselves.

The study proposed here captures the user characteristics and the characteristics of the website and examines how the user's website satisfaction is affected by them. What characteristics of the consumers would lead them to stick to a particular website and which characteristics of the website would encourage repeat visits by the consumer?

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BACKGROUND AND HYPOTHESES

Consumer satisfaction is a key construct in marketing literature and has been studied extensively in offline environments (Ranweera et al., 2005). Consumer satisfaction is typically defined as being the result of an evaluative process that contrasts pre-purchase expectations with perceptions of performance during and after the consumption experience (Oliver 1980; Rust & Oliver, 1994). Gaining insights from the offline literature, online researchers have also highlighted consumer satisfaction as a fundamental concept for establishing customer loyalty. It has been shown that levels of customer satisfaction for a service chosen online are the same as when it is chosen offline, with a stronger relationship between overall satisfaction and loyalty online than offline . There is a positive reciprocal relationship between loyalty and satisfaction online (Shankar, Smith & Rangaswamy, 2003). As more e-retailers promise their customers satisfying online experiences understanding what creates a satisfying customer experience becomes crucial. To satisfy and retain customers, identification of determinants of satisfaction in an online setting becomes crucial, as it is the non-personal, transaction-based service encounters vis-à-vis offline encounters where the potential for relationship building through personal contact is greater. Studies have also examined the factors that make consumers satisfied with their specific e-retailing experiences; these are: convenience, site design and financial security, saving time and money, avoiding interpersonal interaction and being in control.

However, relatively little is known about the satisfaction of a consumer with a website in terms of consumers' and websites' information and entertainment profiles. The current study is an attempt to fill this gap. It proposes that website characteristics and customer characteristics, to a large extent, determine a customer's satisfaction with a website, or in other words, lead to website satisfaction. This implies that drivers of website satisfaction may include website characteristics as well as its relative value.

Customer evaluations of online channel service quality and risk are affected by website design characteristics, leading to customers' overall satisfaction with the service provider (Weiss, Boss & Grewal, 2003). E-store attributes (e-store's order fulfilment, merchandise quality, customer service, price level, reputation and safety features) affect loyalty indirectly through their direct effects on perceived value components (value for money, trust, shopping efficiency) while different layouts in online grocery retailing, namely freeform, grid, and racetrack, significantly affect online consumer behaviour. The pages of a relatively complex site were perceived as more interesting and entertaining. In a model of online consumer satisfaction, online storefront (system reliability, speed of operation, ease of use, and content quality in terms of format, reliability, timeliness, and completeness) and customer service lead to consumer satisfaction which lead to trust in web-shopping and repeat web purchases. The relationship between website characteristics and website satisfaction has not been studied yet. The present research examines information and entertainment profiles of the web site and their affect on website satisfaction.

The study proposes that a website comprises two factors, namely entertainment and information. The information profile of a site is characterised by informativeness and the organization of information elements, and the entertainment profile consists of entertainment properties and the or-

ganization of entertainment elements. It is proposed that the higher the informativeness, organization of information elements, entertainment properties and organization of entertainment elements of a website, the stronger the perceived online website satisfaction would be.

While a lot has been discussed about website design and characteristics in relation to website satisfaction, not much has been said about the relationship between user characteristics and website satisfaction. In this research, we propose that user characteristics (namely the individual information profile and the entertainment profile) influence website satisfaction. The first factor that is considered important from the consumer behaviour perspective is the "information profile" of a user. The relevance of a user's information profile has been discussed extensively in existing literature (Buamgartner & Steenkamp, 1996; Eighmey1997; Korgaonkar & Wolin 1999; D'Ambra & Rice 2001). The information profile of a web user comprises his information seeking tendency. Thus we can say that a user with a high information seeking tendency would be experiencing more website satisfaction if the site provides useful information to him. Since every website has some emotional stimulation, it is expected that a person with a high sensation seeking tendency would find a website more interesting than a person with a low sensation seeking tendency (Hammond, McWilliams & Diaz, 1998). Thus if the sensation seeking tendency of a user is high, his website satisfaction is expected to be higher. Interaction effects of website and user characteristics have also been investigated. The paper also studies the extent to which the various categories of users and websites, in terms of their information and entertainment profiles, differ in their website satisfaction.

RESEARCH INVESTIGATION

Three hundred participants (engineering or management students) completed the Consumer Profile Survey (CPS). Out of these, 208 responded to the Website Profile Survey (WPS). A 4X4 between subject randomized factorial design is employed where there are four categories of users (High-High, High-Low, Low-High, Low-Low) and four categories of websites (High-High, High-Low, Low-High, Low-Low). High-High (HH) refers to high on information and high on entertainment, High-Low(HL) refers to high on information and low on entertainment, Low-High (LH) refers to low on information and high on entertainment and Low-Low(LL) refers to low on information and low on entertainment profiles respectively.

There are three stages in this study. In the first stage, the data is collected to classify the websites on information and entertainment properties. The classification is done by three independent judges who are software professionals. Finally eight sites are selected.

The second phase of data collection is done through the Consumer Profile Survey. The survey was given to 300 participants (all software engineers or management students). 242 responses were valid. This survey measured the demographics and the information and entertainment profiles of the participants. These participants were categorized into High-High, High-Low, Low-High and Low-Low categories in terms of their information and entertainment profiles on the basis of the median scores on information seeking tendency (information profile) and sensation seeking tendency (entertainment profile).

In the third round of data collection, the 242 participants of the CPS were given the Website Profile Survey. Each category of participants was given each category of the sites with one site per participant. They were given a one-week period to complete the survey and asked to visit the assigned website as frequently as they could during the specified period, before proceeding to fill out the survey. A total of 208 valid responses were obtained from WPS.

SALIENT FINDINGS

To analyze the WPS, descriptive statistics, regression, MANOVA and simple effect analysis were computed on the variables of the Entertainment and Information Profile. The Cronbach Coefficient Alpha of the scales was also computed. Regression of website satisfaction on informativeness, organization of information elements, entertainment properties, organization of entertainment elements and sensation seeking tendency revealed significant results. MANOVA was computed to explore the main and interaction effects of user and website characteristics on website satisfaction. The main effects of users and websites came out to be significant. This implies that all the four categories of users and websites are different from each other. The interaction effects of users and websites are also significant which means that the combination of categories of users and websites is affecting online website satisfaction. It is evident from the results that online website satisfaction is higher when a user is given his respective category of website. Thus, if a high-high user is given a high-high site, his website satisfaction is the highest. The simple effect analysis of users on sites is significant for each category. It implies that when a particular category of user is given all four categories of sites, his website satisfaction is different. The estimated mean values of users and sites reveal that when an HH user is given HH, HL and LH sites, he experiences website satisfaction. Similarly, for an HL user, HH and HL sites provide website satisfaction. LH users experience website satisfaction for HH and LH sites while LL users experience website satisfaction only for LL sites.

CONCLUSION AND MARKETING IMPLICATIONS

This paper has tried to identify a few plausible determinants of website satisfaction which would help marketers to engage consumers with their respective websites. The findings reveal that the features of an effective website include the rendering of appropriate information in a well organized manner. The present study has also proved that entertainment properties and their proper organization can lead to website satisfaction. The results significantly reveal which category of users would prefer which category of websites more. Therefore, if a person with a certain characteristic is given a site which belongs to his respective characteristic the chances of website satisfaction increase. The results also show that website satisfaction is influenced by the user's sensation seeking tendency.

The proposed study can have managerial implications for segmenting and targeting decisions for a given website. A site should be designed keeping in mind which segment is being targeted. It can help in understanding what amount of information and entertainment elements need to be incorporated in websites to match the expectations of consumers.

The empirical testing of the propositions is limited. The study stops at measuring website satisfaction and does not take into account any further behavioural and attitudinal outcomes such as purchase intention, actual buying behaviour, repeat visits etc. The study limits itself to entertainment and information profiles of users and websites, but there can be other website variables like self-efficacy, navigational structure etc. There can also be other user characteristics involved like personality variables. For instance, self-efficacy and cognitive complexity might also affect website satisfaction. Further extension of this research along these lines will be rewarding.

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Consumers' Characteristics and Internet Shopping

Khaled A. Gad

The intensive emergence of the service sector makes the concept of service quality more important. The intangible nature of services makes the interest in measuring service quality understandably high. Over the last 30 years, scholars have made attempts to measure and understand the concept of service quality and how it shapes a customer's loyalty and behavioural perception towards services. We now need to focus on service delivery through the Internet. Business evidence shows lack of adequate electronic-Service Quality (e-SQ).

Shopping via the Internet or e- shopping is emerging as a shopping medium within the Egyptian market. The aim of this paper is to enable a better understanding of Internet shoppers' perceptions of the e- shopping process and more specifically which dimensions/factors are relevant or taken into consideration by Egyptian e- shoppers for assessing e- service quality.

With this aim in mind, three consecutive focus group studies were conducted with Egyptian Internet shoppers. Results showed that Egyptian consumers consider five dimensions when evaluating electronic shopping service quality. These dimensions are customer service, website design, security/trust, price knowledge, and reliability. The relative importance of these dimensions was found to vary widely among consumers.

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Measuring e-Service Quality: A Comparative Analysis of Alternative Measurement Models

Anand Agrawal and Rajan Saxena

ABSTRACT

The purpose of our study paper is to compare the alternative approaches of e-Service quality measurement empirically. Earlier studies have proposed only performance based measurement models to measure e-Service quality, developed mostly using product related services. In this paper, we propose an e-service quality measurement model, by integrating the theoretical concepts of Technology Adoption, System Quality, Information Quality, End User Computing Satisfaction and Self-Service Technology into e-Service quality, to extract the attributes in the context of pure e-services, followed by qualitative and quantitative studies. We put forward thirty two items with eight dimensions forming the two alternative measurement models; one with performance based measures, and the other with performance-minus-expectation gap based measures. These two alternative models are then compared statistically using confirmatory factor analysis and multivariate techniques using empirical data. The findings suggest the superiority of the gap based measurement model over the perception measurement model. This paper also includes a discussion of the managerial implications of the e-Service quality and future research directions.

Service quality is a critical factor that affects online business and online services. But, the factors and attributes customers consider to decide e-Service quality especially in the context of pure e-services (where tangible products are not dealt with) are not well-known. There has been some research in the narrow field of e-service quality measurement, but this research was limited to only a few industries and mainly included e-retailing or website/portal quality. Few researchers using pure e-services were limited to only either online banking or online travel services. Moreover, the approach used in earlier research aimed at measuring e-service quality was only limited to performance based perception scales. Therefore, past research failed to examine the important concept of e-service quality in a broad and comprehensive manner.

RESEARCH DESIGN

A two-stage research project was designed with the first stage as qualitative research and the second stage comprising of quantitative study. The measurement scale used for the empirical study was developed using the qualitative study. Initially, a pool of attributes was formed after the literature review. This pool of attributes was further refined using qualitative techniques in-

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volving focus groups and in-depth interviews. The focus group participants were registered users of e-Services and the group was balanced in terms of gender. Four focus groups were organized to find out the relevance of the dimensions extracted by the literature review. The resulting pool of dimensions and items was further refined through in-depth interviews of twenty registered users of e-Services. The quota of five users was maintained across the four e-service industries viz. e-Banking and stock trading, e-matrimonial and match making service, online job search service and online travel and database services. The pool of items generated through focus groups and in-depth surveys was presented to a panel of experts in the field of service quality, academicians and researchers to get their feedback. The final pool of items consisted of sixty-six items spread across eight proposed dimensions

1) information quality
2) interaction quality,
3) integration quality,
4) accessibility,
5) emotional experience,
6) corporate image,
7) active service recovery, and
8) assurance.

Measures

The questionnaire after the pre-test consisted of:

- Sixty-six e-service quality items, each item cast into two set of statements. The first statement reflecting the expectation of the customer about the levels of e-service that should be offered by e-firms. The second statement reflecting the perception of the customers of the level of e-service they are getting from the e-firm they have been using,
- A set of four overall quality items, three customer satisfaction items and two behavioural intention items
- A set of eleven demographic and e-service usage related questions.

All questions used the five point Likert scale, 1 = Strongly Disagree and 5 = Strongly Agree, with no labels for the midpoints.

DATA ANALYSIS

The two alternative measurement models developed during the study consisted of similar constructs, but different approaches to measure e-service quality. One model measured only the performance perceptions of the e-service. The other model measured both the expectation and the perceptions of the customers, providing the calculated performance perception minus expectation gap scores. The scores from these models were then compared statistically.

Comparing Reliabilities and Validities

The measurement models contain the scale measures to measure e-service quality. Therefore, scale reliability analysis was done for each of the eight dimensions using the statistical software SPSS. The initial values of the coefficient alpha of measures of the performance model ranged from 0.27 to 0.61, which improved to 0.610 to 0.811. This resulted in the reduction of items from 66 to 32, after the removal of items with very low correlations. The total scale reliability for the perception measurement model with 32 items was 0.60. In the gap measurement model scale measures, the initial scale reliability of each of the proposed eight dimensions was found to be comparatively higher. The initial values of the coefficient alpha ranged from 0.37 to 0.76, which improved to 0.69 to 0.95. The total scale reliability in case of the gap measurement model with 32 items was 0.74. The item-wise comparison after the measurement scales purification indicates the consistency, as similar items were retained in all dimensions in both the alternative measurement models.

The Fornell and Larcker (1981) measure of discriminant validity was used, i.e, the square root of the average variance extracted compared to the construct correlations. The square roots of the average variance extracted were found greater than those in corresponding rows and columns in both models. The convergent validity of the measurement model was examined using composite reliability (CR) and average variance extracted (AVE) (Fornell and Larcker, 1981). In the case of the gap measurement model, the reliabilities of all dimensions were greater than the recommended 0.7 (Nunnally and Bernstein, 1994) with one exception (CR 0.69 of Integration Dimension, which was very near the recommended value of 0.7). The values of Average Variance Extracted by six out of eight dimensions of the gap measurement model were more than the recommended cut-off value of 0.5 (Bagozzi and Yi, 1988). However, in the case of the perception measurement model the reliabilities of just four of the eight dimensions were found above the cut-off value of 0.7 and the values of Average Variance Extracted by the dimensions were also low. Only three out of eight dimensions had an AVE of more than 50 %.

Another examination of convergent validity was carried out using the association between the measurement scores and the overall quality, overall satisfaction and behavioural intentions scores using one-way; ANOVA. The treatment variable was overall quality with three categories: Excellent (average scores: 4-5), Good (average scores: 2.5-4), Poor (average scores: below 2.5). Other treatment variables were Customer Satisfaction (High/Medium/Low) and Behavioural Intentions (Positive/Neutral/Negative) with similar groupings using average scores. The measurement model's criterion-related validity was also evident in terms of the measures relative to other conceptually related variables of overall satisfaction and behavioural intention. The criterion-related validity was examined further. The other conceptually related constructs were overall service quality (Cronbach alpha of 0.958), overall satisfaction (Cronbach alpha of 0.954) and behavioural intentions (Cronbach alpha of 0.676). Step wise regression was done with overall service quality, customer satisfaction, and behavioural intentions as dependent variables. The scale items were added for each dimension and divided by the total number of items in the dimension to get the dimension score. Similarly, average scores for the three dependent variables were used in regression. The enter method was used in the step wise regression. The adjusted coefficient of determi-

nation (R^2) in all cases suggested a satisfactory level of 'goodness of fit' in predicting the variance of overall service quality, overall satisfaction and behavioural intentions in relation to respective service quality dimensions. All dimensions were found to have a significant effect on the assessment of overall e-service quality, overall satisfaction and behavioural intentions.

RESULTS

The perception measurement model was found to be slightly better in terms of explaining the variance of overall service quality, but, the gap model was found to be superior in terms of explaining the variance in the overall satisfaction and behavioural intention. Further, the values of composite reliability, average variance extracted and reliability (Coefficient of alpha) in the gap measurement model were found to be higher for all dimensions for the gap model as compared to those of the perception measurement model. When an item-wise comparison was done for the two measurement models, the t-values were also found to be higher in the gap model. These results suggest that the gap model provides a more reliable and valid measure compared to the perception model for e-service quality measurement. In addition the better results of ANOVA analysis using the gap model suggest that the gap scores reflect better distinctions between the various levels of overall service quality, overall satisfaction and behavioural intentions of customers. The gap measurement model is found to be statistically superior to the perception measurement model of e-Service quality.

Among the eight proposed dimensions, 'assurance' emerged as the most critical dimension affecting the overall service quality, overall satisfaction and behavioural intentions of customers. Among the remaining seven dimensions 'active service recovery' was found to be the second most critical dimension affecting the overall service quality and the third most critical dimension affecting the overall satisfaction and behavioural intentions of the customers. Corporate image emerged as second most critical dimension affecting behavioural intentions. Integration emerged as second most critical dimension affecting overall satisfaction.

This study supports the widely accepted approach of measuring the perception minus expectation gap to measure service quality in the context of e-services. In addition, it provides the constructs which can be used to measure the quality of pure e-service like online banking, online stock trading, online job search, online match-making, online matrimonial, online ticketing and travel services etc. with some minor modifications. The aim of this study was to present a generalized model that can be used across the e-service industries. The gap model that appeared as the superior model compared to perception model seems more practical in the present era of customer orientation where the competition lies in meeting and exceeding the expectations of customers and not just outperforming competitors or following best practices. But, the results presented here should be viewed with caution because of the limitations in this study. In fact, there is a need for more in-depth studies in the field of e-service quality

Salesperson Job Performance: Examining the Effect of Job Involvement, Intrinsic Motivation and Effort

Jay Prakash Mulki, Fernando Jaramillo, François A. Carrillat, and Cynthia Rodriguez Cano

INTRODUCTION

Job performance is a central issue in sales management and has received considerable attention in the literature. Managers rely on job performance to decide on training, compensation, promotion, and termination (Piercy et al., 1998). In view of this, researchers and managers are interested in identifying both organizational and individual factors that influence performance (Johnston and Marshall, 2003). In addition, there is a growing interest in comparing the adequacy of alternative measures to assess a salesperson's job performance, namely self-evaluations, supervisor ratings, and objective performance (Jaramillo et al. 2005).

This study uses survey responses from salespeople and sales managers, who work in four Ecuadorian financial institutions, to investigate key drivers of job performance. Using structural equation modelling (SEM), this study shows that job involvement, intrinsic motivation, and effort are key predictors of an employee's self-evaluations of performance. In addition, findings suggest that: 1) intrinsic motivation completely mediates the relationship between job involvement and effort, and 2) effort mediates the relationship between intrinsic motivation and performance. Furthermore, this study empirically demonstrates the convergence of managerial ratings of performance with objective performance measures and the lack of congruence between self-evaluations of performance and objective performance.

Although several studies investigated the relationships among the salesperson's job involvement, intrinsic motivation, effort, and job performance, this study makes important contributions to the literature. First, the use of three distinct indicators of performance (self-evaluations, supervisor ratings, and company record data) enhances our understanding of the effects of involvement, motivation, and effort. Second, this study relies on responses obtained in Ecuador, an emerging economy. This enhances our understanding of whether predictors of salespersons' performance hold across nations.

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THEORETICAL FOUNDATION AND RELEVANT LITERATURE

Job Involvement, Motivation and Effort

Churchill et al.'s (1985) meta-analysis found that intrinsic motivation is one of the best predictors of salesperson job performance. Researchers have long argued that high intrinsic motivation means that the employee enjoys performing job tasks, and thus, is more likely to put effort in to them (Herzberg et al., 1959). In sales settings, effort is defined as the amount of time and energy a salesperson expends in selling tasks (Krishnan et al., 2002). The greater effort that results from intrinsic motivation translates into a higher performance (Smith and Rupp, 2003).

Job involvement, defined as a person's psychological commitment to her/his job, is a key factor associated with job performance, effort, and intrinsic motivation (Diefendorff et al., 2002; Naquin and Holton, 2002). Salespeople with high job involvement value their work and believe they have a high amount of personal equity invested in their position (Holmes and Srivastava, 2002). They deeply care about their job since they perceive that it constitutes an important aspect of their lives, which enhances their self-image (Brown and Leigh, 1996). Thus, individuals who are involved in their job exert a greater effort (Kahn, 1990). Numerous sales studies have provided empirical evidence of the positive association between job involvement and effort (Brown and Leigh, 1996; Holmes and Srivastava, 2002).

H_1: A direct positive relationship exists between salesperson's job involvement and intrinsic motivation.

H_2: A direct positive relationship exists between salesperson's job involvement and effort level.

H_3: A direct positive relationship exists between salesperson's intrinsic motivation and effort level

Job Performance

Job performance is defined as work behaviours that contribute to organizational goals (Jex, 2002). Salesperson performance measures can be classified as subjective or objective (Jaramillo et al. 2005). Subjective measures are often used to assess aspects of performance such as technical knowledge, teamwork, presentation, and planning skills (Babakus et al., 1996; Behrman and Perreault, 1982). Subjective measures include self-evaluations, peer-evaluations, and managerial-ratings (Jaramillo et al. 2005). On the other hand, objective measures are based on sales and profit targets, the number of new accounts, total sales volume, market share, sales commissions, and sales quotas (Rich et al., 1999). Recent studies argue that a measure should be considered *truly objective* only when the measure was obtained from organizational records (Jaramillo et al. 2003; Jaramillo et al. 2005). Hence, a measure that relies on salesperson's reports of sales is actually subjective since it entails a self-evaluation, which is subject to response bias (Jaramillo et al. 2005). In view of this, our model uses three distinct measures of performance, 1) self-evaluations, 2) supervisor-ratings, and 3) objective sales figures from company records.

Several studies show that intrinsic motivation and effort are important drivers of performance (e.g. Churchill et al., 1985; Vinchur et al., 1998). Motivated salespeople generally align themselves with organizational goals and exert an effort to achieve higher level of performance. Also, research shows a positive relationship between motivation and effort (e.g., Low et al., 2001; Phillips and Gully 1997). Researchers also shows a positive effect of effort on job performance (e.g., Brown and Peterson, 1994; Krishnan et al., 2002). Based on this, the following hypotheses are put forward.

H_4: A direct positive relationship exists between salesperson's intrinsic motivation and self-rated job performance.

H_5: A direct positive relationship exists between salesperson's effort level and self-rated job performance.

Subjective and Objective Measures of Performance

Research demonstrates that self-evaluations are not congruent with externally evaluated performance such as supervisory ratings or objective performance measures (Jaramillo et al., 2005; Rich et al., 1999). In spite of this, researchers rely on self-evaluations, because of the difficulty of obtaining objective data (Jaramillo et al., 2005). The current study investigates whether job performance ratings are adequate predictors of supervisor evaluations and objective performance. Salespeople who believe that they are high performers may communicate those perceptions to the supervisor, and thus influence her/his ratings. High self-ratings could indicate that the salesperson is actually performing well (Sharma et al. 2004). Finally, researchers argue that managerial ratings are primarily driven by objective data, and thus, managerial ratings and objective performance share a considerable amount of variance (Brown and Peterson 1994; Jaramillo et al. 2005). The above discussion leads to the following research questions.

R_1: What is the relationship between self-evaluations of performance and supervisor ratings of performance?

R_2: What is the relationship between self-evaluations of performance and objective performance?

R_3: What is the relationship between supervisor ratings of performance and objective performance?

Sample

Salespeople working for four privately owned large Ecuadorian financial institutions with deposits exceeding $2 billion participated in this study. Out of the 600 questionnaires distributed, 417 responses were obtained. Seventeen questionnaires were incomplete yielding a total of 400 useable responses (67% response rate). The average age of the respondent was 28.7 (s = 5.6) years. Seventy percent of the respondents were female. Participants dedicated an average of 30.5 (s = 5.3) hours per week to selling related activities.

Method

All constructs were measured with published scales that have been extensively used in organizational research. As shown in Table 1, all reliability indices are above the 0.70 threshold. A structural model was used to test the relationships shown in Figure 1 (Hair et al., 1998).

Findings

Results show the key fit indices (RMSEA 0.008, $CI_{90\%}$ 0.00 - 0.058, AGFI =0.98, CFI = 1.0, NFI = 1.0) are in the acceptable range, suggesting a good fit (Hair et al., 1998). Results provide support for H_1, evidencing that job involvement positively influences motivation. In addition, the findings show that motivation leads to effort and effort leads to self-evaluations of job performance, supporting H_2 and H_5 respectively. The direct effect of job involvement on effort (H_2) and the direct impact of intrinsic motivation on performance self-evaluations (H4) were not supported. Taken together, these findings demonstrate that intrinsic motivation fully mediates the impact of job involvement on effort. Moreover, effort mediates the impact of intrinsic motivation on self-evaluations of performance. Findings indicate that self-evaluations of performance influence supervisory ratings (R_1) but not objective performance (R_2). Finally, supervisory ratings are positively associated with objective performance ratings (R_3). Table 1 shows the correlation structure of the model variables.

Discussion

Study results indicate that being involved with the selling job may not be enough for applying job effort. Involvement results in higher effort only when the salesperson is intrinsically motivated. Thus, actually enjoying selling is a key driver of effort. This study also shows that a high intrinsic motivation does not automatically lead to higher performance. Effort is necessary for intrinsic motivation to impact self-ratings of performance. In addition, this study validates earlier findings that subjective and objective performance ratings are not congruent. However, results suggest that self-rated performance and supervisor evaluations are significantly related. In addition, this study shows that supervisor ratings are associated with objective performance.

Table 1: Correlation and Descriptive Statistics

		1	2	3	4	5	6
1	Performance-Supervisory Rating	*0.89*					
2	Performance-Objective	**0.46**	*1.00*				
3	Performance-Self Rated	**0.16**	**0.11**	*0.83*			
4	Intrinsic Motivation	**0.11**	0.09	**0.33**	*0.84*		
5	Effort	0.07	0.08	**0.36**	**0.49**	*0.77*	
6	Job Involvement	0.05	0.02	**0.13**	**0.36**	**0.25**	*0.92*
Mean		4.91	76.82	5.53	5.98	5.51	4.71
SD		1.01	21.91	0.74	0.91	0.92	1.40

Correlations in bold are significant at a = 0.05l. Reliabilities on the matrix diagonal.

Figure 1: Structural Model
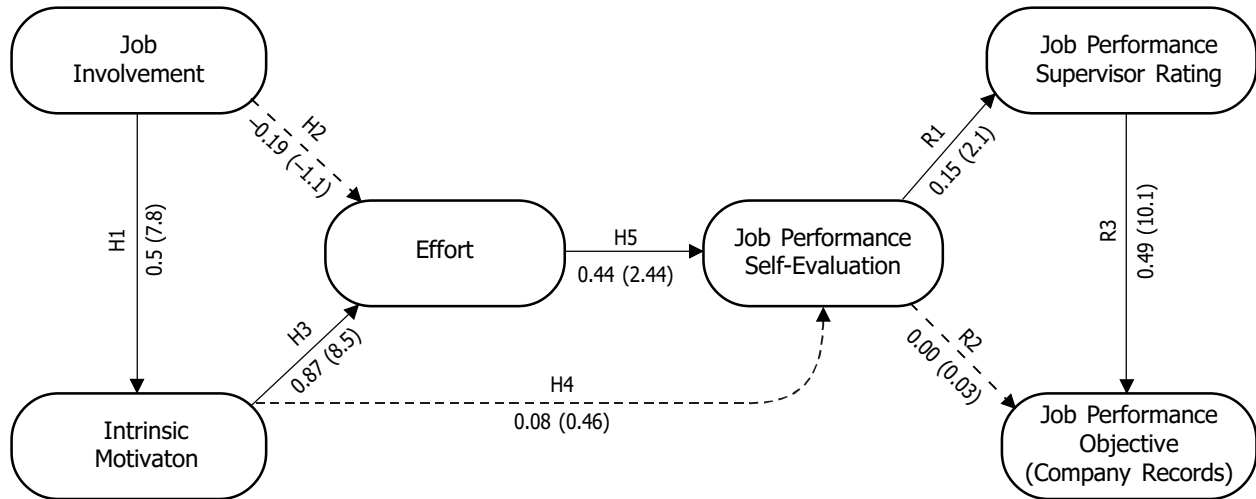
Notes: Standardized paths are shown. Dotted lines indicate statistically insignificant relationships

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Lifestyle Segmentation of Wellness Clients:
An Exploratory Study

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KEY WORDS: Wellness, lifestyle, segmentation.

ABSTRACT

Revenue from wellness tourism in India is estimated to be Rs. 10,000 crores. The Indian government has called for wellness services to be categorized and standardized. Wellness as a concept is new and is emerging as a sunrise sector. The concept is holistic and comprises all aspects of an individual's lifestyle. Wellness is multi-dimensional and is the positive component of health. Wellness begins with a conscious decision to shape a healthy lifestyle. Since wellness is a predisposition to adopt a series of key principles in varied life areas that lead to high levels of well-being, it is imperative to understand the present lifestyle of the customers to suggest changes towards higher levels of well-being. This study focuses on understanding the lifestyle of wellness clients and segmenting them, based on it.

SIGNIFICANCE OF THE STUDY

The wellness sector is in its nascent stage and India has the potential to attract tourists if this sector is organized well to meet international standards (Raju & Suresh, 2005). Wellness begins with a conscious decision to shape a healthy lifestyle. By systematically segmenting the clients based on their lifestyle, various client groups with specific needs and wants will emerge and packages can be tailor-made for each of these identified segments. Wellness providers should assess client needs and suggest appropriate treatments based on lifestyle, demographic characteristics, etc. (Raju & Suresh, 2005). Hence the objectives of this study are: (1) to segment wellness clients, (2) to understand wellness clients based on their lifestyle patterns.

LITERATURE REVIEW

Wellness Tourism in India

The World Trade Organization defines wellness tourism as the sum of all relationships resulting from a journey and residence by people whose main motive is to preserve or promote their health. Wellness service providers usually offer a comprehensive service package comprising physical fitness, beauty care, health nutrition diet, relaxation, meditation and mental activity/ education.

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Revenue from wellness tourism in India is estimated at Rs. 10,000 crores ("Beauty and wellness," 2005). The Union Minister of State for Tourism for India called upon leading industry bodies such as the Confederation of Indian Industry (CII) to categorise and standardise services in the rapidly growing wellness sector of tourism. In response, the CII and the Indian government are deliberating on various ideas and efforts to streamline the sector and bring in more efficiency, uniformity and standardisation ("Minister urges," 2005). Wellness tourism is predicted to be the next boom after information technology for India (Taher, 2005).

Literature review on strategic importance of segmentation in marketing

For many, market segmentation is regarded as the panacea of modern marketing (Wind Y, 1978). Market segmentation arises because it is necessary to balance diverse customer needs with capabilities and resources of competing organizations in the marketplace. In most markets the breadth of customer requirements is too extreme to allow a single organization to satisfy the customer's product and service needs all the time. Companies are more likely to achieve a match between their particular assets and the diversity of needs by concentrating efforts on customer groups with fairly homogeneous requirements (Sally Dibb et al, 1997). The development of marketing mix and direction of marketing effort and resources to appeal to a single market segment is concentrated marketing (Zikmund et al, 2001). The rationale for adopting a market segmentation approach is well established with managers and in the marketing literature (Piercy N, 2002). Businesses from all industry sectors use market segmentation in their marketing and strategic planning. The basic reason for market segmentation is that trying to appeal to all potential customers - the untargeted approach - is wasteful (Morrison M, 2002). The criteria for effective segmentation are measurable, substantial, accessible, defensible, durable, competitive, homogeneous, and compatible (Morrison M, 2002).

In the service industry, like the wellness sector, segmentation becomes important for there are no standardised products. Based on the customer's lifestyle, need and objectives packages will have to be tailor made. Segmentation of the clients and the derived profiles from segmentation will give a broad idea to structure the therapies and other service components.

Literature review on lifestyle segmentation through AIO dimension:

The use of lifestyle dimension is fairly well established both in literature and in practice. Lifestyle is determined by a system of variables, which comprises many elements: socio-demographic indicators, values and socio-psychological characteristics of individuals, behavioural variables, consumption of products and services. 300 activities, interests and opinion statement (AIO) measure such activities as club membership, community, organizations, hobbies, travel, shopping, work and entertainment (Plummer 1971). The concept of lifestyle patterns and its relationship to marketing was introduced by William Lazer (Plummer 1974) The AIO inventory was used to determine a consumer's lifestyle. The inventory consists of 406 variables designed to measure a variety of activities, interests, and opinions by the respondents. (Belch, 1982). Modern theory gives the definition of lifestyle as a summary construct defined as patterns in which people live and spend

time and money (Engel *et al.*, 1996). In a study 56 AIO statements obtained from current marketing literature were used to understand lifestyle of Turkish consumers (Kaynak et al, 2002) This psychographics or lifestyle research usually takes as its point of departure extensive and ad hoc AIO (activities, interests and opinions) surveys, which then lead to often very colourful and useful lifestyle typologies using the technique of cluster analysis (Vyncke, 2002). Understanding lifestyle is the basis for wellness as the entire service aims towards inculcating certain key changes in important life areas that bring forth greater levels of well-being.

PROPOSED METHODOLOGY

The AIO model will be used to understand the lifestyles of wellness clients (Plummer, 1974). Two focus group interviews consisting of 10 clients from one wellness centre will be conducted to identify aspects of AIO that have direct relevance to wellness. Based on the outcome, an instrument will be constructed for the study. The survey instrument will be pilot tested using clients who seek wellness services over a two -day period in any one of the wellness centres.

The instrument will then be administered to the wellness clients. The study will be conducted in the city of Bangalore in India. The service providers who have positioned themselves as wellness centres, who have planned their service scope, blue prints and products with wellness as the central focus will be included for the study. The ambience, meals, activities are all aimed at various benefits that wellness can offer like stress release, weight correction, to name a few. Their business mission is to provide wellness and they have specialized trained personnel to deliver therapeutic services. The Jindal Naturopathy Centre and Golden Palms resorts will be the centres where the study will be conducted.

Cronbach's alpha will be calculated to test the questionnaire's reliability. The study will be conducted based on primary data from the clients, which will be collected through a structured non-disguised questionnaire. Factor analysis using SPSS 11 version will be used to reduce the data under Activities, Interest and Opinions to study lifestyle in wellness sectors. Data reduction in factor analysis can lead to a new set of variables, much smaller in number to partially or completely replace the original set of variables for inclusion in subsequent techniques. (F. Hair, Jr. et al, 2003). A two stage cluster analysis will be used to arrive at cluster solutions.

First, a hierarchical technique can establish the number of clusters, profile the cluster centres, and identify any obvious outliners. Non hierarchical methods select the seed points according to some practical objectives, or theoretical basis. Using both methods can gain the benefit of each.((F. Hair, Jr. et al, 2003) The derived segments will be interpreted and validated using ANOVA. Upon completion of the cluster, profiling will be done and based on the cluster profile, suggestions will be given to the service providers to design new packages.

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Assessing the Marketing Efficiency of Sambalpuri Bastralaya Handloom Cooperative Society: A DEA Approach

Rohita Kumar Mishra

ABSTRACT

The handloom industry of India is one of the important manufacturing institutions of the world. It is dispersed in villages and towns avoiding the pollution and globalization of concentrated production. There has been growth and innovation both within and outside the co-operative sector that gives us clues regarding the potential of the handloom industry in the 21st century. It is in the context of a new role for the state in a liberalised economy. In some weaving regions in recent times, phenomenal growth has taken place where new technology has been taken up and innovative marketing has been developed. The role of the state in the new dispensation should be encouraged. It occupies a significant place in our rural economy in terms of potential for employment and income generation.

However this sector has faced problems of marketing of produce because of obsolete technology and conventional design used by the majority of weavers. In spite of this problem, the sector has enjoyed better consumer preferences and high potential for capturing both domestic and global markets.

Orissa is famous for its exquisite handloom products. The handloom sector plays a vital role in the state economy. A majority of handloom weavers have organized themselves into primary weaver co-operative societies. There are at present more than 800 primary weaver co-operative societies in Orissa engaged in production of handloom fabrics. Sambalpuri Bastralaya Handloom Co-operative Society has the distinction of being one of the largest handloom co-operative societies in the state as well as in the country.

The paper deals with the study of marketing channels of Sambalpuri handlooms and compares the performance of some selected sales branches of Sambalpuri Bastralaya Handloom Cooperative society Ltd, Bargarh. The motivation of the study originated from the loss suffered by the society. Some input and output from the sales branches have been identified while applying the Data Envelopment Analysis (DEA) in order to measure the relative efficiency and reference units. The analysis has found that sales alone cannot increase the efficiency of a sales branch.

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Influence of Marketers' Efforts on Rural Consumers and Their Mind Set: A Case Study of Haryana

Sanjeev Kumar and V.K. Bishnoi

A layman often sees marketing as a profit making gimmick and truly so, as outwardly, it is the only managerial activity that brings revenue by translating potentialities into demand. Yet, in the process, the economic value it adds, the social change it brings and the psychological satisfaction it creates is often overlooked. While converting peoples' needs and desires into viable physical products and designing the strategy to sell them, it creates a great impact on the mind set of its targeted consumer in terms of his perception regarding products and his own self.

The recent thrust of marketers into rural markets triggered by saturated urban markets and the huge rural potential very much reflected in growing demand, has created an uproar in these markets. Marketers are moving aggressively to attract this large and relatively untapped market. Newer varieties of products specially designed for these markets, price cuts, lucrative schemes, appealing advertisements and logistical support by way of e-chauppals and rural malls have affected rural consumers in ways difficult to measure. The recent upsurge in rural demand has its genesis in the peoples' recognition of their otherwise latent needs brought to their consciousness largely by marketers' efforts, and their own increased interaction riding on the growing reach of media, apart from their increased purchasing power.

The present study aims to find out how marketers' efforts have influenced the rural mind set regarding the products, their own self and society. Reminded of Sir Theodore Levitt on marketing as being a 'creation and delivery of the standard of living', the researchers tried to gauge the social impact of marketing, with the following specific objectives in mind.

OBJECTIVES

To study the

- Perception of ruralites regarding the impact of consumer durables on their life.
- Impact of the advertisements on consumers' attitude and brand choice.
- Impact of marketers' efforts in building aspirations regarding future products and brands.
- Ruralites' perception regarding the impact of marketing on society.

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METHODOLOGY

The present research being exploratory-cum-descriptive in nature mainly depends upon primary sources of information, which have been collected, with the help of a structured questionnaire. For this purpose, the 'universe' comprised of the entire rural Haryana i.e. all the villagers. Since, it was not feasible to study the entire state; the researcher drew a sample. To make this sample representative, the researcher divided Haryana into four zones as divided by the Government of Haryana on an administrative basis. Two districts from each zone were chosen at random and further, two blocks were chosen from each district. The two blocks were randomly taken from all the blocks, which were divided into two categories i.e. near the city and far away on the basis of distance where nearness is defined as less than 20kms. Thereafter from each block two villages were selected at random, and from each village around 5 to 10 per cent of households were surveyed. The data from around five hundred respondents in all, was collected during the time period ranging from March, 2003 to August, 2005. In the entire survey, 32 villages were covered out of 16 blocks and 8 districts. Then the data was analysed with the help of simple percentage techniques, ranking methods and coefficient of correlation.

DISCUSSIONS

Impact of modern consumer durables on the life of people and society

No student of marketing would feel satisfied unless and until he or she knows whether the efforts of marketers in terms of products they manufacture are having a positive impact on society in general and the consumer in particular. The following analysis brings out the picture. For the purpose of analysing the table, agreeing to the positive statement has been given a plus 1 score, for disagreeing a minus 1 score.

Table 1: Impact on the life of people and society

Impact	Disagree	Agree	Total score
Products made life easy	-15 (3.2)	417 (89.7)	402 (86.5)
Improved standard of living	-16 (3.4)	419 (90.1)	413 (88.8)
Required	-53 (11.4)	278 (59.8)	225 (48.4)
Product has become a fashion	-118 (25.4)	239 (51.4)	121 (26.0)
Made people feel important and happy	-20 (4.3)	369 (79.4)	349 (75.0)
Add to social status	-54 (11.6)	326 (70.0)	272 (58.5)
Improve efficiency	-25 (5.4)	305 (65.6)	280 (60.2)
Necessity in modern time	-19 (4.1)	339 (72.9)	320 (68.8)
Family member's happiness	-07 (1.5)	391 (84.0)	384 (82.6)
Dream come true	-93 (20.0)	263 (56.6)	170 (36.6)
Brought positivism in life	-37 (8.0)	287 (61.7)	250 (53.8)
Waste of money	343 (73.7)	-54 (11.6)	289 (62.2)
Show-off	233 (50.1)	-86 (18.5)	147 (31.6)

Source: Primary survey.
Note: Figures in parentheses denote percentages.

Table 1 brings forth an interesting finding. The respondents were almost unanimous in their opinion regarding these products having a positive impact of 89.7 percent agreed. These products have made life easy. 90 percent of the respondents believed that they have improved the standard of living. 79.4 percent believed that people have become happier and felt important having bought these products. 70 percent agreed that these products added to their social status. While 65.6 percent agreed with these products having an impact on efficiency, 81 percent were of the opinion that they have become a necessity in modern times, and 84.1 percent of the respondents were of the view that these products have become instrumental in the happiness of the family members. 61.7 percent believed that these products have brought positivism into their life. For 56.6 percent of the respondents, buying these products was like a dream coming true. 59.8 percent of the respondents held the opinion that these products were purchased out of requirement. However, there was a sizeable percentage of respondents (51.4 percent), who believe that people purchase these products out of fashion, though a very small percentage of respondents agreed to it being a waste of money (11.6 percent) while only 18.5 per cent agreed to these being show-off items.

If the whole table is looked at in its entirety, it is very easy to draw a conclusion that these products have had a very high positive impact in the eyes of respondents with very little exception. The overall score has been 56 percent.

Respondents were asked about the products and brands they were looking forward to buying in the near future if the prices are lowered and furthermore, what other products they are planning to buy and brands they are considering in the near future. Looking at the tables below, it can be inferred that ruralites are looking forward to the future, what types of products they were aspiring for, and what brands are in their good books.

Table 2: Willingness to purchase products on lowered price

Products	Frequency	Percent
Air conditioner	05	01.10
Car	80	17.2
CD player	01	00.22
Computer	23	04.95
Colour TV	53	11.40
DVD Player	01	00.22
Fan	01	00.22
Invertors	01	00.22
Laptop	02	00.43
LPG	03	00.65
Mobile phone	08	01.72
Refrigerator	56	12.00
Tractor	01	00.22
Truck	01	00.22
Two-wheeler	63	13.55
VCD player	01	00.22
Washing machine	35	07.53
Can't say	130	28.00
Total	465	100.00

Source: Primary data.

Table 3: Brand willing to purchase on lowered price

Brands	Models of brand	Frequency	Percent
Nokia (07)	Nokia 6600	1	0.22
	Nokia	6	1.30
Akai		2	0.43
Any brand		18	3.90
Bajaj (08)	Bajaj CT 100	1	0.22
	Bajaj Boxer	3	0.65
	Bajaj Pulsar	4	0.90
BPL		6	1.30
Bullet	Bullet Electra	4	0.90
Electrolux		1	0.22
Farm Track		1	0.22
Godrej		11	2.36
Hero Honda (36)	CD 100	23	4.95
	Ambition	1	0.22
	CBZ	1	0.22
	Splendor	11	2.36
HP Compaq Computer		7	1.50
IBM Computer		2	0.43
Tata Indica Car		11	2.4
Computer with Intel		3	0.64
Kelvinator Refrigerator		3	0.65
LG		83	17.84
LML Motorcycle	Freedom	2	0.43
Maruti Suzuki (57)	Maruti 800	46	9.90
	Alto	7	1.50
	Omani Van	1	0.22
	Zen	3	0.65
Onida		4	0.90
Panasonic		1	0.22
Philips		1	0.22
Any brand refrigerator		4	0.9
Samsung		10	2.1
Sansui		1	0.22
Santro Car		4	0.9
Sony		2	0.43
Su-cam		1	0.22
T-series		1	0.22
TVS (09)	TVS	4	0.9
	Victor	5	1.1
Videocon		24	5.20
Wipro		1	0.22
Titan		1	0.22
Can't Say		139	29.9
Total		**465**	**100.0**

Source: Primary survey.

Looking at Tables 2 and 3, it can be said that ruralites aspiring for and are looking forward to buying a variety of products and brands if somehow they can get them at lowered prices. The list extends from high end sophisticated products like laptops, cars, air conditioners, computers, DVD

players etc. to middle level products like washing machines, two-wheelers, refrigerators etc. Leading the list of products aspired for was a Car with 17.2 percent of respondents looking forward to buying one. Among the brands, Maruti was the leading brand with 57 respondents (12 percent in all) aspiring for it, followed by Tata Indica with 11 respondents (2.4 percent) and Santro with 4 respondents (0.9 percent). Next in the wish list was a two-wheeler with 13.5 percent of the respondents and Hero Honda leading the brands with 36 respondents (8 percent of all respondents) followed by TVS and Bajaj with 9 and 8 respondents respectively. A refrigerator was third on the list with 12 per cent of the respondents and then a Colour TV (11.4 percent), and a Washing Machine (7.5 percent). Among the brands for these goods, LG was by far the most favoured with 83 respondents (18 percent), followed by Godrej with 11 respondents, Samsung with 10, Onida with 4, Kelvinator with 3, Akai with 2 and Electrolux, Panasonic and Philips with 1 respondent each. A sizeable number of the respondents (5 percent) were aspiring to buy computers of brands like HP, Compaq, IBM and Wipro in the near future and a few more were looking for a Mobile Phone of Nokia brand, Air Conditioner, Laptop, DVD and CD player etc. High utility products like a Truck, Tractor, and Invertors etc. were also in reckoning for the ruralites. In total there were 28 percent respondents who didn't respond to this query, while the remaining 72 percent were looking forward to buying one or the other product in the near future. This proves that ruralites are not only aware of multiple sophisticated products and brands but are also looking forward to buying these products if prices are lowered.

Table 4: Plans to purchase consumer durables in near future

Response	Frequency	Percent
Yes	323	69.5
No	142	30.5
Total	**465**	**100**

Source: Primary survey.

Table 4 tells us that in all, 69.5 percent of the respondents were planning to buy consumer durable products in the near future. This speaks of a level of aspiration among ruralites and existence of a huge market which is unfolding with each passing day. It indicates good days for marketers and the economy.

Table 5 studies the future plans of respondents regarding products they were planning to buy. In all 70 percent of the respondents were planning to buy a consumer durable in the near future, which shows the high aspirations of rural people. The results are not very different from our earlier analysis of Tables 2 and 3 regarding the respondents' willingness to buy on lowered prices. A car is the product most aspired for that ruralites are planning to buy in the near future (16.34 percent of the respondents) followed by a refrigerator (11.4 percent). Colour TV (10.3 percent), Two-wheeler (9.9 percent) and Washing Machine (9.0 percent). Computers (4.5 percent of the respondents) and Mobile Phones (2.1 percent) were other important products that ruralites were looking forward to in a big way. Apart from that Tractors, Invertors and VCD players were other utility products that ruralites are planning for. So, rural markets are likely to unfold in a big way.

Table 5: Products they are planning to buy in the near future

Products	Frequency	Percent
Car	76	16.34
CD Player	3	0.64
Computer	21	4.52
CTV	48	10.32
Diesel Engine	1	0.22
Jeep	1	0.22
Invertors	5	1.1
Laptop	1	0.22
LPG	3	0.64
Mobile phone	10	2.1
Refrigerator	53	11.4
Tractor	13	2.8
Truck	1	0.22
Two-wheeler	46	9.9
VCD player	1	0.22
Washing machine	42	9.0
Can't say	140	30.0
Total	**465**	**100.0**

Source: Primary survey

Table 6: Brands they are planning to buy in the near future

Brands	Models of brand	Frequency	Percent
Maruti Suzuki (48)	Maruti 800	40	8.6
	Alto	6	1.3
	Zen	2	0.43
Bajaj (04)	Bajaj CT 100	2	0.43
	Boxer	1	0.22
	Pulsar	1	0.22
BPL		5	1.1
Bullet	Electra	4	0.90
Eicher Tractor		1	0.22
Electrolux		1	0.22
Farm Track		9	1.94
Godrej		10	2.1
Hero Honda (26)	CD 100	16	3.5
	Splendor	10	2.1
HP Compaq		7	1.5
IBM		2	0.43
Tata Indica		16	3.4
Computer with Intel		1	0.22
Kelvinator		4	0.90
LG		76	16.3
LML	Freedom	1	0.22
Mahendra (07)		1	0.22
	Mahendra 265	4	0.90
	Scorpion	2	0.43

Table 6 (contd.)

Brands	Models of brand	Frequency	Percent
Nokia (09)		7	1.5
	6100	1	0.22
	6600	1	0.22
Onida		1	0.22
Panasonic		1	0.22
Samsung		12	2.6
Santro		6	1.3
Senko		1	0.22
Sony		4	0.90
Su-cam		1	0.22
TVS (06)		1	0.22
	Victor	5	1.1
Videocon		22	4.7
Whirlpool		5	1.1
Can't Say		175	37.63
Total		**465**	**100.0**

Source: Primary data.

It can be ascertained from Table 6 that rural consumers are going to buy well established brands of durable products. In the case of a car, Maruti is their first preference followed by Hero-Honda as far as bikes are concerned. Regarding mobile phones, it seems to be Nokia's monopoly. LG and Samsung are going to capture the TV market in the days to come, whereas, Godrej and Videocon are likely to be the choice for refrigerators.

So, overall it can be inferred that besides well established brands, rural consumers would not hesitate to acquire some newly emerging brands.

Table 7: Recall of advertisement

Ads	Frequency	Percent	Ads	Frequency	Percent
Fair and lovely	28	6	Good Knight	2	0.4
Colgate	20	4.3	Nycil	2	0.4
Lux	18	3.9	Sony	2	0.4
Ponds	16	3.5	Sunsilk	2	0.4
Coca-cola	16	3.4	Tata Indica	2	0.4
Nirma	16	3.6	TVS victor	2	0.4
Hero Honda	13	2.7	Vatika	2	0.4
Lifebuoy	12	2.5	Babool	1	0.2
Bajaj	10	2.1	Aiwa	1	0.2
LG	9	1.9	Alpenlebie	1	0.2
Fevicol	8	1.7	Bonds-ICICI	1	0.2
LML Freedom	8	1.7	Cibaca	1	0.2
Nokia	8	1.7	Denim	1	0.2
Pepsi	7	1.5	Dove soap	1	0.2
Bullet	6	1.3	Elle 18	1	0.2
Close-up	6	1.3	Garner	1	0.2
Maruti	6	1.2	Harpic	1	0.2

Table 7 (contd.)

Ads	Frequency	Percent	Ads	Frequency	Percent
Reliance India mobile	6	1.3	Hazmola	1	0.2
Rexona deo	6	1.3	Head & Shoulders	1	0.2
Dabar chayvanprash	5	1.1	Hero cycle	1	0.2
Liril	5	1.1	Intel Pentium	1	0.2
Ayur shampoo	4	0.9	Kotak Mahendra life insurance	1	0.2
Dettol	4	0.8	Lakme	1	0.2
Hair care	4	0.9	LIC	1	0.2
Kurkure	4	0.9	Mak-lubricant	1	0.2
Pulse polio	4	0.9	Mint o fresh	1	0.2
Rajdoot	4	0.9	Navratan hair oil	1	0.2
Texla	4	0.9	Pears soap	1	0.2
Boro plus	3	0.6	Raymonds	1	0.2
Dermicool	3	0.6	Surf excel	1	0.2
Electrolux	3	0.6	Thums-up	1	0.2
Idea mobile	3	0.6	Tide	1	0.2
Pepsodent	3	0.6	Ujjala	1	0.2
Samsung	3	0.6	Vico turmeric	1	0.2
Santro	3	0.6	Videocon TV	1	0.2
Britannia 50-50	2	0.4	Vim Bar	1	0.2
Clinic all clear	2	0.4	VIP Suitcase	1	0.2
Can't say	139	30	Total	465	100

Source: Primary data.

Table 7 describes the brands recalled by the rural respondents on the basis of advertisements. It can be seen from the Table that Fair and Lovely is the most recalled advertisement as a good number of respondents (28) recalled this brand. The other highly recalled advertisements were of the brands like Colgate, Lux, Nirma, Ponds, Lifebuoy, Hero Honda, LG, Nokia, Fevicol, Maruti, Reliance Infocom and Liril.

Table 8: Reason of advertisement recall

Opinion	Frequency	Percent
Entertainment	27	5.8
Star ambassador	31	6.7
Product satisfaction	44	9.5
Repetition	26	5.6
Appealing to purchase	47	10.1
Want to purchase	29	6.2
Good presentations and models	35	7.5
Punch line	34	7.3
Informative	6	1.3
Product usefulness	22	4.7
Related to cricket	3	0.6
Total	304	65.4
System	161	34.6
Total	**465**	**100.0**

Source: Primary data.

Table 8 shows that 10.1 per cent of the respondents remembered the ad because it was appealing for them to purchase. The second next important reason to remember was the satisfaction they got from the product they had purchased. Good presentation (7.5 percent) came out to be the third reason for remembering the ads followed by punch line (7.3 percent respondents), Star ambassador (6.7 percent), entertainment (5.8 percent), repetition (5.6 percent) and product usefulness (4.7 percent) were other important reasons.

If we reassess the entire table it could very well be said that product related reasons were the most vital factor that made rural people recall the advertisements. So a product and its usefulness related aspects are more likely to be remembered, because these are new users and product usefulness is more likely to be a reason for purchase than brand ambassador or anything else.

Table 9: Products thought to purchase after watching Ad

Products	Frequency	Percent
Motorcycle	35	17.33
Soap	30	14.85
Colour TV	27	13.37
Cream	23	11.39
Powder	15	7.43
Mobile	14	6.93
Shampoo	12	5.94
Car	10	4.95
Hair conditioner	4	1.98
Watch	3	1.49
Hair oil	3	1.49
Computer	3	1.49
Deo	3	1.49
Air conditioner	2	0.99
Cold drink	2	0.99
Tooth paste	2	0.99
Tractor	2	0.99
Washing machine	2	0.99
Body lotion	1	0.50
Chyavanprash	1	0.50
Jeans	1	0.50
Lip guard	1	0.50
Mint	1	0.50
Mosquito mat	1	0.50
Pain reliever cream	1	0.50
Scooter	1	0.50
Shoe polish	1	0.50
Utility vehicle	1	0.50
Total	**202**	**100.00**

Source: Primary data.

Table 9 brings out the products that respondents thought of purchasing after being influenced by the advertisements. In total 202 respondents gave their opinions on having thought of purchasing a variety of products, exhibiting the influence of advertisement on their desire and decision to

purchase. Motorcycle leads the list with 17.33 per cent respondents, followed by soap (14.85 percent), colour TV (13.37 percent), and face cream (11.39 per cent), talcum powder (7.43 per cent), mobile phone (6.93 percent), shampoo (5.94 percent) and car (4.95 percent). Apart from these there was a variety of other products like Deo, Computer, Hair conditioner, washing machine and even a tractor.

The impact of advertisements of the products like face-cream, soaps, shampoo, talcum powder, hair conditioner, deodorants indicates the success of emotional appeals of ads and that of motorcycles, cars colour TVs, and computer etc. exhibits the utility impact of these products and rising aspirations.

Table 10: Brands of the product thought to purchase after watching ad

Ads	Frequency	Percent	Ads	Frequency	Percent
Babool	1	.5	Alpenliebe	1	.5
BSNL Mobile Services	1	.5	Bajaj	2	1
Cherry shoe polish	1	.5	Dermicool	2	1
Close-up	1	.5	Dove	2	1
Coca cola	1	.5	LML freedom	2	1
Colgate	1	.5	Mahendra	2	1
Electrolux	1	.5	Micro tech	2	1
Fa	1	.5	Pears	2	1
Farm-Track	1	.5	Sony	2	1
Head & Shoulder	1	.5	Lifebuoy	3	1.5
Garnier	1	.5	Santro	3	1.5
Godrej no1	1	.5	Titan	3	1.5
Good knight	1	.5	Ayur	4	2
IBM	1	.5	Clinic all clear	4	2
J&J	1	.5	Levon silk	4	2
Liril	1	.5	Nycil powder	4	2
Mint o fresh	1	.5	TVS	4	2
Moove	1	.5	Maruti	5	2.5
Navrattan tel	1	.5	Nokia	6	3
NIrma	1	.5	Rajdoot	6	3
Onida	1	.5	Samsung	6	3
Panteen	1	.5	Bullet Electra	7	3.5
Rexona	1	.5	Reliance Mob Services	7	3.5
Rough &Toughs	1	.5	Dettol	9	4.5
Sona Chandi	1	.5	Lux	12	6
Sun silk	1	.5	Ponds	14	7
Tata Indica	1	.5	Hero Honda	15	7.5
Thums-up	1	.5	Fair & Lovely	19	9
Vatica	1	.5	LG	20	10
Videocon	1	.5	**Total**	**202**	**100**

Source: Primary data.

As per Table 10 the advertisements of LG have been able to make maximum impact as 20 respondents thought of buying LG products after watching its advertisement followed by Fair and Lovely with 19 respondents. Hero Honda (15 respondents), Ponds (14 respondents), Lux (12), Dettol (9 respondents), Bullet and Reliance Mobile Services (7 respondents each), and Nokia (6 respondents) were other major brands where advertisement made viewers think of buying these products. Apart from these, there were other brands where advertisement cast a spell on the respondents. It included Clinic-all clear, Levon, Maruti, Rajdoot, Nycil powder, Samsung, Santro, Sony, Titan and the TVS Victor. There were also a few sophisticated, high end and relatively newer brands in rural areas which influenced ruralites. These brands were Dove, Garnier, Johnson & Johnson, Alpenliebe and Fa etc.

This clearly indicates that ruralites are aware of a variety of brands including newer and high end products, clearly indicative of rising aspirations and awareness level. It is for the marketers to capitalise on this.

Table 11: Product purchased or not

Opinion	Frequency	Percent
Yes	142	70.3
No	60	29.7
Total	**202**	**100**

Source: Primary data

The table above gives a very clear picture as regards the impact of advertisements on rural consumers. Out of 202 respondents who admitted having been influenced by advertisements, 142 (70.3 percent) actually purchased the product. This speaks very highly of the success ratio of advertisement in the rural markets of Haryana.

Table 12: Ads recalled and brand consumption

Brand of products consumed	Frequency	Ad recalled of that brand
Fair and lovely	260	28
Colgate	252	20
Lux	201	18
Nirma	79	17
Ponds	112	15
Lifebuoy	79	13
Bajaj	130	11
Hero Honda	124	10
LG	60	09
Close up	68	06

Source: Primary data
r = 0.819

Table 11 reveals that highly recalled ads were those ads which were converted into purchase decisions. The Fair and Lovely ad was recalled by 28 respondents (Maximum) and its consump-

tion frequency was also the highest. Similarly the Colgate ad was recalled by 20 respondents which had 252 respondents consuming this brand. Lux was recalled by 18 respondents against 201 actually using it. Nirma 17 against 79, Ponds 15 against 112, Lifebuoy 13 against 79, Bajaj was recalled by 11 and 130 were in possession of Bajaj products, Hero Honda 09 against 60 and Close-up was recalled by six and 68 were using it. So, it seems that ads which got into the memory of respondents were more likely to get converted into purchase decisions. This is also indicated by the coefficient of correlation value.

Table 13: Positive Impact of advertisement on consumers

Opinion	Agree	Neutral	Disagree
Ads motivates to buy	411 (88.4)	33 (7.1)	21 (4.5)
Ads induces to buy	358 (77)	46 (9.9)	61 (13.1)
Ads increases the aspiration	325 (69.9)	105 (22.6)	35 (7.5)
Ads affect the attitude towards the importance of the product	336 (72.3)	82 (17.6)	47 (10.1)
Ads add to knowledge about new products and brands	452 (97.2)	11 (2.4)	2 (0.4)

Source: Primary data.

The above table tries to find out how advertisements have influenced the attitude and thinking of ruralites regarding their purchase behaviour. A huge proportion of respondents agreed that advertisement adds to their knowledge of new products and brands. Yet another large proportion (88.4 per cent) adjudged advertisement as being a motivational force in trying new products. 77 per cent of the respondents believed that advertisement induces them into buying the products. 72.3 per cent of the respondents had the view that advertisement affects their attitude towards the product, its importance, and usage. 69.9 per cent agreed that advertisement increases their aspiration.

It is quite clear that the impact of advertisement goes much beyond creating awareness about brands and products and converting it into sales. It is a vehicle of change and also a source of inspiration. Ads effect the way the consumer thinks about the product, brand and his own interrelationship with the products and brands.

Table 14: Perception of the rural consumers regarding Negative Impact of modern marketing

Opinion	Frequency	Percent
Sexual exposure	150	32.3
Creating confusion	70	15.1
Increase spending unnecessarily	36	7.7
Leads to competitive purchasing	26	5.6
Increased fashion	15	3.2
Wastage of time	15	3.2
Inferiority complex among non-users	27	5.8
Creates false image of products	26	5.6
Negative impact of liquor and cigarettes	10	2.2
No impact	70	15.1
Couldn't answer	20	4.2
Total	**465**	**100**

Source: Primary data.

The above table attempts to determine how respondents see the harmful impact of marketers' efforts on people and society especially with reference to rural society. The table shows that 15.1 percent of the respondents were not able to figure out the negative impact conclusively and were of the view that it had no negative impact as such. The highest number of respondents (32.3 percent) feared that the marketers' efforts were adding to sexual exposure and sexually explicit behaviour among people, especially youngsters. This, according to them, was leading to an un-necessary increase in sexual desires and unwanted behaviour. 15.1 percent of the respondents said that marketers were adding to confusion in the minds of consumers with regard to the product or the brand they should buy; whether it is a quality product and if they really required the product or were just being lured into it. 7.7 percent had the view that it was leading people into unwanted purchase and unnecessary spending which they could do without. A sizeable number of respondents (5.8 percent) put forth that marketers were somehow creating a feeling of inferiority complex among those who weren't able to buy these products. The inability to purchase these products was adding to unrest among people, especially youngsters, invoking them to undesirable reactions and behaviour. 5.6 percent believed that it was creating a false image of products and thereby inducing people into purchase. The same number of respondents blames modern marketing for unnecessary and competitive purchase. 3.2 percent of the respondents blamed it for increasing fashion and also for wastage of time spent in watching ads. 2.8 percent of the respondents were apprehensive of the influence of advertisements of liquor, cigarettes and tobacco etc. on youngsters.

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The Influence of Structural Variables on Market Orientation and Organizational Performance in Banking Industry

Barnabas N. and Nandakumar Mekoth

ABSTRACT

Researchers measure the extent of market orientation in 120 branches of national banks and <u>expect</u> that organisational autonomy, decentralisation and formalisation <u>will have</u> a significant influence on their extent of market orientation. Autonomy and decentralisation are also expected to have performance implications; both direct and mediated through market orientation. Researchers also seek empirical support to differentiate organisational autonomy from decentralisation.

1. INTRODUCTION

In a recent meta-analytic review and assessment of market orientation- organisational perform-ance studies, Kirca et al (2005) observed that there existed several gaps in knowledge about the implementation of market orientation and the market orientation-performance relationship. They suggested that the interaction of structural variables like centralisation, formalisation and spe-cialisation on implementation of market orientation should be further researched. The mediating role of market orientation as a strategic orientation in the above influence has not yet been empiri-cally tested. Empirical evidence discriminating autonomy from decentralisation is also not avail-able. This research tests a theoretical model that fills these gaps and contributes to the current level of understanding.

2. SIGNIFICANCE OF THE STUDY

This study gains theoretical significance by postulating and testing, for the first time, the mediat-ing role of market orientation in the relationship between organisational autonomy and perform-ance. It also is the first effort to measure Market Orientation at the lowest level of operation possible i.e. a branch in banking. Besides, the study would provide the first empirical evidence to discrimi-nate decentralisation from autonomy.

For practitioners this study provides insights int the significant role of Organisational Autonomy in the improvement of Market Orientation in the financial services industry and particularly in banking. Kirca et al (2005) argue that market orientation might be more integral to service firms because of the greater necessity of direct firm-customer interactions. The authors also view market

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orientation as a failure-prevention factor (a "hygiene" factor) in service firms and a success inducing factor in manufacturing firms (see Varadarajan 1985). Thus market orientation is viewed as more of an imperative to ensure survival in service firms. Considering the higher levels of customisation services required (Kirca et al 2005) and the 'inseparability' nature of services it is logical to postulate that autonomy has an impact on the extent of market orientation and performance of operational units.

3. THE CONTEXT

Economic reforms initiated in 1991 have changed the Indian economy significantly. A liberal economy open to global competition and encouraging privatization has so far witnessed changes in focus, strategies and structures in many industries. Growth in demand coupled with increasing competition forced firms in many industries to devise unconventional strategies to tap market potential. Changes in strategies had to be supplemented by structural adjustments. The options were; to become less or more centralised, to allow less or more autonomy for business units, to be less or more specialised, and to be less or more formal. How do variations in these structural forces influence the performance of firms? Consider banking. The industry today has a higher number of MNCs and private players than pre-reform. Strategic orientations of many players have changed to being more market-oriented. Banks have made structural changes in this process. Which structural changes are enabling better performance? What structures are supportive of a market orientation? Researchers believe that answers to these questions will help decision makers in financial services in general and banks in particular.

4. REVIEW OF LITERATURE

Different organisational characteristics are more or less appropriate for different business strategies. Walker and Ruekert (1987) hypothesized that firms that follow different business strategies adopt different structural designs. Vorhies and Morgan (2003) observed that structural variables like formalisation, centralisation and specialisation seem particularly important in shaping an organisation's or department's performance. Structural variables were also found to be of importance in market orientation literature. Kohli and Jaworski (1993) identified centralisation, formalisation and departmentalisation among other antecedents of market orientation. Existing literature provides direction to further examine the role of structural variables on market orientation and organisational performance (Kirca et al. 2005). A brief review of variables studied and the theoretical model tested is given below:

4. 1. Market orientation

The Definition of Market Orientation is deeply embedded in the Marketing Concept. The Marketing Concept, first developed in the 1950s, holds that;

a. All areas of the firm should maintain a customer focus.
b. All marketing activities should be coordinated
c. Long term profits, not just sales, should be the organisational goal.

MO's conceptual content had divergent development. The foremost contributors to this development were Kohli and Jaworski (1990) Narver & Slater (1990) and Deshpande, Farley and Webster (1993). Of these, the definition of Kohli and Jaworski is the most widely accepted. In their April 1990 Journal Of Marketing article Kohli & Jaworski formally defined MO as being a one dimensional construct consisting of three organisation wide activities ; market intelligence generation, dissemination of this intelligence across departments and the responsiveness to intelligence. Due to the intuitive logic of approach and due to the easiness of measurement later scholars adopted this definition for Market Orientation research.(Eg : Bhuian, 1997 ; Cadogan et al 2002 ; Diamenatopoles and Hart 1993 ; Homburg and Pflesser 2000 ; Kwon and Hu 2000 ; Pitt, Carvana and Berthon 1996 ; Pulendrain , Speed and Widing 2000 ; Raju, Lonial and Gupta 1995 ; Vorhies and Harker 2000)

According to Kohli and Jaworski (1990) market orientation entails (1) one or more departments engaging in activities geared toward developing an understanding of customers' current and future needs and the factors affecting them, (2) sharing of this understanding across departments, and (3) the various departments engaging in activities designed to meet select customer needs. In the present study the researcher adopts the same definition. In the past researchers studied market orientation at firm level or at SBU level. The present study considers the front line operational unit (branch of a bank) as the unit of analysis and studies performance implication of Market Orientation at Branch level. Hence;

H1: The higher the market orientations of the branch, the better the performance.

4.2. Structural variables

The organisational structural variables under the consideration of the present study are Autonomy, Decentralisation and Formalisation.

4.2. a. Autonomy
Autonomy may be defined as the degree to which one may make significant decisions without the consent of others (Brock 2003). The construct may be analysed at different levels.

1. Autonomy of individuals within an organization
2. Autonomy of organization or its sub-unit

In the present study autonomy is treated as the autonomy of a micro unit within an organisation i.e. branch of a bank. An organisation may be rated according to its degree of autonomy. It is especially relevant in the case of units being part of a large organisation, or a fraternity that is a part of a national fraternity and could be studied in relation to their performance. Datta et al. defined organisational autonomy as the day-to-day freedom to manage (1991). Autonomy at operational unit level can be of particular importance in services firms because services are inseparable from the service provider, require direct customer interaction and require adaptations at the point of delivery. Market Orientation studies at the firm or SBU levels found less performance implications for market orientation in the services sector compared to those in manufacturing.

This researcher postulates a high performance implication for market orientation in services industry if operationalised at lower levels of organisation. Hence;

H2: The higher the autonomy, the greater the market orientation and performance of branches.

4.2. b. Autonomy vs. Decentralisation

Decentralisation refers to whether the authority to decide is closely held by the top managers or is delegated to middle and lower level managers. Centralised structures are primarily found to be useful in stable and noncomplex environments (Olson, Walker and Reukert 1995). In contrast, decentralised organisations are found to be good at generating innovative ideas from a variety of groups within the organisation and are more effective in non-routine and complex environments. The Banking industry in India is gradually shifting from a stable, non-complex business environment to a more complex environment due to privatisation and globalisation. Centralisation is identified to be an antecedent of market orientation and is one of the structural variables influencing performance. (Kohli et al 1993). Therefore;

H3:The higher the centralisation, the lower the market orientation and performance.

Though autonomy and decentralisation may coincide and have similar connotations, they often differ and imply varying organisational outcomes. We may affirm that, given reliable and valid measures, effective market orientation for a decentralised unit will differ from that for an autonomous unit, and similarly for a centralised versus a low autonomous organization. That would mean autonomy and decentralisation are different and that centralisation and low autonomy are different. Centralisation/decentralisation can be measured by asserting the level at which the decisions are made and autonomy by the extent of decisions that can be made at a given position or by a certain person. However, Brock (2003) postulated that decentralisation and autonomy at operational level would practically mean the same. In the present study where autonomy is measured at the branch level this postulation is tested. Hence;

H4: There is no significant difference between decentralisation and branch autonomy.

4.3. Organisational performance

Many attempts to define and measure organisational performance have drawn uniformly negative conclusions about the concept. All measures from Etzioni's Goal based approach (1964) to Norton and Kaplan's Balanced Score Card (1992) have been vulnerable to criticisms. Some researchers considered organisational performance as an "untidy concept" and even argued that the concept is not researchable, and should reside only as a conceptually rather than empirically relevant construct (Hannan and Freeman, 1977). However, Performance is the most studied dependent variable in organisational literature. In the present study the researcher measures business performance through the subjective assessment of sales growth, market share and overall performance of branches. Market orientation of lower level units is postulated to have a direct impact on their performance here. Therefore;

H5: The higher the Market Orientation, the better the Performance.

5. CONCEPTUAL MODEL

The above relationships are depicted in the model below:

Decentralisation	→	**Market Orientation**	→	Organisational Performance
Autonomy		Intelligence generation		
Formalisation		Intelligence Dissemination		
		Responsiveness		
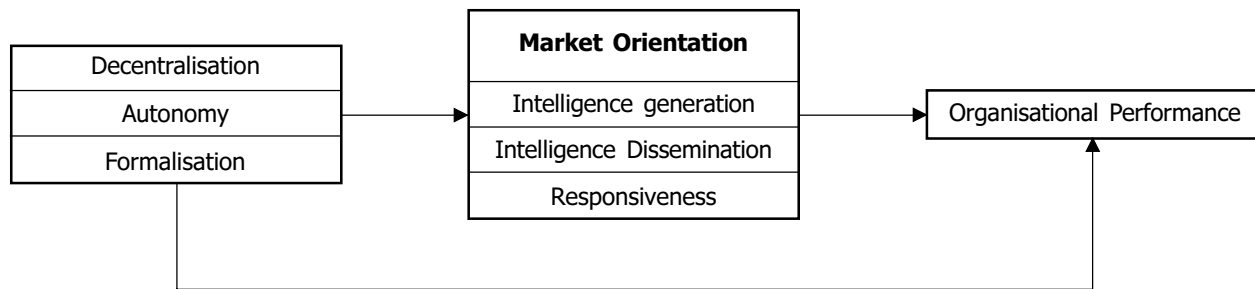
6. MEASUREMENT ISSUES

A set of five questionnaires, each measuring a construct under consideration, was administered to the branch managers of banks. Market Orientation was measured with the MARKOR scale of Kohli and Jaworski (1993). Decentralisation and Formalisation were measured with scales developed by Menon et al (1999). Autonomy was measured with an adaptation of Inkson's 23 item scale. All these scales had proven psychometric properties. The common measures for performance are cost and revenue based. This researcher took a subjective measurement of sales growth, profitability and market share to measure performance. Dawes' (1999) meta-analysis on market orientation performance studies affirmed that there is no significant difference between subjective and objective measures of performance.

7. RESEARCH DESIGN

The present research looked into the cause-effect relationships among structural variables, market orientation and organisational performance. The researcher adopted a blend of exploratory as well as descriptive approaches. To measure cause-effect and mediation relationships quantitative data was collected through a survey of branch managers at various banks. To learn the role of structural variables on implementation of market orientation two cases were studied more closely.

7.1. Survey

A survey was conducted among 120 branch managers at various banks in Karnataka. To respond to a study measuring operational autonomy, market orientation and performance at branch levels, the managerial staff at various branches was found to be ideal respondents.

A set of questionnaires comprising items aimed at measuring Market Orientation, Decentralisation, Formalisation, Organisational Autonomy and Organisational Performance were administered in an academic environment i.e. staff training colleges of Banks. An academic environment was chosen due to the ineffectiveness and inefficiency of getting bigger questionnaires filled in at a normally busy branch office setup. The researcher personally met the authorities at Staff Training Colleges of various banks and sought permission to collect data from branch managers under-

going training at these staff training colleges. The researcher met the branch managers in training groups and they were briefed about the research objectives and were administered the questionnaire. The filled in questionnaires were personally collected by the researcher the same day or during the week.

7.2. Case Studies

Qualitative data was gathered from the housing finance division of a bank and the credit card division of another bank. Information on Market Orientation and Autonomy data was collected through a series of interviews with branch level and regional level managers. The researcher took guidance from publications of George S Day and used the market orientation scale of the author in assessing the market sensing and market relating abilities of the regional units and that of the branches.

8. ANALYSIS AND FINDINGS

Currently the study is in the data analysis stage. A multiple stepwise regression analysis is expected to show significant causal relationships among the structural variables, market orientation and organisational performance. While market orientation at branch levels is expected to be average or high in most branches, autonomy is expected to be generally low. Branches enjoy comparatively greater powers in making administrative decisions but not in financial or business decisions. Performance would vary significantly with market orientation and autonomy. A significant relationship between autonomy and market orientation is expected. Significant influence of autonomy and decentralisation on organisational performance is expected to be mediated through market orientation. That would mean that operational autonomy plays a high role in the implementation of market orientation at branch levels. Operational Autonomy and decentralisation are expected to be practically the same despite different theoretical connotations.

9. CONCLUSION

Organizations in competitive industries have to follow a marketing philosophy because of its significant performance implications. However, those in services industries, due to the very nature of services, have to particularly see that market orientation penetrates primarily to the operational levels like branches in the case of a bank. Market Orientation at lower level units is more possible if they have more autonomy. Hence, a greater autonomy at operational level, which is a result of decentralisation, will make a service organisation more market oriented and in turn better in performing.

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Special Economic Zones: Role in an Aggregate Marketing System and an In-depth Analysis of Chinese Special Economic Zones

Shavin Malhotra, Nicolas Papadopoulos, and Lihuan Huang

ABSTRACT

Special Economic Zones (SEZs) are areas within developing countries where business is offered special incentives and a high-quality infrastructure with liberal business environment to encourage manufacturing with specific focus towards exports. Some of the more important benefits offered by SEZs include: (a) duty-free imports, (b) no duties or taxes on discarded materials due to spoilage or defects, (c) less red-tape, (d) lower insurance costs, (e) lower inventory costs through centralized warehousing, (f) flexibility in bulk-breaking, packaging, and labelling for various foreign markets, and (g) use as distribution hubs. These benefits establish SEZs as an important instrument in an aggregate marketing system (a marketing system that includes many integrated activities such as the classic distribution system, marketers' plans, and actions by consumers and government [Wilkie and Moore 1999]). Most developing countries now have SEZs or their smaller manifestations, Export Processing Zones (EPZs). The number of such zones, number of firms operating within them, and volume of business through them are growing rapidly. The number of countries with at least one EPZ grew from 25 in 1975 to 93 in 1997 and to 105 in 2003 (Kusago and Tzannatos 1998, WEPZA 2004). The total number of EPZs is approximately 1,100, including about 600 main EPZs, 50 wide-area SEZs, and 450 firm-specific locations). These figures represent significant growth since the first EPZ in 1965 (India) and from the estimate of 500 export zones as of 1997 (Kusago and Tzannatos 1998, WEPZA 2004). In addition to these global statistics, specific country examples of rapid increase in SEZs include India's recent foray into SEZ projects. Since the government of India's policy initiative on SEZs in the year 2000, there have been more than 40 approved SEZ projects (SEZ India 2006). More surprisingly, since February 2006, when the new SEZ policy was announced by the Indian government, more than 100 applications have been received to set up SEZs (Times of India 2006).

Despite the increasing importance of SEZs, studies of the SEZ phenomenon by business researchers are virtually non-existent, leading to poor understanding of their role in marketing strategy. In addition, confused or poorly thought out policies by host nations are commonly used to explain the failure or difficulties of various SEZ/EPZ programs (e.g., in Africa [Romero 1998], Russia [Manezhev 1993], North Korea [Noland and Flake 1997], and India [Kundra and Sharan 2000]). To address these issues, this paper draws from the economics literature and other sources to provide an integrative review of the SEZ concept, discusses its importance in an aggregate marketing

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system, and provides an in-depth analysis of Chinese SEZs (due to their extraordinary growth and success, the Chinese SEZs have become a positive example for the rest of the world [Wei 2000]).

We propose that, by virtue of the important benefits offered by SEZs to businesses, such as in manufacturing, storage, financing, risk-bearing, assembly, bulk-breaking, purchase of capital equipment, order processing, packaging, transportation, exports and/or sales, and as network hubs, SEZs render themselves as useful cogs in the overall marketing process or in an aggregate marketing system. Both domestic and foreign businesses can avail of these services to reduce their overall costs of production, increase their sales margin, and manage the flow of goods from plant to user better. We also propose a conceptual model depicting the role of SEZs in an aggregate marketing system.

Based on an in-depth analysis of five Chinese SEZs (Shenzhen, Zhuhai, Shantou, Xiamen, and Hainan), we put forth a number of policy initiatives that will help emerging economies to improve, manage and market their zones. These include, among others, a need to set up larger SEZs to build scale-related advantages. For example, the Shenzhen SEZ is 126 square miles in area; this is in stark contrast to the Reliance India Limited's proposed SEZ (once established, will be India's largest SEZ) near Mumbai, which is only 46 square miles in area (Times of India 2006). Further, there's also a need to expand current SEZs focus on manufacturing industries to include, agriculture and service industries

This study makes three important contributions. First, it will be one of the first papers to study SEZs as an important instrument in a marketing system; most of the earlier studies on SEZs have been confined to the regional and developmental economics literature. Second, it will enhance managers' understanding of SEZ operations and their potential benefits in marketing strategy. Third, it will contribute towards broader SEZ policy considerations for the host government.

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A Study on Unit Favour and Market Favour (SWOT) of Hosiery Garments Exports with Special Reference to Tirupur

R. Subburaj and P.C. Sekar

The textile industry is the largest industry of modern India. It accounts for over 20 per cent of industrial production and is closely linked to the agricultural and rural economy. The sector has made significant contribution in terms of fore-earnings and employment and is one of the main-stays of the economy. India's trade in textiles and its share in world trade can be categorized as follows: Yarn, Cloth, Fabrics and other products. Knitted Garments are extremely popular in the modern fashion scene. In both women's and men's fashion there has been a revolution in knitted clothes. The range of styles that can be purchased or hand-made is constantly expanding. The Indian Knitting Industry has been one of the most innovative global producers of knitwear products.

International trade of Garments is regulated by the Multi-Fiber Agreement, which came into effect in 1965. According to this agreement, quotas are fixed for garment exports of each country through bilateral agreements. And after that, in 1995, the Agreement on Textile and clothing (ATC) was signed by the nations of WTO, according to which the quotas were to be phased out within a period of 10 years. This means that from 1st January 2005 onwards, global trade in clothing would be entirely free from all quantitative restrictions and subject only to tariffs which are also projected to be reduced over time.

OBJECTIVES OF THE STUDY

i) To study the strength and weakness of the exporters in Tirupur.
ii) To explore the opportunities and threats faced by exporters in Tirupur.
iii) To examine the unit favour and market favour among the exporter and the correlates.

SCOPE OF THE STUDY

The study confines its scope to the manufacturer and merchant exporters who have registered their names with the Apparel Export Promotion Council. The study focuses on the various strengths, weaknesses, opportunities and challenges among the two groups of exporters.

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METHODOLOGY OF THE STUDY

Methodology is a way to systematically solve research problems. Research Methodology not only considers research methods but also the logic behind the methods in the context of a research study and explains the rationale behind the use of a particular method or technique. The methodology consists of choice of topic, research design, sources of data, sample design, method of data collection and tools of analysis.

SOURCE OF DATA

Both primary and secondary data is used to fulfil the objectives of the study. The secondary data was collected from various periodicals, magazines, exporters association and also from the Apparel Export Promotion Council, Tirupur. Primary data was collected from the exporters through a pre structured interview schedule.

SAMPLING

The sample size of the present study was arbitrarily assigned as 20 per cent of the 1577 total registered exporters in the Apparel Export Promotion Council. The total sample size was 315. The sample is distributed among the two groups of exporters namely merchant exporters and manufacturer exporters on the basis of the proportion of each group in the total. So, the sample sizes of merchant and manufacturer exporters were 263 and 52 respectively. The above said samples were selected at random in each group of exporters. Hence, the applied sampling procedure is "Stratified Proportionate Random Sampling".

FRAMEWORK OF ANALYSIS

The framework of analysis covers various aspects of application of statistical tools to fulfil the research objectives in the present study. The important statistical tool namely, factor analysis has been used in the present study. The tests i.e analysis of variance and 't'-test were administered. The application of the tools and tests in the present study are presented below:

1. Factor Analysis

The factor analysis has been applied to narrate the variables in the assessment of strengths, weaknesses, opportunities, and threats among the exporters separately. The Cronbach Alpha validity test has been applied to test the viability of the variables associated in the factors.

2. T-test

The t-test has been applied to analyse the significant difference from mean and also the significant difference between two means.

For example, the analysis of the data for this research work is explained here with some tables.

1.1 Strength among the Merchant Exporters

Factor	Strength	Factor Loading	Reliability Co-efficient	Per cent of Variation
Market Orientation (6.1233)	Product development in overseas market	0.9133	0.7123	31.32
	Consumer Orientation	0.8607		
	Keep pace with fashion changes	0.8294		
	Having Loyal Buyers	0.8067		
	Exploration of new markets	0.7123		
	Overseas publicity for the products	0.7019		
	Promotional campaign in overseas market	0.6866		
	Overseas Marketing skills	0.6517		
	Commitment to exports	0.6313		
Knowledge 4.3612	Knowledge of yarn	0.8616	0.5827	20.86
	Knowledge of calendaring	0.8208		
	Knowledge of Knitting	0.7446		
	Knowledge of Stitching	0.7123		
	Knowledge of Compacting	0.6884		
	Knowledge of Stitching thread	0.6227		
	Knowledge of dyeing	0.6018		
	Knowledge of bleaching	0.5962		
	Knowledge of accessories	0.5614		
Commitment 1.8062	Consistency in quality	0.9081	0.6927	15.38
	Technological up-gradation	0.8343		
	Compliance with shorter delivery schedule	0.7616		
	Committed work force	0.6037		

The strength for the merchant exporters is translated into three important strengths namely, market orientation, knowledge and commitment. The market orientation consists of nine strengths with an Eigen value of 6.1233. The reliability of co-efficient of the strength is 0.7123. The strengths included under market orientation explain the various strengths among the merchant exporters to the extent of 31.32 per cent.

The second important strength among the merchant exporters is knowledge which consists of nine strengths with the reliability co-efficient of 0.5827. The Eigen value and percentage of variation of the knowledge is 4.3612 and 20.86 per cent respectively. It reveals that the included strengths in the knowledge explain the strength of the merchant exporters to the extent of 20.86 per cent.

The third import strength as shown by the factor analysis is 'Commitment'. This strength consist of four strengths since its factor loadings are higher in the 'Commitment' strength than in other strengths. The four strengths explain production to the extent of 69.27 per cent since it's reliability co-efficient is 0.6927. The variation of the 'commitment' is only 15.38 per cent.

In total, all the three important strengths explain the strengths of the merchant exporters to the extent of 67.56 per cent.

The other important points that we analysed for this research work are explained under the following headings in the main paper.

1.20 Impact of SWOT Scores on Annual Profit

The performance of the units may be caused by the perception on their strengths, weaknesses, opportunities and threats among the exporters. In order to analyse the impact of SWOT scores of the exporters on their performance, a multiple regression analysis is applied. The included dependent variable is the annual profit of the unit whereas the independent variables on score on unit favour and market favour among the exporters. The fitted model is

$$Y = a + b_1X_1 + b_2X_2 + e$$

Whereas

Y	=	annual profit of the unit
X_1	=	Score on unit favour among the exporters
X_2	=	Score on market favour among the exporters
b_1 and b_2	=	regression co-efficient of unit and market favour
a	=	intercept and
e	=	error term

The multiple regression model is fitted among merchant, manufacturer exporters separately and also for pooled exporters. The resultant regression co-efficients of unit and market favour are shown in Table 6.20.

Table: Regression Co-efficient of SWOT Score on Annual Profit

No.	Independent Variables	Regression Co-efficient		
		Merchant exporter	Manufacturer Exporter	Pooled
1.	Unit favour	0.1371	0.5772*	0.2906*
2.	Market favour	0.4336*	0.2017	0.4122*
	Intercept	1.7862	2.4791	2.0676
	R^2	0.7181	0.7901	0.8313
	F–Statistics	8.7028*	9.0126*	11.2114*

*Significant at 5 per cent level.

The significantly influencing favour on annual profit among the merchant exporters is market favour. A unit increase in the market favour results in an increase of annual profit by 0.4336 units. In the case of manufacturer exporters, the significant independent variable is unit favour. A unit increase in it results in an increase in annual profit by 0.5772 units. The analysis on pooled data reveals that the significantly influencing variables are both unit and market favour. A unit increase in the above said two variables results in an increase in annual profit by 0.2906 and 0.4122 units respectively. The change in annual profit is explained by the changes in unit and market favour to the extent of 83.13 per cent.

FINDINGS

The important strengths among the merchant exporters are translated into market orientation and the knowledge in trade and commitment whereas their weaknesses are translated into finance, production and marketing. The opportunities for the merchant exporters are grouped into the product, market and knowledge opportunities whereas the important threat for them is the market threat.

The positive difference between strength and weakness, identified among the merchant exporters indicates the unit favour; whereas the positive difference between opportunities and threats among the merchant exporters indicates the market favour. The SWOT score is a mix of both unit and market favour. It indicates that the merchant exporters have better scope in their trade.

The strengths among the manufacturer exporters are knowledge, market orientation and commitment according to the factor analysis whereas the weaknesses are production, finance and market weaknesses. The opportunities for the manufacturer exporters are product, market and knowledge opportunities. At the same time, the threats to them are classified into market and production threats.

The mean score on strength among the manufacturer exporters is greater than the mean score on their weakness whereas the mean score on opportunities are greater than the threats perceived by them. Regarding the SWOT scores (combination of both unit and market favour), there is a significant difference between the merchant and manufacturer exporters. The significantly influencing SWOT score on annual profit among the merchant exporters is market favour whereas among the manufacturer exporters, it is unit favour.

CONCLUSION

The study concludes that the working of export units in Tirupur is earning a fair income and facing tough competition especially with the Asian tigers. The SWOT analysis reveals that the exporters perceived more strengths than weaknesses. Even though they felt that the challenges of their exporters in the future would be higher, the scope of exports will be felt more than the challenges. The exporters felt that their important strengths are market orientation and knowledge in exports whereas their weakness is finance. The important challenge ahead of them is the market. The exporters are willing to modernize their units to meet the requirements of international customers. This requires huge investments. When the funds are mobilised from non-banking sources, the return from exports is highly affected due to the higher cost of capital. So they need financial assistance at a lower cost. The merchant exporters are performing better than the manufacturer exporters since they have more flexibility in dealing with a variety of products and also lower overheads.

Consumers' Acceptance or Rejection of Cause-Related Marketing

Mikael Alaviitala

ABSTRACT

Company support of social causes has undergone extraordinary growth during the last ten years. In an ideal form cause-related marketing (CRM) offers a tremendous opportunity for companies to combine support of social projects with commercial interests. The success of the cause-related marketing concept is, however, dependent on consumers' reactions. Four determinants, argued to be important for the outcome of CRM are found in the literature. The purpose of this qualitative study is to increase the knowledge of how consumers construct their interpretation of CRM information, trust in the campaign, convenience regarding purchasing and altruism were the three main discourses discussed.

INTRODUCTION

Cause-related marketing (CRM) is a strategy designed to promote the achievement of company marketing objectives by linking support of a social cause to a product or service (Barone, Miyazaki and Taylor 2000). In general, a company's purpose of supporting a social cause is to improve company image and to increase brand sales. Cause-related marketing in its ideal form offers a win-win situation with companies, consumers and charity organizations as winners.

Earlier studies have come up with suggestions for single factors that may be decisive for the outcome of CRM campaigns. However, the studies do not consider how the factors or determinants interact with each other. From that point of view, there is an information gap concerning the relationship among the determinants, i.e. in what conditions consumers accept or reject cause-related marketing information. The purpose of this qualitative study is to increase the knowledge of how consumers construct their interpretation of CRM information and how the determinants from recent studies interact with each other in the construction processes that end up in acceptance or rejection of CRM information. The objective is also to explore other possible determinants that are more or less latent.

LITERATURE REVIEW

The purpose of this literature review chapter is to point to recent studies that provide useful indications of how consumers may adopt CRM information. Four approaches that could all be studied simultaneously were chosen. Consequently, the framing of the study excludes some factors such as mood.

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Firstly, perceived company image and motivation to support a social cause are argued to be decisive for the outcome of a CRM campaign. Product image is suggested to be transformed to customer image through consumption (Langeland 1999). Some companies have a bad image as far as corporate social responsibility is concerned. Attitude and image are strongly related and in fact the company or product image is built on a simply or well-structured attitude (Antonides & Van Raaij 1998). Consumer attitudes may be the sum of more or less ad hoc observations, like for example articles in newspapers about companies treating their staff badly or causing environmental disasters. Furthermore, Barone et al. (2000) found that CRM's influence on choice is dependent on the perceived motivation underlying the company's CRM efforts as well as on whether consumers must trade off company sponsorship of causes for lower performance or higher price. Consumers' perception of company motivation is dependent on whether the campaign is perceived to be cause beneficial or cause exploitative. Barone et al. (2000) indicate that companies supporting social causes for what consumers perceive to be appropriate reasons will be rewarded with an increase in the choice of their brand(s).

Secondly, many studies have focused on the congruence between companies and the supported social cause, often called "fit" (see for example Hamlin & Wilson (2004), Ellen, Mohr & Webb (2000), or Drumwright (1996)). Hamlin and Wilson (2004) even suggest that "the degree of 'fit' between products and causes does have a significant effect on the consumers' evaluation of products that carry a cause 'brand identity' as part of a CRM campaign". On the other hand, Drumwright (1996) points out that consumers may react cynically if the cause is too close to the company's core business.

The third determinant found in the literature suggests that information on attained social results, provided by a highly credible source, may convince consumers of the cause benefit (Alaviitala 2004). As Manrai and Gardner (1992) point out, many consumers refuse to get involved in social efforts because they question the outcome. One could also say that the concern is whether or not other consumers make a social effort, because if only a few consumers make the effort the effect on the supported social cause will be marginal. This is often called "the prisoner's dilemma" (Carman 1992). It seems that people have a basic need to know how they perform and whether they reach their goal (Antonides & Van Raaij, 1998; 179).

Fourthly, personal relevance to the supported social cause is argued to be important for the outcome of a CRM-campaign. People that find the cause personally relevant and important are more perceptive of information regarding the campaign and are also more likely to engage in cause-related purchasing (Broderick, Jogi & Garry 2003). The researchers also underlined the importance of consumers' emotional involvement in the cause. For example, knowing a person who suffers from breast cancer raises the degree of emotional involvement in campaigns where funds are raised for breast cancer research or cancer treatment.

RESEARCH DESIGN

The empirical part of the study was carried out by conducting a series of focus group interviews. The subjects were confronted with four different kinds of posters or ads from real CRM campaigns. All four ads had one thing in common: the supported causes all had some connection to

diseases. The intention was to limit the causes to one genre and thereby make the interpretation of the causes more comparable. With a part of the price for lemonade, the Siwa/Hartwall campaign supported children suffering from cancer. Chiquita bananas at food chain Kesko was connected with children suffering from different diseases, Mac Viva Glam's cosmetics collected money for their AIDS fund and McDonalds used their hamburger meals to collect money for hospital homes for children suffering from cancer. All ads were presented in printed media, which further increased comparability.

THE FOCUS GROUPS

This is a study within the context of social constructionism and thus the interpretation processes in each group are very important (Fairclough 1995). Discourse analysis is used as the method for analysis. The participants in each group were acquaintances to promote a comfortable discussion about the topic in a useful way for the study (Morgan 1997; 38). The number of focus groups is now two but will probably be increased to three, which seems to be a common practice in application (Stewart et al. 1991; 58, Morgan 1997; 34).

ANALYSIS AND EMPIRICAL FINDINGS

Of the four determinants in the literature, feedback information on attained social results and perceived company image and motivation seemed to have a strong influence on consumers' acceptance of an ad. Perceived relevance of the cause had a slight positive effect, mainly because all four causes were accepted and fit between products and causes was hardly discussed at all. Outside the four determinants, factors such as whether the brand or cause was familiar/unfamiliar or domestic/foreign were frequently mentioned in the focus group participants' interpretations (Table 1).

Table 1: Matrix, showing how interpretations of ads are discussed in relation to the four proposed and possible other determinants. (+ positive nuance in discussion, - negative nuance in discussion, 0 not discussed or of no relevance). *) Could not see the fit between ad design and social cause.

	perceived company image and motivation	Feedback	Perceived relevance of the cause	fit between product and cause	Others: Familiar, domestic
Ad 1. — Siwa/Jaffa	+	0/–	+/0	0	+
Ad 2. — Kesko/Chiquita	+/–	+/–	+/0	0	+
Ad 3. — Mac Viva Glam	–	–	+/0	–*	–
Ad 4. — McDonalds	–	+/–	+/0	0	+/–

Based on this study, trust may be the most decisive factor for consumers' acceptance or rejection of CRM. If the campaign was not perceived to be trustful, the socially constructed interpretation resulted in negative comments that were often reinforced by other negative comments of others in the group. On the other hand, if the campaign was perceived to be trustful the discussion led to practical points regarding possibilities of purchasing the CRM product. In these discussions convenience seemed to be essential because consumers were not prepared to make great efforts for the CRM campaign (Table 2).

Table 2. Theoretical suggestion for discourses

Discourses	Interpretative repertories	Typical hegemonic terms or phrases
Trust	Feedback information Perceived company image (familiar and accepted brand or company) Personal relevance of the cause	"... it's two well known Finnish firms ... no reason to doubt about money going for the aimed purpose" "Strange feeling; you like the cause but can't stand the company behind it. I would like to support but not through that firm" "1 would like to know where the money actually goes". "If my friend would recommend this product, then 1 could consider ..."
Convenience	(Feedback) information Familiar and accepted brand and company	"this is a convenient way to support ..." "If I'm in Siwa and some thing reminds me of the campaign then perhaps..." "I'm not interested enough to go and check out the possible results on the Internet" "If the price is competitive and I'm about to buy that kind of consumer goods, then 1 surely could choose the cause-related one"
Altruism	Perceived company motivation & image Feedback information Personal relevance of the cause (involvement)	"I'm always reading this kind of ads" "1 could be proud of buying these and I could even recommend them to my friend if I know for sure that the money really reaches the target" "I think it is better that the company supports a social cause than gives kids some toys" "When I saw that the houses really were built and used by poor families, I felt that 1 should go and put a coin in their fundraising box"

To some extent, all participants had positive attitudes towards CRM. However, the attitude to the company behind the campaign seemed to be stronger than the need to behave altruistically. Thus, controversial feelings occurred between trust and altruism (Table 2).

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Degree of Multinationality and Financial Performance of the Indian Textile sector

Rajeev Kumra and Anjali Malik

INTRODUCTION

The growth and maturity of the operations of MNC's business units vary from one geographic region to another. A system that works effortlessly in one country may be a total failure in another. This is because the management in different geographic regions face different sets of issues. As far as the Indian textile industry is concerned, it is the second largest in the world, second only to China. Indian textiles also account for 38 percent of the country's total exports and it is, therefore, a very important industry.

Today, globalisation has brought opportunities for the Indian textile industry. At the same time it is exposed to threats, particularly from cheap imported fabrics. Thus, the industry has to fight for its share in international textile trade. Even if it is assumed that the WTO will mean better distribution of world trade, in no way will it be a free for all, and only the fittest will survive. The WTO benefits for India will not be any different from the other developing countries. The Indian Textile Industry should not only rely on its strengths, but should also endeavour to remove its weakness. The industry has the potential and a great challenge ahead. After the phasing out of the quota regime under the multi-fibre pact, India can envisage its textile sector becoming a $ 100 billion industry by 2010. This will include exports of $ 50 billion. The proposed targets would be achieved provided reforms are initiated in the textile sector and local manufacturers adopt measures to improve their competitiveness.

RATIONALE FOR THE STUDY

The foundation of international business studies rests on the assumption that increased multinationality is good for a firm's performance. But past studies have shown that international expansion beyond an optimal level is again detrimental to performance.

The reasoning behind undertaking this study is to find the extent to which performance in terms of profit can be positively mapped to multinationality. The decision to diversify, not only in terms of product mix but also in terms of geography, is a major decision facing all growing firms. This study is aimed at finding out the relevance of international diversification in terms of increase in profitability. This can then be used to arrive at an objective way of determining whether or not to diversify given the following factors: -

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1. Stage in life cycle
2. Stagnation
3. Economies of scale and scope
4. Government policies, sops and subsidies

The study would help find the present scenario in the textile sector, how the companies operating herein should diversify and to what extent so as to maximize their returns.

OBJECTIVES OF THE STUDY

• To assert a relationship between performance indicators such as return on investment (ROI), return on assets (ROA) and return on sales (ROS) and the extent of multinationality of firms in the textile sector in India.

REVIEW OF LITERATURE

In this phase, an extensive study of secondary data was done to comprehend the problem and its related issues. Various elements used were identified for performance analysis from historical data, developing hypotheses and designing research. The core international business theory asserts for a positive relationship between the financial performance of the firm (measured by different authors using a variety of indicators such as ROI, ROS and ROE growth) and its degree of multinationality.

A number of studies addressing this issue have been carried out in the past. International expansion allows a firm to capture economies of scale or geographic scope (Kogut, 1985). Dunning (1993) averred that less saturated foreign markets provide companies with the means to maintain and expand distribution and gain overall market share by exploiting their current stock of assets. Teece (1986) said that the greater the number of countries the MNE (Multinational Enterprises) serves, the better its appropriability regime. (2003). Geringer, M. J., & Herbert, L. (2004) proposed a new unified three-stage theory of international expansion in a sigmoid (S-shaped) hypothesis. The main issues that arise after a detailed study of the whole scenario are used to construct the following objectives for the study.

Today most business activities are global in scope and every business is preparing for international expansion to compete in an increasingly interdependent global economic and physical environment. Being international has now become a necessity for economic survival. The theory of international business rests on the assumption that increased multinationality is good for a firm's performance i.e. the performance of the firm should improve with greater multinationality. Numerous empirical investigations have attempted to study the relationship between multinationality and firm performance. However, results from these studies have been inconclusive and contradictory. Errunza and Senbet (1981), Kim and Lyn (1987), Grant (1987),and Jung (1991) asserted a positive relationship between increasing multinationality and firm performance using performance indicators such as return on investment (ROI) or return on sales (ROS) and the extent of multinationality. Michael and Shaked (1986) asserted a negative relationship using similar indicators for performance and extent of multinationality while Buckley et al. (1977, 1984) found that

there was no relationship between performance and extent of multinationality. Therefore, continued academic investigative efforts in this direction would appear to be useful. This study relies on linear models to ascertain the relationship between financial performance of a firm and multinationality.

As seen in a study conducted by Benviganti (1987), performance is examined as a moderator of organizational adaptation to environmental changes. To study the link between performance and multinationality, international companies were compared based on variables like the degree of internationalization or multinationality of the firm. The degree of multinationality has been measured in terms of ratio of foreign to total sales (Grant et al, 1988). The ROS avoids the effect of different asset valuations resulting from the timing of investment or depreciation (Geringer et al, 1989). Chang and Thomas (1989) examined the period 1965-1971 and concluded that higher foreign investment resulted in higher domestic profits.

However, according to Sullivan (1994), despite its theoretical and practical centrality, estimating the degree of internationalization (DOI) of a firm remains arbitrary. Some scholars, relying on the loosely structured or even unstructured inductive frameworks of the instrumental approach, try to infer the DOI of a firm by examining the evolution, structure and process of relationships among its demographic, strategic, market, product, organizational, and attitudinal characteristics of international expansion (Gomes and Ramaswamy 1999). Such measures do not document the reliability of measurement and, in turn, the validity of interpretation (Shaked 2000). This method tends to inflate or deflate the observed association among variables, thereby increasing the odds of accepting findings despite their contradiction of the received theory.

In search of greater precision, some scholars apply positivistic principles and try to differentiate DOI by building on a single criterion. These researchers study the relationship between single independent and dependent variables, relying on deductive frameworks on structure analysis. However, the medley of measures has neither helped establish a standard criterion nor clarified the content validity of measurement.

Multinationality has most often been measured using the foreign sales-total sales ratio (Sullivan, 1994a) which only captures one dimension of multinationality, foreign market penetration. Other common measures of multinationality include the foreign assets-total assets ratio and foreign employment-total employment ratio. These variables are good proxies for the third dimension of multinationality, country scope. Several studies used control variables like firm size, R&D etc. to further investigate the relationship between multinationality and performance. Most studies came up with performance being positively linked to international diversification in case of non diversified firms, negatively linked in highly diversified firms and a curvilinear relationship in moderately diversified firms (Rugman, 1982).

Grant et al (1987) considered the relationship between diversity, diversification and profitability among companies that differed in both product and, multinational diversity. He explained the term diversity as the spread of a company's activity at a point of time across markets and diversification as measuring increase in diversity over time. He said that diversity and profitability were

positively related up to a point after which increased product diversity led to decreasing profitability once firms encountered limits due to complexities. Product diversification did not increase profitability and there was little evidence that profitability promoted diversification. However, for multinational diversification profitability in the home market encouraged overseas expansion, which in turn increased profitability.

Firms integrate across borders, standardize products, rationalize production, centralize and coordinate R&D when the benefits of integration exceed the cost of a limited recognition of national social and political differences. This, according to Kogut (1991), is known as Transnational Integration. However, unification is a better term as integration does not encompass the standardization and uniformity which is intended by the unification idea. Benefits of transnational integration result from specialization, interchange and scale.

Integrated international firms gain competitive advantage from the exploitation of differences in national resource endowments, flexibility and bargaining strength of a multinational network, economies of scale, scope and learning. Other benefits include larger and more efficient production runs, high volume distribution networks and the support of higher levels of R & D. Although multinational operations may provide important strategic advantage to the firm, it is often the nature of competition rather than the inherent structure of the industry that is global. Global industry should be defined in terms of the significance of the competitive advantage of international operations. Intra firm flows include parts, components and finished goods, funds, skills, intelligence, ideas, knowledge and other scarce resources. The greater the relative volume of cross border intra firm resource flows, the greater the degree of transnational integration. The two most important intra firm flows are products and technology.

Sometimes, we see that technological upgradation also prompts companies to internationalize. This may be because of the large R&D costs which are incurred and no single market would be large enough to cover the expenditure. Even market leaders need to integrate transnationally to obtain mastery of technological complexities. This has lead to the emergence of international strategic alliances between large multinationals from advanced industrial nations.

According to Geringer et al (2001), MNE's (Multinational Enterprises), pursuing related diversification strategies over an extended period of time tended to achieve significantly higher performance. He also said that the degree of internationalization has a net positive effect on performance up to a threshold, beyond which it decreases with increasing internationalization due to escalating costs associated with geographic dispersion. He also says that product and geographic diversification go hand-in-hand and both the variables must be managed properly in order to obtain a superior level of performance.

Corporate strategies may include both product and geographic international diversification components. However there is little theoretical work that has linked the interaction of these 2 strategies to innovation and performance. It is suggested by Herget et al, (1989) that international diversification is positively related to both innovation and firm performance, and positively moderates the relationship between product diversification and innovation and performance. The cen-

tral concept is that innovation is generally facilitated by international diversification, while the general relationship between product diversification and innovation is negative. Given appropriate firm capabilities and country circumstance, international diversification facilitates innovation and performance.

RESEARCH METHODOLOGY

This is an exploratory research design. The scope of the study consists of geographic, product and time scope. This study considers only the textile sector in India since this is one of the oldest and largest sectors. All types of textiles exported by firms have been considered including ready-made garments, yarn and fabric. This study focuses only on textile firms of Indian origin which are operating in India and also have branches abroad. Five companies have been analyzed. These are, Alok Industries, Grasim, Raymond, Arvind Mills and Welspun. These companies have been chosen for this study as they are the best performing multinational companies of Indian origin (NITRA report 2005). Literature used for the study pertains to the time period from 1971 to 2002. Whereas the annual reports analyzed for performance indicators of the above named companies have been collected for the three year period starting from 2002-03 to 2004-05, the primary data relates to the time frame year 2005-06.

DATA COLLECTION

Data has been collected from the following organizations, The Indian Cotton Mills Federation, Indian Readymade Garments Exporters Directory and TEXPROCIL. Data has also been collected from the major textile manufacturers and exporters like, The Arvind Mills Ltd., Grasim Industries, Raymond Limited, Welspun India Limited and Alok Industries for the period of 2002-03 to 2004-05. Managers of these companies were contacted for the data collection. Journals and magazines referred to include; Strategic Management Journal, Journal of Financial & Quantitative Analysis, Journal of Management, Academy of Management Journal, Journal of Finance, and Journal of International Business Studies.

DATA ANALYSIS AND RESULTS

This paper attempts to empirically test the data of five textile companies for the past eight years. The data has been analysed by using discriminant analysis. We understand from our analysis that multinationality is a good discriminator of ROA and ROI but not of ROS.

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Buyers' Perception of Consumer Durable Brands: Implications for Marketing

Lubna Nafees

The consumer durable segment can be split up into consumer electronics (TVs, VCD players and audio systems etc.) and consumer appliances (also known as white goods) like refrigerators, washing machines, air conditioners (A/Cs), microwave ovens, vacuum cleaners and dishwashers. The consumer durables industry in its formative years saw a lot of Indian brands dominating the market scenario. But over the years, multinational players have made significant inroads into the market.

This industry typically behaves like a fashion industry. The consumer's taste changes rapidly. He/ She wants newer models with the latest features. The competition is on features differentiation, time to market, price, and promotion, basically on every front. The dealer- push and brand pull both play a very crucial role.

The Indian consumer durables industry is worth Rs. 20,000-crore as of December 2005. There was a positive growth trend in consumer durable segments- white goods and consumer electronics during April 2004- March 2005 and a sustained growth is expected during 2005-2006 because of emerging opportunities and strong fundamentals of the economy. The FICCI survey reflects the changing dynamics of consumer behaviour i.e. luxury goods are now being perceived as necessities with higher disposable incomes being spent on lifestyle products. There is a discernable shift in the consumers' preference in favour of higher end, technologically superior branded products, the demand being boosted by increasing consumer awareness and preference for new models. This shift is also explained by the growing trend of products being manufactured in the organized sector of the economy and the narrowing down of the price differential between branded and non- branded goods.

The sectors which have recorded excellent growth rates of more than 20% in terms of quantity produced in April 2004- March 2005 over the corresponding previous period are Air Conditioners (25%), Split Air Conditioners (42.6%), and Microwave ovens (27.3%), DVDs (25%), CD/MP3 (20%) and Colour Picture Tubes (23%). The sectors which have recorded high growth rates between 10% and 20% are colour televisions (12%), Window Air Conditioners (18.8%), washing machines (18.1%) and Frost free refrigerators (13.8%).

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Consumer durables sales displayed sluggish trends since January, 2006, with primary sales (manufacturer to dealer) hitting new lows. However, secondary sales (dealer to consumer) have picked up marginally, with dealers stepping up discounts and promotional offers to clear out existing inventory levels. Leading consumer durables players and experts predict a 10-12 % growth for the sector in 2006. Growth expected is 10 % for colour TVs, over 20 % for both air conditioners and micro wave ovens, 3-5% for refrigerators and 8-10 % for washing machines.

Samsung Electronics is a global leader in semiconductors, telecommunications, digital media and digital convergence technologies. Employing approx. 113,000 people in over 90 offices in 48 countries, Samsung India Electronics Private Limited (SIEL) is the Indian subsidiary of the US $ 55.2 billion Samsung Electronics Corporation(SEC) headquartered in Seoul, Korea. It is the hub of Samsung's South West Asia Regional Operations, and looks after its business in Nepal, Bangladesh, Maldives & Bhutan besides India. SIEL commenced operations in India in December, 1995. The Samsung product portfolio in India includes mobile phones, TV, Video & Audio systems, home appliances and Information technology products.

The results of the research reveal that Samsung is a strong player but only in some of its product categories. Samsung enjoys a strong position in TV and Audio System categories but needs to reposition itself for the washing machine and refrigerator market. Nokia is a strong player in the cellular market. Although Samsung stands in the second position, there is a huge gap between it and the market leader, Nokia. LG is its major competitor in the white goods market.

Consumers regard customer service and product features as two of the most important criteria used by them to judge a company's products. Consumers perceive Nokia to be the best company in terms of these two parameters. The TOM (Top of the Mind) position is enjoyed by Nokia in mobile phones, Sony in TVs, audio systems and digital cameras, Voltas in ACs, Godrej in refrigerators, Whirlpool in washing machines, LG in microwave ovens and computer parts. Nokia is the only company being recalled by 100 % consumers.

This paper, in short, tries to study the Indian Consumer Durables industry with a focus on Samsung. This is an empirical paper that talks about the perceptions of consumers about Samsung. A survey was done in multi- branded and company exclusive consumer durable showrooms in major markets in Delhi. The sample consisted of 75 dealers and 100 consumers of consumer durables. Data collection was done through two structured questionnaires, one for dealers and one for consumers. But the data from dealers was extracted in disguise by visiting them as prospective buyers.

The complete consumer durables industry analysis leads to complete knowledge about the economics of the industry. Also, as this paper contains a comparison of Samsung's business plans, communication strategy, product offerings, brand image etc. with its major competitors, it helps one to evaluate the position of Samsung as a consumer durable brand. The results of this research facilitate understanding the perceptions of the sellers and buyers about the brands in each product category

Customer Perceptions and Expectations of Service Quality: A Case Study of Domestic Airline Industry in India

Mohammed Naved Khan, Vippan Raj Dutt, and S.C. Bansal

INTRODUCTION

Liberalisation of the domestic civil aviation industry in India, which started in 1991, gained pace with the repeal of the Air Corporations Act 1953 on 29th January 1994. This enabled the regulatory authorities to grant scheduled airline status to many private airlines, who had started operations as Air Taxi Operators in 1992 and 1993. Presently, Indian Airlines, Jet Airways and Sahara are full service carriers, whereas Air Deccan, Kingfisher, Spicejet, Paramount and Go Air fall in the category of low cost carriers.

The liberalisation process accompanied by the augmentation in capacity by the private airlines has led to a rapid growth in the domestic Indian air market. Total passenger traffic at all Indian airports touched 59.28 million during 2004-05 (source www.aai.aero); while available seat inventory has witnessed a growth of 39% (Rao, 2006). This increase in passenger traffic can be attributed to discounts in airfare, liberal bilateral aviation agreements between India and other countries, increasing disposable incomes and softened dollar.

With the entry of low cost carriers, the airline Industry in India is presently witnessing the second phase of liberalisation. Four low-cost carriers have already started operations and many more are on the horizon. But, these players are already feeling the heat of competition. The full service carriers are realising the need to re-adjust and re-align their business models to stay competitive. High volume at low cost appears to be the new business paradigm.

SERVICE QUALITY IN THE CONTEXT OF AIRLINE INDUSTRY

The partial de-regulation of selected sectors initiated in the nineties, and the consequent competition has led to a manifold increase in the options vis-à-vis flight quality of service, especially on trunk routes. Customer interface and the quality of ancillary services are being improved and innovative airline operations models are being introduced. In fact, today, service quality is being

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employed by marketers as a differentiator and is at the centre of any discussion about service marketing management.

For the airline business, service quality indicates that all passengers should be entitled to receive any or all information that is relevant to their trip. Over and above that, airlines should be committed to providing quality onboard services to passengers, which include among other things, the availability of sanitary washroom facilities, the best possible onboard air quality, and the provision of food and non-alcoholic beverages during the flights and/or extended delays (Chang, 2002).

SERVICE QUALITY MEASUREMENT

Service quality measurement is very important for airlines. It can help improve market share and further enhance financial performance in domestic and international markets. But, airlines need to have valid and reliable measures for a better understanding of the variables likely to impact the perception of service quality being offered. They need to measure not only customer perceptions but also expectations of airline passengers from domestic and international carriers. If significant variations are found in the perceptions of airline passengers vis-à-vis service quality on the different flights, changes in the marketing mix need to be implemented to improve the perception of quality.

SERVQUAL Scale

The foundation for the SERVQUAL scale is the gap model proposed by Parasuraman (1988). The model maintains that satisfaction is related to the size and direction of disconfirmation of a person's experience vis-à-vis his initial expectations. As a gap between a customer's expectation and perception, service quality is viewed as lying along a continuum ranging from 'ideal quality' to 'totally unacceptable quality' with some points along the continuum representing satisfactory quality. Mathematically, it may be expressed as:

$$SQ_i = \sum_{j=1}^{k} (P_{ij} - E_{ij})$$

where,
SQ$_i$ = Perceived service quality of individual 'i'
k = Number of service attributes / items
P = Service quality perception of individual 'i' for service attribute 'j'
E = Service quality expectation of individual 'i' for service attribute 'j'

The model, which is industry specific, comprises five dimensions (Reliability, Assurance, Tangible, Empathy and Responsiveness) with 22 items. For the present study, researchers added some items to the *tangible* dimension so as to make it suitable for use in the case of the airline industry.

SERVPERF Scale

A variant of SERVQUAL scale, it contains perceived performance component only comprising 30 items. A higher perceived performance implies higher service quality. In an equation form, it can be expressed as follows:

$$SQ_i = \sum_{j=1}^{k} P_{ij}$$

where,

SQ$_i$ = Perceived service quality of individual 'i'

k   = Number of service attributes / items

P   = Service quality perception of individual 'i' for service attribute 'j'

LITERATURE REVIEW

This section presents a brief review of some of the important studies conducted in India and abroad in the context of approaches used to measure the performance of airlines.

International Studies

Parasuraman (1988) provided the notion of 'gaps' between the expectations of service and subsequent perceptions of what is delivered. These gaps are located throughout the organisation between frontline staff, customers and managers. The identification of ten dimensions of service quality, later refined to five – *reliability, assurance, tangibles, empathy and responsiveness* (RATER) – has dominated the literature in the field of service quality. Much of the research in this area since then has been concerned with validating or challenging the construct. Cronin (1992) argued for performance based measures and presented a variant of the SERVPERF scale. Teas (1993) questioned the conceptual and operational validity of the perceptions minus expectations framework. Buttle's (1996) review of SERVQUAL concentrated on systematically examining the theoretical, operational and statistical criticisms of the SERVQUAL scale and raised a number of directions for future research in the service quality measurement.

Chang (2002) has carried out a comparative study of the relevance of SERVQUAL and SERVPERF scales to the airline industry. In the opinion of Chang (2002), the SERVQUAL model is more appropriate for the airline service industry than SERVPERF. Edvardsson (1992) highlighted the complexities inherent in the airline industry. He observed that when a service breakdown occurs, attribution is often directed at the airline that may or may not be solely responsible–luggage handlers, airport staff, traffic control and check-in assistants all contribute to our overall experiences yet only a small number of these tasks are under the direct control of the airline.

Indian Studies

Banwet (2000) in his study on quality of services offered to students in an institutional computer centre, observed that service performance generally lagged behind a user's expectations. Improvement in the quality of services increased the level of satisfaction of the user. While Shainesh (2000)

identified the attributes which customers use to evaluate the quality of railway freight services and developed a comprehensive instrument, RAILQUAL, for collecting feedback from the customers.

Jain (2004) found that the SERVPERF scale provides a more convergent and discriminant valid explanation of the service quality construct, whereas the SERVQUAL scale possesses a higher diagnostic power to pinpoint areas for managerial interventions in the event of service quality shortfalls. Baisya (2003), while identifying the key attributes that influence customer choice in airline selection, also presented a comparative analysis of the performance of domestic airlines on the attributes. Jet Airways (Indian Management, 2004), carried out an internal SERVQUAL based study but its results are not available in the public domain. The authors (Bansal, Khan & Dutt, 2006) employed the concept of customer lifetime value in measuring marketing ROI for domestic airlines in India

NEED FOR THE STUDY

Review of literature conducted as a prelude to the present study revealed that the majority of available studies on customer services are confined to the US and Europe. Studies, particularly in the context of the Indian airline industry, are few and far between.

Although, airlines have introduced various measures to improve their service profile in the eyes of the customer, there is still a need to continually assess the dimensions of service that customers look forward to in an airline. The analysis of various dimensions of service will help us evolve a model of service parameters that airlines can adopt.

Low cost carriers are a new phenomenon in India, and service quality expectations from these carriers have until date not been covered by any researcher. The present study attempts to bridge this gap by studying the performance of airlines from a customer's perspective.

It is expected that the findings of the study will help airlines, government and regulating agencies in evaluating the level of existing services being offered by the players as also in deciding on the portfolio of services to be made mandatory in the interest of passengers.

RESEARCH OBJECTIVES

The primary objective of the study was to examine the extent to which the liberalisation in the civil aviation sector in India has affected the key stakeholders i.e. the passengers in terms of:-

1) Dimension of services valued by the passengers
2) Satisfaction levels of customers on various dimensions of services
3) Comparing the quality of services on domestic flights of selected airlines in India.
4) Comparing service expectations; perceptions and the gaps between them using the SERVQUAL scale.
5) Investigating the extent of applicability of the SERVQUAL instrument to airline industry in India.

HYPOTHESES

The proposed study will attempt to empirically test the following null hypotheses:

H_{01}: There is no difference in the gap between customers' expected service quality among different airlines' categories.

H_{02}: There is no difference in the gap between customers' perceived service quality (SERVPERF) among different airlines' categories.

H_{03}: There is no difference in the gap between customers' perceived and expected service quality (SERVQUAL) among different airlines' categories.

RESEARCH METHODOLOGY

In keeping with the objectives of the study, the three categories of airlines covered in the study are:

• Full Service Carriers – Public Sector, which includes Indian Airlines and Alliance Air (FSC-Public)
• Full Service Carriers – Private Sector, which includes Jet Airways and Air Sahara (FSC – Private)
• Low Cost Carriers, which includes Air Deccan and other Low Cost Carriers (LCC)

Survey Instrument

The Service quality measurement tool SERVQUAL (Parasuraman 1988) was employed to assess customer expectations about and perceptions of service quality in the domestic airline industry in India. The gap analysis as per SERVQUAL instrument has been carried out for the first time in this industry. A SERVPERF study has been simultaneously carried out to provide further insight in the study. The combination of SERVQUAL and SERVPERF makes this study unique in an Indian context.

The survey instrument used in the study contained questions pertaining to expectation and perception rating for each driver. In addition, the research instrument also had questions related to demographics.

Data for the study has been collected with the help of a pre-structured questionnaire from passengers of the airlines under study. The questionnaire is primarily based on the 22 items of the SERVQUAL model. However, the *tangible* dimension was modified to reflect the unique characteristics of the airline service industry and was divided into two sub-dimensions:

a) Tangible (Support Services) containing 5 items, and
b) Tangible (Flight) containing 7 items

Data and Sampling

Illustrative data was mainly obtained from respondents at the domestic terminal of Indira Gandhi International Airport, Delhi (IGIA). Being one of the busiest airports in the country, it provided an appropriate platform for an unbiased representative sample. Respondents were real airline pas-

sengers who had purchased air tickets and flown on various domestic sectors. The potential respondents were contacted by employing the intercept technique while they were waiting to board their flights at the domestic departure terminal areas of IGIA. Additionally, data was also collected from the Ahmedabad and Bangalore airports. Data was randomly collected during the months from November 2005 to May 2006.

FINDINGS AND DISCUSSION

The validity and reliability analyses of SERVQUAL were conducted as part of the study to determine the extent of the applicability of the dimensions of SERVQUAL to this study.

Table 1: Factor Analysis on Expectations (E), Perceptions (P) and Gap (G)

Service Quality Parameters	1	2	3	4	5
Visually Appealing Physical Facilities				E	
Vast Sales and Support Network				E, P, G	
Vast Network of Destinations				E, P, G	
Economical Airfare and Discount Schemes			P		G
Web-site and Call Centre usage			P		G
Modern Aircraft with up-to-date Facilities			E, P, G		
Neat Well Dressed and Visually Appealing Staff			E, P, G		
Seat in Flight of Choice		P	E, G		
Hassle free Check-in and Boarding	E	P, G			
Efficient Baggage Handling Mechanism	E	P, G			
Excellent Quality In-Flight Services	P		E, G		
Multiple Meal Options of High Quality			E	P	
Special Need Customers	E	G			
Problems due to Critical Incidents	E	G			
Perform Service right the first time	E, P, G				
Meet Time Commitment	E, P	G			
Keep Error Free Records	E, G				P
Keep Customer informed about time of Service	E, P, G				
Prompt Service to Customers	E, P, G				
Always Willing to Help Customers	E, P, G				
Staff never too busy to respond to customer's request	P, G		E		
Staff Behaviour should instil Confidence	E, P, G				
Safe Planes and Facilities During Journey	E, P, G				
Consistently Courteous Staff	E, P, G				
Knowledge to Answer Customers' Queries	E, P, G				
Individual Attention to Customer	P, G	E			
Staff gives Personal Attention to Customer	P, G	E			
Customer's Best Interest at Heart	P, G	E			
Understand Specific Needs of Customers	P, G	E			
Convenient Flight Schedules					P

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 12, 8 and 9 iterations for Expectations, Perceptions and Gap respectively.

Validity Analysis (Table 1)

Factor analysis was conducted on expectation scores (E), perceived performance scores (P) and the gap between perceived and expected service quality scores (G), using principal component analysis with varimax rotation. Items for expectations were loaded on four factors whereas those for perception and gap were loaded on five factors each.

The validity of the "classical" five-dimensions SERVQUAL is still an unresolved issue when applied to studying airline service quality. The items related to expectations and perceptions might be too general for such a study. In addition, the fact that passengers are required to respond to both expectations and perceptions of service quality at the same time could affect the instrument's validity and reliability.

Reliability Analysis

Reliability analysis using Cronbach's Alpha was conducted for expectations, perceptions and gap on each category of airline. Reliability values were calculated for each dimension of SERVQUAL: the reliability value for SERVQUAL as a one-dimension instrument was higher in all cases. Airline's Performance on Service Parameters

Table 2: Summary of Airlines' Performance on Service Parameters

Service Quality Dimension	FSC – Public			FSC – Private			LCC		
	E	P	G	E	P	G	E	P	G
Tangibility – Support Services	6.17	4.87	-1.30	6.13	5.06	-1.07	6.37	4.79	-1.58
Tangibility – Flight	6.17	4.59	-1.59	6.18	4.97	-1.20	6.20	4.14	-2.06
Reliability	6.37	4.61	-1.76	6.44	4.96	-1.47	6.33	4.31	-2.03
Empathy	6.19	4.59	-1.59	6.14	4.85	-1.29	6.27	4.15	-2.12
Responsiveness	6.32	4.56	-1.77	6.29	5.03	-1.26	6.17	4.27	-1.91
Assurance	6.25	4.71	-1.53	6.32	5.18	-1.15	6.23	4.35	-1.88

Key: Expectations: E; Perceptions: P; Gap: G

a) **Tangibility – Support Services:** LCCs rate high on economical airfares and use of website/call centre. FSC – Public has the biggest network of destinations. Gap was the highest in case of LCC for their network of destinations.

b) **Tangibility – Flight:** Low cost passengers have the highest expectations regarding aircraft quality and facilities available. FSC - Private and LCC's staff were perceived to be neat and good-looking.

c) **Reliability:** Gap was high in case of reliability of service for LCC. Interestingly, FSC – Public service was perceived to be poor during the critical incidents. While the general perception was that FSC – Private and LCCs keep error free records.

d) **Empathy:** Gap between passenger's expectation and perception was high for LCC on all parameters, namely, staff giving personal attention to customer, airline having a customer's best

interest at heart; staff attending to specific needs of the customers, and convenient flight schedules. Overall, all airlines scored low on empathy.

e) **Responsiveness:** LCCs were unable to provide prompt service to customers, perhaps due to low staff-to-passenger ratio owing to the rapid expansion in their operations. The perception was that FSC – Private provide prompt service to customers and that their staff was always willing to help customers, and they keep the customer informed about the time of service.

f) **Assurance:** FSC – Private scored high on assurance.

Results of Hypotheses Testing

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Table 3: Results of One Way ANOVA

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Hypothesis	Homogeneity of Variances		ANOVA		Interpretation
	Levene Statistic	Sig.	F	Sig.	
H_{01}	0.50	0.61	0.01	0.99	Not Rejected
H_{02}	1.42	0.24	6.30	0.00	Rejected
H_{03}	0.80	0.45	5.47	0.00	Rejected

Result significant at level of 0.05.

One-way ANOVA test for independent samples were conducted at significance level of 0.05 to test the null hypotheses. To gain deeper insight, it was checked for different sub groups too i.e. Tangible Support Services, Tangible Flight, Reliability, Empathy, Responsiveness and Assurance. There was no difference in the gap between customers' expected service quality among different airlines' categories. Passengers were found to have a significantly high perception on service quality for FSC – Private as compared to FSC – Public and LCC. There was also a difference in the gap between customers' perceived and expected service quality among the different categories of airlines.

CONCLUSIONS

In India, the domestic airline industry is experiencing an interesting phase of transformation. In the context of level of customer service vis-à-vis Full Service Carrier – Public Sector, Full Service Carrier – Private Sector and Low Cost Carriers, perception was highest for tangibility – support service, whereas expectations and gap were observed to be the highest for reliability. There was no difference in gap between a customer's expected service quality across the various categories of airlines. There exists a difference in perception and gap between customers' perceived and expected service quality among different airline categories.

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The Behavioural Consequences of Services Quality in Banks

T. Vanniarajan and R. Ponraj

ABSTRACT

In today's competitive environment, the consumer is increasingly aware of the various alternatives on offer in services and the service provided. The globalisation process has opened the door to foreign banks in India. Because of this, the competition in the banking industry is growing tougher and tougher. Since the cost of retaining existing customers is less than the cost of adding new customers, banks are in a position to retain their existing customers. Apart from that they have to increase the number of new customers in order to increase their profitability through a high turnover.

In this situation, the delivery of higher levels of service quality is the only strategy that is increasingly being offered as a key to the service provider's efforts to position themselves more effectively in the market place. Almost all banks perform the same functions. Therefore, customers have the advantage of comparing the service quality offered by the banks. Under such circumstances, a customer's decision to patronise one bank and not the other is based on the quality of service offered to him. Banks, therefore prosper or decline, depending upon their consistent assessment of their customers' expectations and perceptions on the various services offered. Because of this widespread belief, banks have placed service quality at the top of the list of strategic constructs. In view of its strategic importance, an attempt has been made in the present paper to make a comparative study of the service quality perceptions among the customers in Nationalised Banks, State Bank Groups and Private Sector Banks.

The study examines specific dimensions of the performance only measurement of service quality (SERVPERF) as determinants of a customer's satisfaction and subsequent discriminant of the three groups of banks. An extensive survey of bank customers has been performed with a structured interview survey to identify the service quality factors. The sample customers were selected from the Nationalised banks, State Bank Groups and Private Sector Banks spread throughout the Madurai District, Tamil Nadu. Out of the total sample of clients, the response rate was only 71.50 per cent. Only this 71.50 per cent of total customers were included in the present study. Both descriptive and inferential statistics were used in the analysis. Factor analysis was done to identify the service quality factors of the banks. Multiple regression analysis was applied to examine the impact of SERVPERF score of the service factors on the customer's satisfaction. The multi discriminant analysis was administered to identify the important discriminant service factors among the three groups of banks.

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Results show that the most important service quality factors of banks are reliability, responsiveness, assurance, tangibles and empathy. Regarding the performance on the above mentioned factors, the private sector banks are found to be performing well compared to the other two groups of banks. It is followed by the State Bank Groups. It is also found that there is a significant difference among the three groups of banks regarding the customer's perception on service quality factors especially, reliability, responsiveness and assurance. The perception on the above mentioned three service quality factors have a positive and significant impact on the customer's satisfaction. The important discriminant service quality factors among the Nationalised Banks, State Bank Groups and Private Sector banks are responsiveness, reliability and assurance since the respective canonical discriminant co-efficients are higher.

MANAGERIAL IMPLICATIONS

This study can help bank managers to gain useful insight regarding the relative contribution of each of the specific service quality factors to the management of customer satisfaction. As is evident here, the service quality factors, reliability, responsiveness and assurance, primarily drive the satisfaction of the target markets, whereas the other dimensions remain insignificant. As such, this study highlights the distinct difference between specific service quality factors in relation to three groups of banks. Our results appear to reflect the nature of banking services in general and lack of empathy perceived by the customers toward the local banking service providers in particular. The empirical evidence also suggests that the customers might not be sophisticated enough to appreciate the complexity of banking services. Alternatively, there seem to be other service quality factors that are omitted which are relevant to customer satisfaction.

Research with this focus reflects on the recent scholarly attention given to the importance of sharing management knowledge in the process of internationalisation of service (Samiee, 1999). With India's entry to the World Trade Organisation, the imminent opening up of banking and other service sectors to foreign participation offers both Indian and foreign banks an unprecedented opportunity to compete for business (Chowdhury, 2000). The political and social barriers to market access will eventually give way to constraints dictated by India's retail customers. In order to develop quality services that best meet the needs of Indian consumers, a closer look at Indian consumer's perceptions and responses to their current domestic banking services may provide baseline information for international bank managers.

Delivering high service quality is one of the best ways a bank can respond to competition. Obtaining reliable and valid measures of service quality from customers is critical to achieve that goal. As a result service quality programmes should become high priority, with expenditure viewed as long term investment, for future growth and profitability. The banks should invest more in consumer research. The banks should conduct frequent training programmes to create a customer friendly mindset. The banks should offer such products/services as would fully meet a customer's needs. The banks should go for non-price competition with value added products/services according to the needs of their customers. The public sector banks should understand their social obligations as well as the profitability of the banks. They have to cope with these twin objectives

carefully. The banks must pay more attention to the potential failure points and improve their strengths in these areas. Lastly, since the empowerment of employees is a pre-requisite for successful offering of high quality service to the customer, the banks should also give more priority to employee empowerment.

A Glance at the Dark Side of the Symbols of Tourism

Virginia Guadalupe Hermosillo López, Alfredo Tapia Carreto, and Frank Farmer

ABSTRACT

Since 2004 there has been work on a series of analyses on marketing effectiveness of Internet web pages which advertise Cozumel as a tourist destination, with two main objectives: 1) describe the negative side of the symbols used to promote tourism in Cozumel via the Internet; 2) develop a new market effectiveness analysis instrument for web sites dedicated to promote tourism in general. This document contributes towards part of the first objective and proceeds to expose a few discoveries in the first phase of the research project "The dark side of the symbols of tourism: case - Cozumel promotion via Internet".

INTRODUCTION

Nowadays, the Internet is an important instrument in the life of those people who live either in the first world or in developing countries, because it can either be used as a mere help for research information searches, as a tool for buy-sell transactions of products and services, or even as an instrument for recreation and entertainment.

Therefore, the internet has become the great communicator of our time. It can provide information about the weather, the news, big department store's deals, research work carried out in other countries, send and receive letters from family and friends, make phone calls and videoconferences, or even promote, advertise, and book travels. If the internet covers so many subjects and so many functions, to whom is its use addressed? The answer is, to whoever has access to a computer with Internet connection.

Nevertheless, a very important question regarding this matter would be: if any person who has access to a computer with internet connection can access the highway of information, how would anyone know if the published information on the web pages visited is reliable? Could this information be meant to send a designed message or is it published without considering its meaning? How can this modify the community's behaviour? Are its graphic contents, images, positive messages? In a research project, Alfredo Tapia (2005) says that "there are symbols intentionally created to transmit a specific messages, and there are also specific messages that are transmitted, without this being the original intention, by those symbols designed by man, and by images that are not created, that simply are there as part of the natural environment in which people develop".

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Therefore, the graphics and the messages in a web page can be there intentionally to cause a reaction or as mere coincidence. Maybe a graphic or the message affects, in a non-positive way, the image of what is being advertised through this electronic media.

In this specific presentation we examine whether Web pages that advertise the island of Cozumel as a tourist destination do this in a positive manner. Whether the Web pages that advertise the island of Cozumel as a tourist destination have symbols whose unconscious interpretation may not be fully positive because of their content. And if it is so, how does it affect the image of the island of Cozumel? The main economic activity on the island of Cozumel is in fact tourism with everything related to the sale or rent of products and services that satisfy the needs of this sector.

DEVELOPMENT

In order to choose which web pages were to be analysed, two filters were used. First, the word "Cozumel" was typed into Google's search query field, obtaining a preliminary list of 80 related web sites. After an examination of each web page on the list and identification of the ones that advertised the island as a tourist destination, the second filter was administered. This was the identification, through Alexa, of the five most popular web sites and web pages that would become the subject of further analysis. Once this list was obtained, each web page's graphics and messages were analysed, and with theoretical references, it was determined whether the elements used in the web page to advertise the product offered had a positive or a negative impact.

The final list of the web pages subjected to analysis was obtained on February 6th, 2006 and is described in the following chart:

Table 1. Most popular web pages that advertise Cozumel. Source: own design

Web site	Popularity
www.cometocozumel.com	851770
www.gocozumel.com	584787
www.islacozumel.com.mx	478170
www.cozumelinsider.com	475748
www.threebestbeaches.com	318175

To carry out the analysis of these web pages, Romeo Figueroa's model about the semiotics of the message was considered. It examines eight elements inside the advertisement message, each one having a specific purpose. These elements are **image**, **title**, **subtitle**, **text**, **epigraph**, **blow-outs**, **slogan** and **logo**.

1. Image: the icon, is the illustration that is drawn, animated, photographed, collaged or traced, audio processed or video recorded, expressed in numbers, developed and placed in the consumer's mind by means of words or graphics which has the function of putting into a context or creating the message's environment.

   Romeo Figueroa, in his book, "How to make advertisements" supports his image theory in the semiotic of the message through a formulated division made by Abraham Moles (1975) which

consists of thirteen stages in the origin of images. R. Figueroa only mentions these stages, but he does not explain them.

1. The first image, the materialized outline
2. The appearing of the details inside the outline
3. The structure as a three dimensional image.
4. The appearing of the half measures.
5. The projected shadows
6. The contour rotation (to see through a different angle)
7. The significant juxtaposition of diverse elements.
8. The perspective
9. The photography
10. The stereoscopy
11. The animated image (cinema, TV.)
12. The overall synthesis: the image on the computer.
13. The hologram, witness of an image in space.

The image is characteristic because of its calculated degree. This refers to the idea of representation of objects or images known in an intuitive manner by the preceptor's eyes. This is called photographic accuracy. It is also characterised by its iconicity index, that is, the realism degree related to the represented object. A drawing, a contour or a trace is less iconic than a photograph; notwithstanding this, the last one is less iconic than the real object.

2. Title – also called headline, starter or lead – has the function to stimulate the attention, using characters or words of different sizes and shapes.

    In theory, these titles have as an objective - to sell. But do all of them sell? Advertisement is produced in an environment where the sign, the symbol, the word, the meaning, and ultimately, language, is the core of the creative process.

    As a tradition that comes from the printing press, the use of titles has contributed a vast experience in the advertisement's creative ground, mainly the calling-to- attention effect.

3. Text is developed in an expositive, descriptive and narrative manner- or as a combination of all of them. It is the group of sentences and assertions that make the message's leading thread and it has a starter, a body, and a closing.

    Language is the advertisement text editor's tool, the world of knowledge and his imagination, his scenario. The editor must use language with efficiency and above all, use it properly as required in each case.

    Advertisement text composing adopts three basic formats:

    Descriptive is the most common when composing texts because it represents and forms an idea of a product. It draws or traces a spoken image that details the product: size, design, materials,

consistency and characteristics that makes it different and unique from the competitor's product.

Expositive brings out a product's top points and/or exposes it to the viewer. It is good at explaining the construction, usage, handling, applications and characteristics that make one product different from another.

Narrative's special feature is to dramatise the message, to express it as a tale or story of an every day circumstance. It is the advertisement message which in a literary way, tackles the human interest as the centre of attraction and appeals to emotions, tastes, habits and idiosyncrasies of people.

4. Subtitles, when available, complement the title's function or strengthen the calling-to-attention effect.

5. Epigraph is a brief comment or remark at the bottom or inside the image's area. Its function is to identify its author, source, place, or explanation of its content.

These are brief texts, phrases or comments at the bottom or inside the image's area whose function is to identify its author, source, and place or to explain its content, but their main objective is to support the message's idea.

6. Blow outs are appealing signs used to instantly highlight an advertisement's details or remarkable characteristics.

Blow outs were created along with the printed advertisement and go from a circle with a check mark to highlight certain advertisement's elements, e.g. low prices, before-after comparative details, to stars, arrows and whimsical shapes, which are highly attractive.

7. A Slogan, motto or legend, synthesises, in a complete sentence, the advertisement's main idea. It is good as a redundant element of the institutional image.

It has a polysemic function that assumes the synthesis role, as a reiteration or complement to the institutional image. It keeps a close relation with the logo because it occasionally substitutes it when oral advertisements are shifted to audiovisual media, because of its verbal-graphic nature. Its semantics and semiotics are centred in the simplicity of its symbolization.

8. Logo or emblem is the result of the most elemental graphic design. It symbolizes the enterprise's corporate image and the representative synthesis through a simplified icon developed to symbolise a firm or trademark. Expressed in a different way, the logo is the brand name's stable graphic version.

The logo is a basic identifier sign. In this context it is essential to observe that the name's identifying capacity as a pure verbal sign adds and strengthens- in its visual unfolding- new meaning layers that multiply in significance, because the visual version is graphic by nature. In this way, the name's individuality is strengthened with those layers of polysemic attributes to the institutional identity.

As it was an Internet web page that was being analysed, it was given a certain amount of design freedom, like the possibility of the insertion of more than one image, having bigger text, having as many links or sub pages as desired etc. That is why some limits were traced for study effects.

The analysed image in each selected web site was the home page, because it is the first image that is seen and the one that is the most important on a web site. It must not be forgotten that the home page is a critical part for the user, because this is where the user evaluates if it is the right web site, if the information the user is seeking is to be found on the web page entirely or just part of it, if the information on the web site is reliable. When searching on the internet a word as common as "Cozumel" the result of that search is at least a thousand related web pages, and the user would not be able to go through all of them, so the user has to evaluate which web pages are convenient and which are not. Plus, the home page is the web site's welcome letter, therefore it must have the power to attract the users to interact with it.

Patient Loyalty – Service Quality Relationship in Health Care Sector: A Case Study of Civil Hospital Ahmedabad

Hardeep Chahal

BACKGROUND

To sustain patient loyalty in an era of heightened competition, the quality of interpersonal experiences with staff, the operational quality of the hospital operations and overall satisfaction and quality of the health care services, in general need to be understood in-depth in both public as well as in private organizations. The concept of service quality has led to growing research on different concepts such as total quality management, market orientation, learning orientation, strategic orientation along with invigorating focus on customer loyalty and relationship management. The outcomes of service quality (customer relationship management and loyalty), end means for the organizational success, are the most significant performance measurement tools in the present competitive market. The present study is an effort to identify factors to sustain customer longevity. Until today only a few studies have been conducted in developing settings to understand the type of relationship that exists between patient-loyalty and service quality.

OBJECTIVE

The main objective of the study is to find out the degree of service quality and loyalty and their relationship in the healthcare sector.

HYPOTHESIS

The study hypothesized that there exists an average degree of patient loyalty and service quality in the hospital and both measures move parallel to each other.

METHODOLOGY

To understand the relevance of patient loyalty in delivering superior services more effectively and competitively in government hospitals, the study was taken up in one of the biggest public hospitals of India and even in Asia. The hospital was specifically selected as it attracts people from all over the western and central region of India. With more than 1500 beds and 44 wards for indoor patients, it provides multifaceted facilities and treatment to above 6.5 lakh outdoor and 70,000 indoor patients annually. It is a vast medi-city, well equipped with modern apparatus. All types of treatments and investigations are provided free of charge and just a few investigations cost some nominal charges (Annual Report, 2003). Importantly, being a government hospital, it has to work on a limited budget.

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The study has used modified patient loyalty measure (Peltier, Boyd & Schibrowsky 2003) comprising service quality measure (physician performance, nursing performance, operational facilities and quality) and patient loyalty (using provider again for same treatment, using provider again for different treatment and recommending providers to others) based on a seven-point Likert scale. The data was collected from the indoor patients availing healthcare services from four departments' primarily general medicine, orthopaedic, paediatric and obstetric & gynaecology, as these departments in general constitute the majority of the bed occupancy rates. Out of the 730 total bed strength, 300 patients were selected according to the simple random sampling technique using SPSS software on the basis of bed numbers. The schedule was filled in by personally contacting 205 sample patients from June 2004 to January 2005, giving a response rate of 68.3%. The empty beds and patients who were not in a position to answer constitute the non-response rate. The sample consisted of 51 % males and 49% females, 25% illiterates, 20% matriculates, 35% graduates, 20% post-graduates and 37%, 24%, 20% and 19% patients under four monthly income groups .of below $250, between $250 -$500, $500-$750 and above $750 respectively.

VALIDITY AND RELIABILITY

The values of reliability, based on split-half consistency, were found to be .9726 (Sample), .9742 (Sub-sample1) and .9527 (Sub-sample2) which suggests the internal consistency of the sample used. However, precautions are to be taken to generalize the findings. The validity of the instrument was checked by using construct and convergent validities. The correlation coefficient was determined between good administration and two statements viz, canteen management and medicine management, overall satisfaction, and UPAS (using the provider again for the same treatment), UPAD (using the provider again for a different treatment) and RPO (recommending provider to others) and also for overall satisfaction and physician satisfaction, nursing satisfaction and operational quality. The majority of the values support the validity of the instrument. The KMO values for the variables used were found to range between .49 and .64 and as such signify the construct validity of the instrument.

DATA ANALYSIS

The inter and intra relationship among the measures of service quality and patient loyalty were analyzed using relevant statistical tools to draw out inferences. Correlation & step-wise regression (SPSS software) and confirmatory factor analysis (AMOS software) were used to bring forth the findings of the service quality and patient loyalty performance of the hospital.

FINDINGS

The patient loyalty measure UPAS, UPAD and RPO were assessed using eight significant predictors- overall satisfaction with physicians and nurses, overall physician and nurses' quality, overall cleanliness, overall administration, atmospheric environment and technical services. The mean, correlation and regression values were used to explore the patient loyalty-service quality relationship. The mean score values of UPAS Measure vary between a minimum of 3.01. and a maximum of 4.45 , UPAD between 3.54 and 4.04 and RPO is between 3.54 and 4.05 connoting the average

degree of patient loyalty. The overall mean values for UPAS, UPAD and RPO come out to be 3.71, 3.81 and 3.98 respectively. 35% R Square value for the model service quality – patient loyalty model though indicates weak predictive power of this model but is quite relevant in relation to their relationship. The UPAS variable is found to be most significant followed by UPAD and RPO as beta values are figured out as .15, .12 and .09 for UPAS, UPAD and RPO respectively. Overall, the average picture has been found for the eight variables used for assessing UPAS, UPAD and RPO.

OVERALL SERVICE QUALITY

Like patient loyalty, the overall service quality was assessed for eight dimensions namely overall satisfaction with physicians and nurses, overall physician and nurses quality, overall cleanliness, overall administration, atmospheric environment and technical services. These were found to be less than average for overall nursing satisfaction and quality (MS= 3.40 & 3.52), overall physicians satisfaction (MS=3.97), cleanliness condition (MS=3.8) and atmospheric environment (MS= 3.78) and more than average for overall physicians quality (MS=4.02), technical service (MS= 4.30) and administration (MS= 4.98). The grand mean score is found to be 3.97, which is almost the same as that for the loyalty measures.

Specifically, the study identified the interpersonal experience of patients with doctors as quite appreciative in terms of their helpfulness, friendliness, satisfactory answers for queries, caring attitude towards patients and their relatives and friends as significant contributors to the satisfaction of the patients with respect to physician care variable. The overall mean was 3.86. The quality of doctors (MS= 4.05), nurses (MS= 4.02), supportive staff (MS=4.52), administrative (MS=4.51), cleanliness (MS=4.80), atmospherics (MS= 5.23), technical services (MS=4.39) and overall (MS = 4.48) indicate positive perceptions of the patients with respect to the overall service quality. Similarly the nurses' level of care, number of choices they gave patients and their caring attitude were the most dominant factors in the nurse measures which is also significantly and equivalently important for the loyalty measure. In the operational quality measure, the focus should be given to effective interactions, surgical operations, indoor admission, queue management, record keeping, conducive environment, emergency services and housekeeping services which are considered to be appreciative factors by patients. Regarding the impact of service quality on patient loyalty, patients' experiences have an impact on the overall satisfaction, service quality and intentions to use the unit again and to recommend it to others. Operational quality and facilities (MS=3.995) were considered the strongest drivers, followed by nursing performance (MS= 3.86) and physician performance (MS=3.83) and using the same hospital but for different treatment, followed by intentions to recommend, and using the same institute again for the same treatment have scored mean values of 3.87, 3,56 and 3.05 respectively. Taken as a whole, these findings seem to camouflage the overall hospital's atmosphere and as such no definite contribution of any variables can be drawn out.

HYPOTHESIS RESULT

The hypothesis framed is accepted as patient loyalty measure is found to move parallel with physician, nurses and operational quality and overall quality measures. Alternatively the more satisfied the patients are with the quality of their interactions with the staff, the more likely they are going to UPAS, UPAD and RPO. Thus, satisfaction and loyalty cues formed are based on the common significant interactions patients have at the hospital. Additionally, the same type of behaviour is also observed among the variables in satisfaction and loyalty constructs. Those who evaluate the doctors favourably tend to evaluate the operational quality favourably as well. The more satisfied the patients are with the quality of their interactions with the staff, the more likely they are going to use the provider again for the same treatment, use the provider again for different treatments and recommend the provider to others.

The ultimate model value based on goodness of fit index and chi-square value further supports the result.

CONCLUSION

To stay ahead in today's challenging environment of cutthroat competition among providers and expanded choices for consumers, all government health care services need to take a fresh competitive look at various service quality and patient loyalty components. Accordingly, patient relationship management philosophies based on the findings of the study can be used to improve its image further, along with building increased patient and employee satisfaction and loyalty. Thus, understanding the factors identified for quality of physicians' and nurses' interactions with patients and operational quality can enhance the level of service quality, which subsequently enhances patient loyalty. More specifically, the efforts of the provider in this regard can help the physicians and other staff in understanding the patients more clearly and help in improving their ability to diagnose and make better recommendations for improving patients' well-being. This again in turn demands keeping a continuous eye on the ongoing customizing cycle to keep the users internally satisfied and happy. To conclude, there is a need to improve the public hospital scenario to make them equally acceptable for everyone.

LIMITATIONS AND DIRECTION FOR FUTURE RESEARCH

The study has certain limitations. The study, being analytical in nature, needs to be strengthened to contribute to the existing literature. As a longitudinal study with a large sample base, the focus on measuring and balancing the internal and external quality should be highlighted to help the providers in designing and generalizing effective strategic measures for continuously enhancing organizational performance. In addition, the study should be extended to other public and private hospitals to generalize the findings.

International Marketing Antecedents of Acculturation Experiences of Postgraduate Overseas Business Students in Australia: A PLS Approach

Siva Muthaly and Christopher Selvarajah

ABSTRACT

The more acculturated an international student is to the environment, the better the chances of succeeding in a foreign environment. Most international students experience some level of culture shock and adjustments. Studies have shown that the cultural background of overseas students may influence their learning expectations and its antecedents and consequences are of importance to marketing theorists and practitioners. This paper tests various hypotheses related to acculturation and its antecedents with regard to student university experience. By applying the partial least squares technique, this paper empirically validates these hypotheses. A total of 350 postgraduate overseas business students in Australia from twelve different countries participated in this study. The findings suggest that acculturation of overseas postgraduate students is strongly influenced by aspects of their safety, university experience and proper management of financial resources. Implications for the universities to optimize the potential of overseas postgraduate students will very much depend on their ability to acculturate them into their home country environments.

INTRODUCTION

The education industry as a whole has transformed remarkably from a mere knowledge provider to a multi-billion dollar industry. As such universities across regions have extended their services beyond boundaries, luring students from diverse ethnic backgrounds to use the services they offer. The gains from the participation of overseas students at universities are multi-faceted.

Since the mid 1980s, Australian universities have increasingly become entrepreneurial with active marketing in the international education arena. This strategy adopted by the Australian universities sector has made it the eight largest contributor to the Australian economy (Beasley & Watts, 2002:44). In 1993, full paying overseas students contributed $339 million to higher education. In 2002, Australian international education generated $4.7 billion Australian dollars from international students in Australia on tuition fees and living costs, and $298 million Australian dollars from offshore operations (AEI 2004).

Most international students experience some level of culture shock and adjustments (Selvarajah, 2006). Studies have shown that the cultural background of overseas students may influence their learning expectations (Niehoff, Turnley ; Rhodes, 1998:25; Yamauchi, 1998:193). Freedom, chal-

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lenge and status are the preferred essentials used by the Australian education system. These elements are imparted in Australia's interactive classrooms and stimulated learning which in fact portrays the various levels of challenges that international students have to get accustomed to in order to meet the demands of the learning environment (Pearson & Beasley, 2002:1). In a recent article Selvarajah (2006), surveyed Asian and European students in business postgraduate programmes at Massey University in New Zealand and found that the Asian students have different expectations of course assessment, educational styles and educational goals. It is our view that in promoting export education, understanding student perceptions is important. A difference of opinion and cultural factors that may affect their adaptability to studies in a new environment has to be understood and support has to be provided so as not to alienate these students thereby giving them a positive experience in the host country.

The next section of literature review will address the major aspects of international marketing in relation to the country choice for overseas students - culture, university experience, safety and financial aspects.

LITERATURE REVIEW

Culture

Hughes (2001:2) has done a comprehensive study on the distinctive characteristics encountered by ethnic international students. He found that students from China had difficulties in gaining a positive acculturation experience due to inadequate English language proficiency and information literacy skills. The study also showed that students from Indonesia had difficulty in adjusting to the higher education system whereas students from South Korea had difficulty in adjusting to web-based information and students from West Africa had inadequate IT skills.

Pearson & Beasley (2002) report on their findings on a survey of South East Asian (SEA). They say that students from diverse cultural backgrounds generally find it complex to formulate reasonable opinions and express their ideas concisely and comprehensively (Pearson & Beasley, 2002:3).

Plagiarism between international students has been a concern but this is an indication of differing academic practices and cultural systems around the world (Hughes, 2001:3). International students come from various cultural backgrounds where learning is based on preferred texts and limited resources. Literature suggests that the needs of international students vary as compared to local students (Selvarajah, 2006; Pearson & Beasley, 2002; Beasley & Watts; Hughes, 2001). This provides an avenue of research that has not been investigated thoroughly. It therefore creates a theoretical gap in literature. Further analysis with the aid of primary data could add knowledge to research as well as provide a holistic view of the factors which determine choice of a host institution. The information reported in this paper could provide a better perspective of international students' needs and wants. This could add value to the strategy development and promotion in the lucrative international education market.

University Experience

The term, 'University experience', covers the quality of lecturers, standardisation of organizational procedures and perceived quality of universities. The revenue from international students to universities in Australia has grown exponentially in the last two decades. Studies show (Selvarajah, 2006; Reddy, 2004) that revenue from international students is being used to subsidise education in Australia with the government cutting back financial support to universities in real terms. In this paper, we believe that it is equally important to use this revenue to provide infrastructure and educational support to international students to become better adjusted to the host environment. The lack of facilities is a common problem identified in many Universities (Harman, 2003: 341a). Many lecturers have not been trained to cope with teaching techniques for international students and this is resulting in negative feedback (Harman, 2003: 342b). In this study university experience is seen as an antecedent for acculturation.

Safety& Social

Safety is an important variable that draws international students to a particular host country environment. Since the September 11, 2001 incident in New York, the US, specifically, has been careful in screening visitors to the country. Post September 11, 2001, Australia has seen an increase in Indian students who in past years would have gone to the US for education (AEI, 2003). Given this understanding, safety is also seen as an important variable in determining positive acculturation experiences in a host environment.

In particular, male students were concerned with the established student population in a destination, aware that a social network would be beneficial to their future career, as well as with any pre-existing friends and relatives for assistance while they study. In addition, results also found that female students rated environment safety as a critical factor when selecting a destination country (Song, 2006)

In view of the importance of the safety and social factors determining acculturation, we see this as an intervening variable.

Financial Independence

Financial constraints have always been an issue for international students wanting to pursue higher learning (Bennell and Pearce 2001). Due to a gradual cut-back in government funding for Australian universities, universities had to reorganize their financial structure in order to sustain and remain competitive in an increasingly global education market. The move to full-fee recovery strategies by Australian universities has made it possible to increase the intake of international students where in some universities, the international student numbers are between 40 and 60 percent in some faculties. In this shift to encourage a larger intake of international students, the question of affordability is not addressed well. The high fee is often an issue for international students. The issue of optimal affordability has never been addressed. This issue of cost may cause international students to divert attention to countries that are more reasonable in terms of fees and

supportive financial aids. In this research we introduce financial independence as a factor contributing to a better acculturation experience of international students.

HYPOTHESES DEVELOPMENT

Education is very closely linked with economics, society, and culture. More and more students are opting for overseas education to help bring different cultural experiences to their life.

An in depth appreciation of the antecedents of acculturation would provide a competitive advantage in international marketing for universities.

As a consequence of the above arguments the following hypotheses are proposed:-

H1   University experience is positively related to acculturation
H2   Financial independence is positively related to acculturation
H3   University experience is positively related to safety and social factors
H4   Financial independence is positively related to safety and social factors
H5   Safety and social factors are positively related to acculturation

A conceptual model is presented visually to show the inter-linked relationship between the key constructs; university experience, financial independence, safety and social factors and acculturation.

Figure 1: Conceptual Model on the antecedents for acculturation of overseas postgraduate business students in Australian Universities.
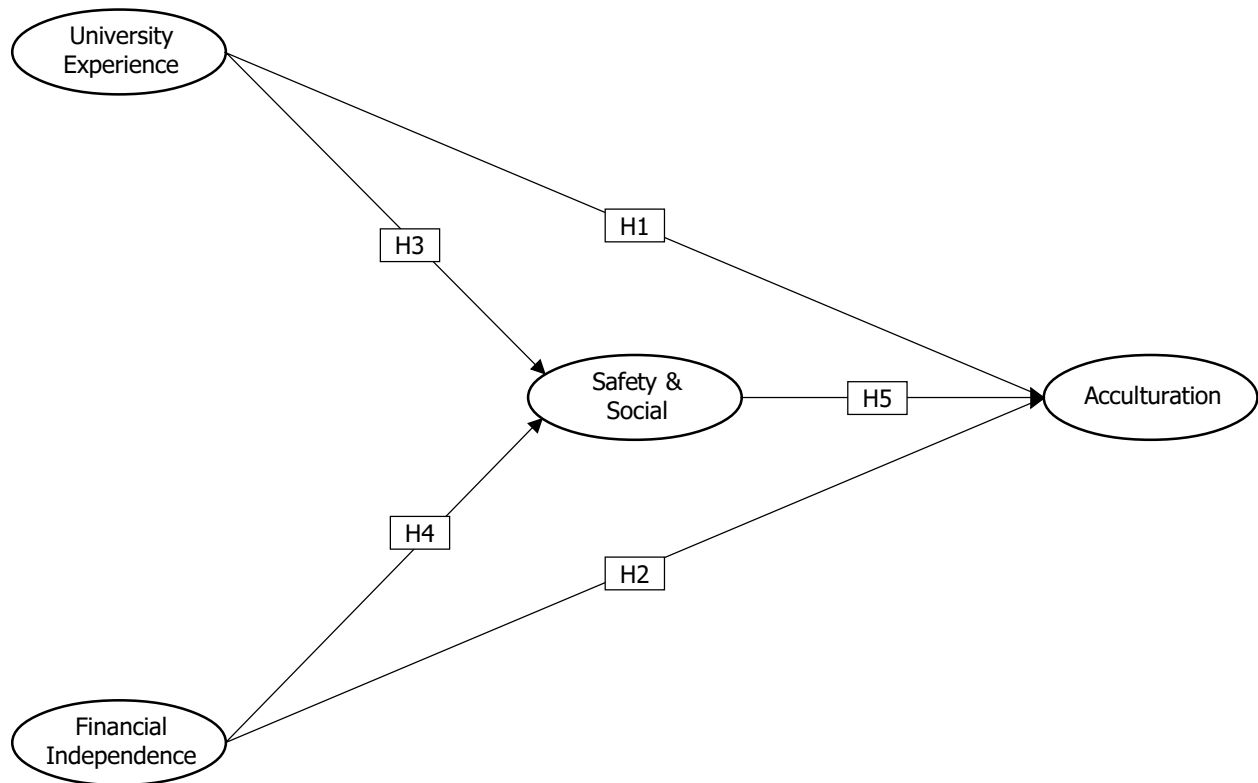
METHODOLOGY & FINDINGS

To get a representative sample of postgraduate students in the eastern states of Australia, surveys were conducted at various graduate schools in New South Wales, Queensland, South Australia and Victoria.

The questionnaire was pilot tested in the Newcastle Graduate School of Business. Amendments were made from constructive feedback and the questionnaire was distributed among business graduate schools in the eastern states of Australia (Newcastle Graduate School of Business University (NGSB), University of Technological Sydney (UTS), University of Monash, University of Adelaide and Griffith University). From a total of 358 respondents, only 350 were useable responses. These were made up of 52 percent females and 48 percent males. 87 percent of the respondents were in the 21 to 30 age group. The respondents from the four states were as follows: NSW, 114; Queensland, 103; Victoria 108; and South Australia, 25. The table below provides a breakdown of the countries of the graduate international students. The majority of these graduate students are from India (41.7%) followed by Malaysia (8.6%).

Country of Residence

	Frequency	Percent
India	146	41.7
Thailand	18	5.1
Indonesia	25	7.1
China	20	5.7
Malaysia	30	8.6
Singapore	21	6.0
Canada	21	6.0
Sri Lanka	23	6.6
USA	21	6.0
Taiwan	13	3.7
Africa	12	3.4
Total	**350**	**100.00**

Partial least square (PLS) is considered to be a valid approach for testing multiple relationships. Furthermore, PLS is increasingly being used to understand various organisational phenomena in the marketing literature (White *et al*, 2003; O'Cass & Julian, 2003). As PLS is founded on soft modelling philosophy by Falk & Miller (1992), multiple indices are used to evaluate the model as opposed to one fit index. These fit indices include; r-squared, average variance explained, averaged variance accounted for (AVA), regressions, weights and loadings (O'Cass, 2000). After ensuring the reliability and validity of the scales and combining the scales into composite measures, PLS is used to test the hypothesised relationships for acculturation. PLS is a powerful tool in analysing structural models involving multiple constructs and multiple indicators. Findings from these relationships are provided in the next figure.

Figure 2: Empirical results for the interrelationship between Acculturation and its Antecedents
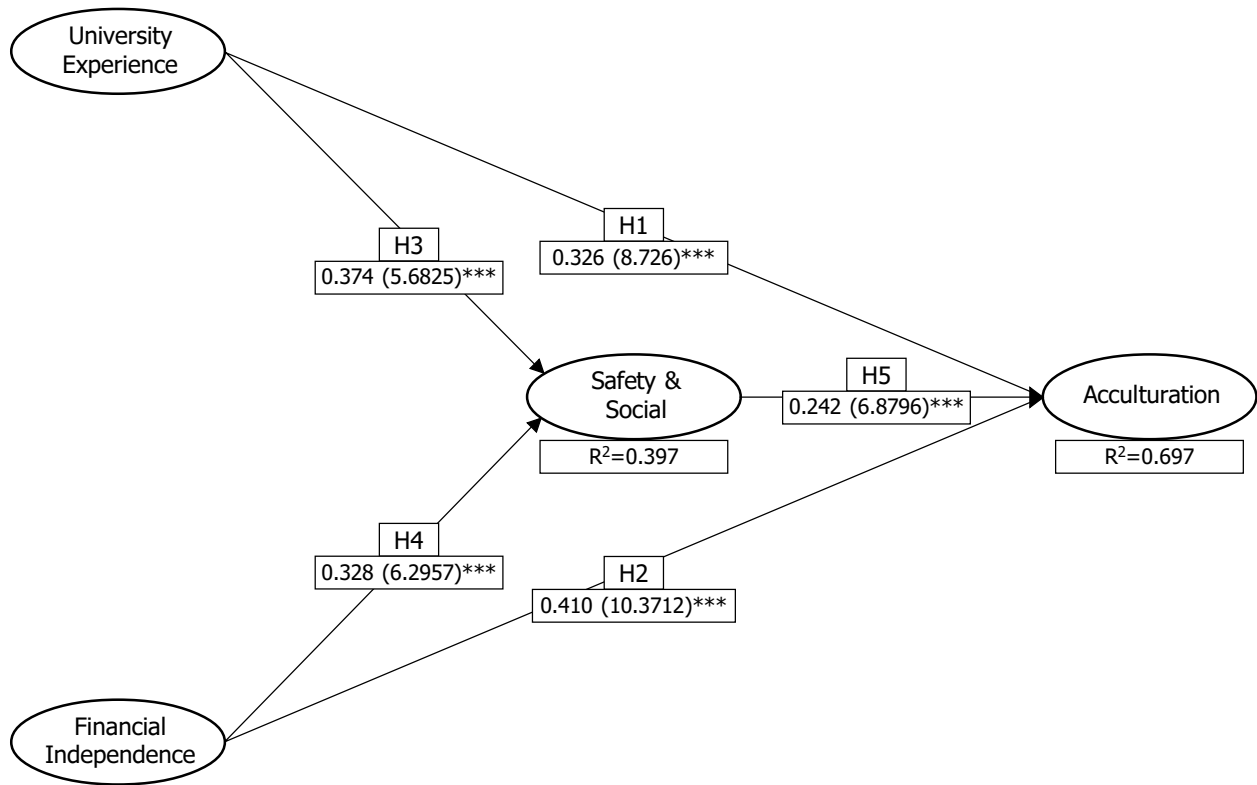
Figure 2 summarizes the PLS findings for hypothesis results (H1-H5) and identifies the path coefficients of the conceptual model as one-tailed. The critical ratios determined by the bootstrap method are as follows; 1.645 is significant at the .05 level, 2.326 is significant at the 0.01 level, and 3.090 is significant at the 0.001 level. The highly significant critical ratios provide full support for all hypotheses H1 to H5.

The above positive path coefficient of 0.326 confirms that the support for postgraduate international students' from the respective university and the availability of courses do provide a good foundation for acculturation. It can also be ascertained from the above path coefficients that postgraduate international students need to have a safer environment to better acculturate them. This stems from safer conditions in on-campus and off-campus settings. The financial factors together with university experience positively contribute to safety factors, and this is evident from a positive R^2 of 0.397. However the overall effect of mediation of safety factors and interaction of financial and university experience has culminated in a significantly positive R^2 of 0.697.

Table 1: Significant indicators for interrelationship between acculturation and their antecedents

Construct	Significant *t* indicator		
Safety	Off Campus 0.9079* (104.2818)	On Campus 0.7830* (23.7849)	
University Experience	Programme Availability 0.8299* (43.6730)	University Support 0.7790* (23.3890)	
Financial	Living Expenses 0.7980* (30.6597)	Accommodation Expenses 0.7556* (26.8330)	Campus Expenses 0.7743* (33.1779)
Acculturation	Campus Culture 0.9148* (110.8723)	Academic Culture 0.8571* (31.3779)	

Notes:*Significant Loadings at *p*-value<0.01; Sample size is 350 and *t*-value in parentheses

CONCLUSION & IMPLICATIONS

The findings in this research suggest that for the purposes of international marketing of education, universities need to pro-actively provide infrastructure support to increase the acculturation experiences of international students on campuses. Specifically, this research looked at the relationship between university experience, safety and social factors and financial independence to acculturation experiences of international students.

The study showed that university experience from the perspective of course availability and university support are significant antecedents to positive acculturation experiences in international students. This suggests that universities need to ensure that there is a continuous mechanism to support student expectations with a wider suite of programmes of interest to international students. In the last two decades, the market forces have shifted from purely satisfaction of the domestic market to providing service to international markets. This shift in focus has not been recognized in the marketing of educational products and services.

Furthermore, empirical evidence from this research has shown that safety and social experiences have been significantly placed as intervening variables in the overall PLS model. The implication of this intervening construct would suggest that universities have to play a more vital role in accommodating the on-campus and off-campus needs of overseas students. By addressing this issue about safety and social factors, universities would have overseas students better acculturated and this in turn would catalytically improve the overseas students' acceptance and overall performance in their postgraduate studies in Australia.

Partial Least Square (PLS) is a statistical technique to simultaneously examine the explanatory power of each of the constructs for ascertaining acculturation

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Understanding Competitive Marketing Strategies of Leader Firm and Low Price Competitors in India

Dinesh Sharma, Ashok Partap Arora, and Rajen Gupta

ABSTRACT

Competition in Indian consumer good markets has been increasing in the last few years. Business magazines & newspapers have reported many examples.[1] In 2003, M.S.Banga, Chairman of Hindustan Levers, (HLL AGM[2] report, 2003) expressed his concerns about the competition from low priced players, in the Indian market, where low price local players and trade brands co-exist with large branded players. "For example, in the laundry market where there are over a thousand local players". While Hindustan Levers, faces stiff competition from Garhi, fairever, Chik (Calvinkare), Reckitt Benckiser faces competition from Jyothi Laboratories; Britannia from priya gold; Colgate from Anchor etc. Content analysis of the news on all competitions reveal that, all these cases refer to a common "phenomenon" - *resourceful leading firms lose considerable market shares to smaller low price competitors*. The business magazines cite various issues related to high price, product variants, channels, promotion etc, as the causes for the phenomenon, but the opinions are anecdotal and varied. After reviewing the literature in the domains of strategy and marketing, we conclude that enough literature (eg PLC and marketing strategies - Wasson (1974); market warfare strategies (Kotler & Singh 1983), Buzzel & Wiersema (1981), Hambrick et al (1982), PIMS (Buzzel & Gale, 1987; Lee, Lee & Ulgado (1993); Ramaswamy, Gatignon & Reibstein (1994), etc) exists on the broad strategies and options that leaders or competitors exhibit in the market place (like attack, defend, hold etc), but limited understanding exists on the nuances and details of such a phenomenon. Hence, the objectives of this research are firstly to understand in detail the "Why & How" of this phenomenon and secondly the competitive behaviour- marketing strategies of firms and their performance implications.

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[1] Few examples are http://economictimes.indiatimes.com/articleshow/msid-590734,prtpage-1.cms
Economic Times news, accessed on 2 Feb 2005
http://www.indeconomist.com/150305_cover_price.html, accessed on March 3, 2005
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REVIEW OF LITERATURE

Marketing and strategy literature have different frameworks to explain the competitive actions of different players in market. Prominent among these are PLC and marketing strategies (eg Wasson, 1974); market warfare strategies (Kotler & Singh, 1983), PIMS studies (Buzzel & Gale, 1987; Buzzel & Wiersema,1981; Hambrick et al, 1982; Macmillan et al, 1982); strategy literature (Miles & Snow, 1978), Porter's competitive strategies (1985, 1987), etc.

Hauser and Shugan (1983) explored how a firm should adjust its marketing expenditures and its price to defend its position in an existing market from attack by a competitive new product. The study by Ramaswamy, Gatignon & Reibstein (1994) identifies structural factors that explain differences in strategic marketing behaviour exhibited by businesses across the served markets. The study involves the two key marketing instruments for industrial businesses: price and sales force expenditures. The various strategic variables considered are market growth, market concentration, product standardization, cost differential, and positioning differential. In an exploratory study of MNC–Cottage firms (Small firms, with low cost unbranded products) competition in the Indian market, Vachni (1990) explored the factors that enable small firms to compete aggressively with MNCs and large local firms, and the strategic responses of MNCs. The three options that MNCs have for retaliation are competing head on, adopt a hold strategy and avoid/ retreat. He reported that most MNCs (except one in the sample) did not fight "Head On" with the small competitors and pursued the defensive strategies of "Hold" & "Avoid/Retreat".

After reviewing the literature in the domains of strategy and marketing, we conclude that enough understanding exist on the strategic options that leaders, competitors have to attack, defend etc., but that there exists only a limited understanding on the nuances and details of such a phenomenon. The need for the study becomes even more important in an Indian context, which is an emerging economy. While the business practices in India have been changing there is little accumulation of knowledge of such practices in an Indian context. Dayal (2002) highlighted the ineffectiveness of the direct application of many western management theories in the Indian context, and the need for developing management theories that are contextually grounded and serve managerial practice.

OBJECTIVE

The objective is to understand the 'Why & How' of the contemporary phenomenon of competition between leader firms & low price competitors, their marketing strategies and performance implications.

METHODOLOGY

The focus of this research is to understand the nuances of competition and marketing strategies followed by the leader firms & low price firms. Marketing researchers like Bonoma (1985) advocate Case study methodology as appropriate for the exploration of new phenomena or little-understood aspects of known phenomena. Case study research as a preferred method when the

"how" and "why" questions are posed, and when the focus is on a contemporary phenomenon (Yin, 1994).

Guiding framework for the Research

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┌─────────────────────┐                    ┌─────────────────────┐
│ Competitive Marketing│───────────────────>│  Market & Financial │
│   Strategy of Firm A │                    │ Performance of Firm A│
└─────────────────────┘                    └─────────────────────┘
      │    ↑          ┌ ─ ─ ─ ─ ─ ─ ─ ─ ─ ┐
      │    │          │ Market Place Competition │
      ↓    │          └ ─ ─ ─ ─ ─ ─ ─ ─ ─ ┘
┌─────────────────────┐                    ┌─────────────────────┐
│ Competitive Marketing│───────────────────>│  Market & Financial │
│   Strategy of Firm B │                    │ Performance of Firm B│
└─────────────────────┘                    └─────────────────────┘
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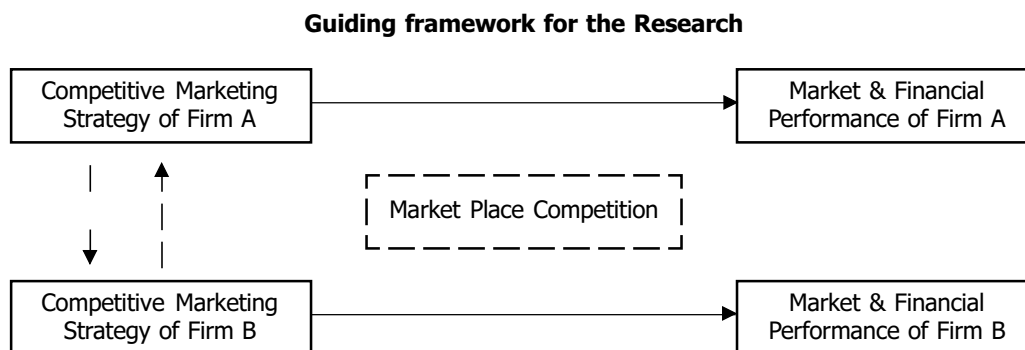
Phase 1

First of all, different market reports from business magazines and news papers were collected and a content analysis was done. This data was sourced from the "India Business Insight Database" (IBID), which has the compilation of information on Indian business and industry from over 239 newspapers & magazines. IBID is one of the prominent service providers (fee basis) of this service in India. Various studies in the past have used similar databases while researching advertisements (eg Courtney and Whipple 1983, Furnham and Mak 1999; Grif.n, Viswanath and Schwartz 1994; Dang, Koshy and Sharma, 2004)

Phase 2: Case study

Choice of Case(s): A case of two competing firms in the lighting industry is studied. As the author(s) were involved with one of the firms as consultants, they had access to internal reports and also managers, channel members, etc.

Multiple data sources, both qualitative and quantitative, were used. The data was collected at different levels, from customer to industry level

Data Sources: Different levels in the two competing firms.

• Industry level Reports: Published reports from the Association of that particular industry
• Firm level: Interviews of managers in the two firms
• Channel level: Interviews, and a questionnaire based survey
• Customers level: Consumer research, brand positioning reports from reputed marketing research agencies

Analysis Frameworks:
Managerial level: - Strategy:
The business strategy frameworks of Miles & Snow, (1978), Porter (1985) and marketing strategy framework of Slater & Olson (2001) are used in the analysis of strategies (apart from traditional

comparative analysis of product strategy, pricing strategies, and promotion and distribution strategies).

Channel level: Primary data survey analysis uses the VALUEMAP technique to analyze the comparative value that two firms provide to their channel customers and hence evaluate the strategy implementation results at channel level.

Consumer level: Consumer research reports, reporting brand positioning, price positioning etc are used to analyze the end customer's perception of the two competing firms and brands.

Performance: Market performance and financial performance: Market share figures, growth figures, profitability, ROCE, ROA.

RESULTS

We compared the results of content analysis (phase 1) with Case study (phase 2) to explain the various facets of the phenomenon. The results add to the understanding of the phenomenon by explaining the detailed strategic elements and positioning and competitive dynamics of two firms at different levels in the markets. It contributes to both theory and practice. The theoretical contribution is in the form of "propositions". The study has immense practical implications for marketing practitioners in India. One important result of the study is that while the firms compete on various fronts, it is imperative for practitioners to understand the "fulcrum" of such competitions. In this case, it existed in the distribution "channel" and not in low "pricing" as commonly perceived.

Marketing Strategies for Freight Traffic on Indian Railways

G. Raghuram and Rachna Gangwar

Indian Railways (IR), the biggest state owned enterprise in India operates under the Ministry of Railways (MOR), Government of India (GOI). IR has a history of more than 150 years and has seen many ups and downs. IR, which was considered to be heading towards bankruptcy, today, has a fund balance of over Rs 12,000 crore, a figure that had sunk as low as Rs 149 crore in 1999-00.

IR earns nearly two third of its income from freight traffic, which broadly consists of two groups, the bulk segment comprising seven major commodities and, 'other goods traffic', consisting of, by and large, 42 commodities. Bulk traffic, constitutes roughly 90 percent of freight traffic moved by IR and 'other goods traffic' another 6 to 7 percent. IR's market share of bulk traffic is about 65 percent and 40 percent of the total freight market [CRISIL, 2005]. Among the bulk commodities, coal occupies a dominant position due to transport linkages to thermal power plants, apart from iron ore and fertilizers.

IR has lost its market share in high rated commodities especially cement, POL, and Iron and Steel. The reason lies in the fact that over the years, IR was missing an overall strategy for freight and the freight business was overcharged without being sensitive to competition. Over time, other transport modes, especially road (and pipeline in the case of POL) captured a very significant share of freight due to their faster and door-to-door deliveries.

Market Share of Bulk Commodity Traffic by Rail to Total

Year	Coal	Iron Ore	Cement	Food grains	Fertilizers	POL	Iron & Steel*
1991-92	63.9	66.1	57.0	16.4	66.6	52.9	71.9
2004-05 (P)	66.6	64.5	40.9	22.6	74.2	24.7	34.4 (2000-01)

Source: MOR, Various Years, Year Book; *MOR, 2002, Status Paper

An analysis of freight traffic growth of the top six bulk commodities on the IR between 1991-92 & 2003-04

Bulk Commodity	Production Growth (%)	Railway Loading Growth (%)
Low rated commodities		
Coal	3.61	4.25
Food Grains	1.22	4.24
Fertilizers	3.78	3.62
High rated commodities		
Cement	7.86	4.37
Petroleum Products	8.02	2.88
Iron and Steel	8.28	1.09

Source: CRISIL, 2005

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Several initiatives have been taken in the recent past to make IR's strategies market oriented and need driven. The significant ones in the freight segment are increased axle loading, better price strategy, and improved services. In 2005-06, IR loaded 667 mt of revenue earning freight traffic, marking an increase of 110 mt in comparison to 2003-04. Additional revenue earned from the freight traffic was Rs 9172 crore for the same time duration.

IR still has tremendous potential in the freight business, but it needs to be examined with an appropriate framework for market segmentation. Like in any other transport business, an origin-destination (OD) perspective could be used. A broad categorization of origins would be industry/collection centres, mines and ports. The broad categorization of destinations would be industry, ports and distribution centres. An attempt was made by the authors to classify **602 mt** of freight traffic of 2004-05 by origins and destinations in a two-way classification [Raghuram and Gangwar, 2006].

Origin Destination-wise Freight Traffic (2004-05)

mt

O \ D	Industry Total (337.27)		Ports Total (70.71)		Distribution Centres Total (194.13)	
Industry/ Collection Centres			- POL	(4.1)	- Cement	(53.77)
			- Other commodities: Containers	(12.33)	- POL	(19.95)
					- Food grains	(46.23)
					- Fertilisers	(24.87)
					- Iron and steel	(17.38)
					- Salt	(4.17)
					- Sugar	(2.10)
					- Other commodities	(1.14)
Total (186.04)			**Total**	**(16.45)**	**Total**	**(169.60)**
Mines	- Coal	(224.87)	- Coal	(16.19)		
	- Iron ore/other ores	(57.91)	- Iron ore/other ores	(38.07)		
	- Limestone/dolomite	(9.97)				
	- Stones, excluding marble	(8.04)				
	- Gypsum	(2.20)				
Total (357.23)	**Total**	**(302.98)**	**Total**	**(54.26)**		
Ports	- Coal	(29.34)			- POL	(7.84)
	- Iron ore/other ores	(0.29)			- Food grains	(0.29)
	- Other commodities	(4.66)			- Fertilisers	(3.88)
					- Iron and steel	(0.98)
					- Other commodities: Containers	(11.53)
Total (58.83)	**Total**	**(34.29)**			**Total**	**(24.53)**

Source: Raghuram and Gangwar, 2006

The most significant flow is from mines to industries, accounting for 303 mt, which is about 50% of IR's traffic. This traffic is actually where the IR will have less competition due to IR actually being a door-to-door service provider. Both mines and the major industries (power plants, steel plants

etc) have direct rail access through sidings. The next largest flow is from industries to distribution centres, accounting for 170 mt, which is about 28% of IR's traffic. IR has to compete with other modes to keep its customers on these routes.

Another interesting statistic that emerges is the role of the port in contributing to IR's traffic, either as an origin or destination. Port originating traffic is 59 mt and port terminating traffic is 71 mt, accounting for a total of 130 mt, which is about 22% of IR's traffic. The port as a significant client needs to be recognised in this framework, because normally IR tends to look at clients at the originating side.

The above analysis has implications for leveraging the four Ps of marketing; product (service attributes), price, promotion, and place (logistics). This paper attempts to evolve marketing strategies for freight traffic, based on the origin-destination market segmentation specified above.

Service attributes would include development and ownership of sidings, which could be "private" (owned and managed by the customer) or "public" (owned by IR, but generally managed by customers). This could help in identifying investment potential for productivity improvements like automation of loading/unloading, full train load capability etc. Pricing strategies for major bulk commodities and container traffic would be derived based on the competitiveness with respect to other modes and market potential. There may be need for promotion (many freight 'schemes' have been announced by IR recently) and plain information sharing through the freight operations information system (FOIS). Logistics issues relate to inter-modal integration and warehousing.

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Marketing Strategy Adaptation on the Anvil of Market and Institutional Variations: MNCs and Emerging Economies

Navneet Sharma and Gordhan K. Saini

INTRODUCTION AND LITERATURE REVIEW

Last two decades have witnessed phenomenal transformation in some economies like China, India, Brazil, South Korea etc. Various studies have termed such phenomenon as 'emerging economies'. Very bright estimates have been produced in favor of these countries. These emerging economies have attracted investments from both the west as well as the east. The interplay of MNCs and emerging economies put forward some interesting adaptations on marketing strategy front.

"Emerging Markets", by one definition, have some momentum and acceleration in their economic growth rates; while they have relatively low levels of per capita incomes, they are moving from a lower to a higher stage of economic development (Nakata and Sivakumar, 1995).

Comprising a part of the world economy that has over 6 billion people and 190 nations, emerging markets present potentially some of the most important growth opportunities for companies. Twenty Five countries have been identified as "Emerging Markets" by The Economist (Market Potential Study, 2005). The list of the world's ten largest economies may look quite different in 2050. The largest economies in the world (by GDP) may no longer be the richest (by income per capita), making strategic choices for firms more complex As today's advanced economies become a shrinking part of the world economy, the accompanying shifts in spending could provide significant opportunities for global companies. Being invested in and involved in the right markets—particularly the growing emerging markets—may become an increasingly important strategic choice for the MNCs (Dreaming With BRICs: The Path to 2050, 2003).

On one hand Multi National Companies (MNCs) see the growth and leadership potential in these emerging markets and have hastened to expand their operations in them while on the other hand emerging markets presents potential threats to MNCs as well as local corporations as reflected by the frequent changes in the macro-economic policies, legal framework front, and while coping with these challenges they have to cater the needs of consumers whose behavior is molded by low incomes, infrastructural variability, and the unique tradeoffs created by the substitution of labor for capital. The study of emerging markets has become imperative, when these newly-opened emerging markets differ in their institutional and market infrastructural contexts, that decides the ultimate survival of firms entering from both the east as well as the west. The interest of MNCs in

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emerging markets is easy to understand, due to potential profitability and growth prospective of these new markets, and this is further accentuated by the saturation in the developed markets. For example, the household penetration of durables in most of these countries is growing rapidly from very low base, and households are rapidly moving up their shopping lists of motorized two-wheelers, TVs, VCRs, air coolers, washing machines and clothes dryers, electric ranges, air-conditioners and cars. This increase in demand are fueled by rising incomes, increased availability of credit, the "demonstration effects" of expanding television reach, and an increased demand for convenience from two-earner households (Jain, 1993).

Emerging markets is generally characterized by weak institutional infrastructure or the existence of 'institutional deficits' (Khanna & Palepu, 1997). In these markets, formal institutional constraints such as inefficient legal frameworks, lack of political and economic stability and weak intellectual property rights often pose significant problems for foreign firms making it difficult to rely on the emerging market country's institutional environment and designing common marketing strategies. The foreign entrants, though often possessing valuable resources such as financial capital, managerial capabilities, and technical skills, still need to learn about local markets, about often vague and changing institutional arrangements and how to gain access to social connections (Child & Czeglédy, 1996; Hitt, Dacin, Levitas, Arregle & Borza, 2000).

While looking at market infrastructural context, the consumer purchasing power in emerging market is increasing day by day but still a larger chunk of population called "bottom of the pyramid", is still far behind than their western counterparts. The average incomes in emerging economies are relatively low that leads to a great degree of price-sensitivity (Simon-Miller, 1984) and demand for lower-priced products is consequently very high (Vachani, 1990). MNCs thus needs to create value-priced versions of their products (through exploring their R&D division) that allow them to better meet these lower price points, through stripping out features and "value-engineering" their products and services to cut out costs that are unnecessary for local consumers (such as high-tech gadgets in cars).

Finding the effective ways for interaction between firm and consumer is yet another challenge posed by the emerging economies those are relatively easy to recognize in the organized western market infrastructure. The spending levels for mass communication (as % of sales) need to be higher in emerging economies (EEs) than in more mature and slower growing western markets. The low level of advertising clutter in most of the EEs represents an opportunity to MNCs to build long-lasting reputational effects (Nakata and Sivakumar, 1995). The choice of media is also much more complicated in these economies and requires great degree of carefulness. Not only is there much less reliable media/audience data, but also many of the most appropriate media are non-traditional or fragmented, such as transit and city posters, point of sales, movie theater commercials, rural vans, and even the press (Mahmoud and Rice, 1984).

Local consumers, especially those in non-metro areas or non-elite segments, may have attribute or benefit needs different those emphasized by MNCs in their globally-standardized products, and may have communication and packaging preferences to which MNCs are inadequately sensitive.

In consumer packaged goods, for instance, there often exist consumer segments desiring more "local" or "traditional" (e.g., herbal) ingredients and formulations. In India many local firm brand (such as Nirma washing powder) have successfully used such strategies to defend market share from MNCs (Vachani, 1990).

In the emerging economies, companies need to be aware of differences in religions, customs and cultures, and their influence on the customer preferences and decision making. Some EEs (such as China, India, and Vietnam) have non-western religions and cultures, which may require a special level of sensitivity. MNCs thus, need to understand the cross cultural context that sometimes plays an important role in deciding the success of marketing strategies.

This exploratory paper is an attempt in understanding the important factors to be considered by MNCs while designing appropriate survival strategies in emerging markets and has documented the nature of institutional differences such as political and social systems, type of economy, country market infrastructure, regulatory system, and state interference, and market variations such as purchasing power, consumer market infrastructure and labour substitution as gleaned from different relevant examples and case studies.

THE OVERALL CONCEPTUAL FRAMEWORK

Institutional Variations
Regulatory system
Country market infrastructure
Political and Social Systems Type of economy
Direct state interference

Market Variations
Low purchasing power
Consumer market infrastructure
Labour substitution

Emerging Market Economies- (eg. India, China, Brazil, Russia**)**

Designing Appropriate Marketing Strategies

OBJECTIVES OF THE STUDY

1. To map the contours of institutional variations (e.g. political and social systems, policy stability and effectiveness, type of economy, country market infrastructure, quality of regulation, state interference) in the emerging economies.
2. To understand market variations (e.g. purchasing power, consumer market infrastructure and labour substitution) in the emerging economies.
3. To establish the set of propositions vis-à-vis particular institutional and market variations to suggest appropriate marketing strategies for emerging markets.

APPROACH AND METHODOLOGY

Eisenhardt (1989) provided a road map to develop theories from case studies that may be appropriate in emerging market context. Sophisticated case methodologies were adopted by Collins (1991). There is an important need for development of a case study approach in research in emerging economies (Cho, Kim & Rhee, 1998).

The study is exploratory in nature with the following approach:

1. The depth literature review of the studies undertaken on the emerging economies.
2. Using the relevant examples and case studies to understand the institutional and market variations and drawing inferences from the same.
3. Establishing set of propositions using the inferences drawn from the case studies and examples.

All examples and case studies have been drawn from emerging economies such as India, Russia, Brazil, and China.

KEY FINDINGS AND PROPOSITIONS

A. Understanding Institutional Variations

Companies that choose new markets systematically often use tools like country portfolio analysis and political risk assessment, which chiefly focus on the potential profits from doing business in emerging markets but leave out essential information about the soft infrastructures there. McKinsey Global Survey of Business Executives (December, 2004) polled 9,750 senior managers on their priorities and concerns, 61% said that market size and growth, 17% felt that political and economic stability and 13% said that structural conditions (in other words, institutional contexts) drove their firms' decisions to enter new countries. In the same context, some findings of the study are as under:

i) **Regulatory System**
Proposition 1.1.1) The lack of skilled intermediaries (such as competent market research firms) and contract-enforcing mechanisms (rule of law and its enforcement) may deter firms to enter and operate in emerging economies.

ii) **Country Market Infrastructure**
Propositions 1.2.1) The countries' market infrastructure, that allows market transactions to take place in a systematic fashion that enables customers and firms to participate in the market economy on equitable terms, in emerging markets is sufficiently distinct from developed markets and have enough variations among even among emerging economies.

iii) **Political and Social System**
Propositions 1.3.1) Emerging economy's political system influence the development of labor and capital markets significantly and have greater control then those of developed markets.
Propositions 1.3.2) The thorny relationship between ethnic, regional, and linguistic groups in

emerging markets affect the interplay between foreign investors and domestic policy landscape.

iv) **Type of Economy**

Propositions 1.4.1) The MNCs has to understand the type of economy such as the degree of openness and closeness in emerging markets that often decides the market success.

v) **Direct State Interferences**

Propositions 1.5.1) Emerging markets differ in the role of state in providing goods and services to customer and MNCs therefore, may face different kinds of competition in the each of emerging economies due to varying degree of state-industry interaction.

B. Understanding Market Variations

The billions of consumers that MNCs seek in emerging economies will remain an elusive target until these firms understand the basic market variations such as low purchasing power, market infrastructure etc. For these firms, it should be abundantly clear that mass markets in emerging countries are unlike any markets they have traditionally served. These consumers are unlikely to respond to marketing programs transplanted from developed markets. In this context, some findings of the study are as under;

i) **Low Purchasing Power**

Proposition 2.1.1) Mass market in emerging economies is unable to afford the international prices and high level of segmentation due to low purchasing power.

Proposition 2.1.2) Low purchasing power has encouraged narrow segmentation due to non-affordability of media cost in many emerging markets.

Proposition 2.1.3) Consumers dislike products that evolve too rapidly, making their recent purchases obsolete—instead, the need is for basic, functional, long lasting products.

Proposition 2.1.4) In emerging markets it is difficult penetrate market on price basis and the large volumes can make even trivially priced products profitable.

Proposition 2.1.5) In some cases the products need to be introduced with value addition and innovatively to overcome to justify products' high cost.

Proposition 2.1.6) In emerging economies, it is relatively easier to sell more of an existing product to current consumers than to covert non-consumers.

ii) **Variability in Consumer Market Infrastructure**

Proposition 2.2.1) Consumer segments those vary in income allow some resourceful firms to create innovative opportunities.

Proposition 2.2.2) In order to deliver consistent quality, products need to be designed to cope with variability in infrastructure such as power, roads etc. in emerging markets.

Proposition 2.2.3) Different communication strategies are needed due to variability in mass media that may pose a threat to MNCs in communicating with the existing and prospective consumer.

iii) Labour Substitution

Proposition 2.3.1) Engaging the consumers' time and energy as a substitute for labour can allow firm to market the product at an affordable price to mass market.

Proposition 2.3.2) Labor-intensive distribution and face to face communication has been proved more effective and economical in emerging markets.

CONCLUSION

The analysis suggests that the characteristics of emerging markets are sufficiently distinct from developed markets and there is an urgent need for developing an alternative business model for these economies. The opening-up of fast growing emerging market presents great challenges and opportunities to MNCs. This paper maps the contours of emerging markets and their institutions in order to examine the varying facets of marketing strategy. The paper questions the governance and institutional arrangements which directly or indirectly influence the marketing choices of MNCs. Besides the institutions, deep-seated market structures and variations greatly force MNCs to carefully carve out their marketing strategies. The paper puts forward such propositions which expose the changing contours of marketing strategy in emerging economies.

Strategic Marketing Communications Begin with Strategic Internal Communications

C. Chandra Mouli

KEY WORDS: Marketing Communications, Internal Communications, Internal Market

The evolution of Marketing Management and Marketing Communications has largely focused upon the externalities which organizations have to deal with to understand the market and the customer. Concepts like Integrated Marketing Communications, while adding new insight, have also not helped much in dealing with the internalities of the organization that might affect the externalities of marketing function. Broadly, as it's the employees who actually manufacture, manage and sell the product, it is therefore necessary to understand how to communicate with the employees internally or how employees communicate with each other. Can strategic internal communications enrich marketing communications? Can a relationship be formed between internal communications and marketing communications? These questions are thought provoking and require intensive study. This conference paper tries to introduce a new framework for marketing practices by combining employee's need for internal communication with the effectiveness of marketing communications. The paper also emphasizes how companies in emerging markets like India can deliver by connecting internal communications with marketing communications. For the purpose of the conference, the author is restricting the research to largely available public information on companies in developed as well as emerging economies. The methodology is mostly literature survey and anecdotal experiences of employees working in different industries as well as customer experiences.

Traditionally, Internal Communications or Employee Communications were seen as something related to the Human Resource aspect or Motivational aspects of working. In order to find the co-relation between marketing communications and internal communications it is therefore important to understand and build a consensus about what internal communications are. Unfortunately, a crucial topic such as internal communications is often relegated to hardware, equating it with the infrastructure of communications like ERP systems, computers and telecommunications. Another form of understanding equates internal communications with the printing of house journals, brochures and intranet, which have earned the title of toxic communication by some researchers. Internal communications involves all this and much more. Often, mismatches in internal communications between product designers, market research personnel, operations, supply chain managers, human resources have created nightmares for organizations.

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Consider these statements:

" We have the best R&D team but marketing fails to see the potential,"
" The Marketing guys labour hard to get the orders and what we have are empty shelves,"
"The Marketing guys should have taken the operations into confidence before promising the customers,"
"Why emergency procurements of raw material have to be made when market research already had solid plans to launch new products?"
"Who will give explanations to the auditors?"
"How can the HR department guarantee quality recruitment when it was last to know about the investment in new technology required for the product modifications?"
"Sorry, you didn't tell me it was urgent to design the ad campaign."

Situations like these may vary in degree from one organization to another but show unity in the mismatch of internal communications. As professionals and academicians are still undecided on how internal communications should actually be defined, the author has considered internal communications as all types of communications within an organization before they take the shape of Marketing Communications. Marketing Communications appears to be more understood than internal communications. Smith and Taylor (2003) note that Marketing Communications forms part of the Promotion Mix comprising selling, advertising, sales promotion, direct marketing, publicity and public relations, sponsorship, exhibitions, packaging, point of sale and merchandising, word of mouth and corporate identity There is little doubt from the deliberations above that Internal Communications and Marketing Communications are two distinct forms of communications in an organization where the latter seems to evolve from the former.

Research by McClelland and Wilmont (1990) says that more than 60% of employees from various organizations believe that the communication within their organization is ineffective, while 45% of employees believe that their communication interactions with their organizational peers within departments are inadequate. The survey also says that 70% of the employees who responded believed that communication between departments needed to be improved. The research doesn't directly hint at a possible link between marketing and internal communications but it goes without saying that one cannot have ineffective employee communications but still produce winning brands and loyal customers. The value which marketing communications so desperately wants to create in the customers has to first start in the minds of the employees who actually make the product, who get it financed and who sell it! At the simplest level, this would mean that Marketing would have to create an internal market first.

> "The silly thing is that it seems that the reality in many organizations is, there is an explicit assumption that marketing plans and strategies will 'sell' themselves to those in the company whose support and communication are vital. When made explicit in this way, this is just as naïve as making similar assumptions that, if they are good enough, our products will 'sell themselves' to external customers. We have frequently been surprised that those same executives who have been trained and developed to

cope with behavioural problems- like 'irrational' behaviour by consumers and buyers, or the problem of managing power and conflict in the distribution channel, the need to communicate to buyers through a mix of communication vehicles and media, and trying to outguess competitors- have taken so long to arrive at the conclusion that these same issues have to be coped with inside the company. The paradox is that we dismiss the 'better mousetrap' syndrome for our external markets, but adopt exactly this approach in expecting managers and operatives, whose support we need, to make a 'beaten path' to the marketing planner's office." Piercy , N(1986)

"The last liberation of marketing is that it has unfortunately limited itself to only just one stakeholder – the customer. But, you cannot do effective external marketing unless you have strong internal marketing- you have to ensure everybody is co-ordinated and integrated. There is alignment and there is engagement. So far, marketing has not thought about what to do internally first." Jagdish Sheth (2005)

The Internal market can be best conquered by strong effective internal communications, which in turn shape the communication culture as well as negate the communication prejudices of the organization. One person who understood this concept of employee communications better and used it effectively for creating a successful brand was Sam Walton –Founder and Chairman of Walmart Stores. He saw the relationship between employee communications and marketing results. Sam Walton discovered early that Wal-Mart could overcome competition only if employees, across all functions, got the information they wanted for taking the right decisions. The legendary Saturday meetings started by Sam Walton are a case in point. The meeting is sort of *what not interface* serving all in one purpose – letting everyone know what the rest of the company is up to, finding and rewarding heroes among the associates in stores, know the weaknesses, counselling, correcting the mistakes and taking necessary action over the weekend when most of the competition in retail business is usually off. Contrary to the predictable nature of most meetings, the Saturday meetings of Wal-Mart are known for their unpredictability and absence of a clear-cut agenda.

Observers of Wal-Mart have also noted the soul baring discussions taking place in the meetings and occasional mild rebukes by the Chairman himself when derogatory remarks tend to be passed on cross functional divisions of the company. The meetings also turn out to be sort of knowledge enhancement with guest speakers and executives from other companies coming in and sharing their entrepreneurial ideas with the Wal-Mart managers.

"If you had to boil down the Wal-Mart system to one single idea, it would probably be communication, because it is one of the real keys to our success. We do it in so many ways, from the Saturday morning meeting to the very simple phone call, to our satellite system. The necessity for good communication in a big company like this is so vital it can't be overstated. What good is figuring out a better way to sell beach towels if you aren't going to tell everybody in your company about it? If the folks in St. Augustine, Florida, don't get the word on what's working over in Panama City until winter, they've

missed a big opportunity. And if our buyers back in Bentonville don't know we're expecting to double our sales of beach towels this summer, the stores won't have anything to sell." Sam Walton (1993)

Communication flow in an organization especially among the sales, marketing and customer service holds the key to the ultimate customer experience. This experience is directly proportional to the line of sight of employees in seeing the bigger picture and making appropriate decisions or change practices which can possibly bring short-term discomfort in day-to-day functioning but yield better returns. Marketing requires quick decisions but these decisions cannot be implemented if the internal buy-in from the employees is absent. The internal buy-in can only be improved through strategic internal communication, which can increase the business knowledge of the employees and help in building their commitment to the marketing efforts. Here lies the challenge with emerging economies like India where a large proportion of the companies have a traditional vertical structure of communication relying on formal lines of communication. Golden opportunities are lost when brand-building efforts by marketing communications are not understood by the employees leading to disconnect, limited interactions and a chronic dependence on guidelines.

LG India Electronics, the Indian arm of multinational company LG, effectively utilized internal communications for its go-local strategy helping it capture Indian rural markets. In order to achieve its ambitious turnover target of Rs.7000 crores, the company embarked upon more open communication with the employees and the results are there for everybody to see.

> "We are a very open company. We listen to our people, only then can our products talk to the consumers. Otherwise, we couldn't have built this building or the new factories with the just $30 million that we brought initially. We put our profits back in India." Kwang-Ro Kim, Managing Director, LG India Electronics (2003).

> "What we are doing at LG is very similar to what a few other Indian consumer durables companies have tried and failed. We learnt that to succeed, we need to keep talking with our employees." Yasho V Verma, Senior Vice-President, HR, LG India Electronics (2003).

LG's success experience in India is not new. It is only the question of changing perceptions and understanding the power of internal communications. The pressure of creating new markets, expanding existing ones, releasing new products and communicating them to the customers often takes much of the marketing team's time. The vital aspect of how the competition is faring (better or worse) seldom gets communicated to the sales team. The success of marketing communication is not only a factor of how Sales understands its own product but also that of the competitor. This communication is more vital and important especially in emerging economies, which are seeing interest in areas like mobile communications and computers. With new handsets and superior computers entering into the market every quarter, Sales is often less prepared to answer uncomfortable questions from the customers. The entire communication effort of Marketing is lost in one second of un-confident reply by the sales person. Customers make fast impressions and although they may have trust in the brand value created by the marketing communications, they would

have doubts about the service value of the brand. The solution to the problem doesn't lie in another round of good marketing communications but more internal marketing through employee communications.

> "Marketing needs to integrate pre-selling (which is all about marketing), selling and post selling (customer support). Marketing has a disconnect with the sales people, and the sales people have a disconnect with the customer support people. Today the biggest fights are between marketing, sales and customer support, not between marketing and engineering or sales and engineering." Jagdish Sheth (2005)

Internal communications, which is a direct off shoot of the communications culture in organizations, is often the gateway to path breaking advertisements or brand building efforts. Of course, other factors like trust between the agency and the company also plays an important role in opening up of both the sides. Saying that, it would not be an exaggeration to mention that if a good advertisement really comes out from an organization then to a large extent internal communication links are working satisfactorily in the organization. Conversely, evidence can be found in the form of reactions from advertising agencies, especially, when they get the blame for poor work. It is not un-common to hear them say that a company gets the advertising it deserves. This can be interpreted as, communication beliefs within the client organization have a lot to say about how marketing communication comes out from the organization. Marketers carrying a Not Invented Here (NIH) attitude try to impose their communicative styles on the creative side of advertising who then try to satisfy the taste of the marketing managers rather than the needs of the markets.

> "Levers thought humorous advertising was frivolous. In other words, it frivolised your brand. And they had this dreadful worry that people would laugh, not at the ad, but at the brand. And therefore consumers would think less of the brand and its status would go down, resulting in falling sales and so on. Which I think is a bit far-fetched. I believe humorous advertising, whatever else it does, is very memorable and can add status to the brand."

> "When I was Creative Director, I had always felt that my best creative people were handcuffed by the Levers philosophy of ' Play it straight. Play it simple.' They were always champing at the bit, dying to do something that would win awards. Sure, Lintas turned out some outstanding creative work in the 1970s like Liril, Standard Batteries, Four Square Kings and Mafco. But we needed a change of philosophy, which I outlined as: 'Put the proposition in the head and not in the headline." Alyque Padamsee (A Double Life)

The domain of internal communications is quite large and diversified. Marketers have to seriously look into this important aspect before spending millions on marketing communications. If the employees get to know about new product launches or product failures from the television channels or a friend outside, then it's going to be a tough time for marketing to develop strategic marketing communications. If feedback from the consumers is important then communications from the employees who make the product is doubly important. The insight offered by a shop –

floor employee or a retail supervisor is immense and it takes good internal communication to translate this knowledge into real marketing benefits. The sooner organizations realize that strategic marketing communications are linked with strategic internal communications; the better will be the results.

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Do Sales Promotions Affect Preferred Brands?
A study of the Effect of Two Types of Sales Promotions on Perception of Brand Attributes

Siby Zacharias and Abraham Koshy

INTRODUCTION

Sales promotions have become a vital tool for marketers and their importance has been increasing significantly over the years. In India, sales promotions expenditure by various marketing companies is estimated to be Rs 5,000 crores and the emphasis on sales promotion activities by Indian industry has increased by 500 to 600 percent during the last 3 to 5 years (Economic Times, June 15, 2003). In the year 2001, there were as many as 2,050 promotional schemes in the Rs 80,000 crore FMCG industry (Dang et. al, 2005).

Given the growing importance of sales promotion, there has been considerable interest in the effect of sales promotion on different dimensions such as consumers' price perceptions, brand choice, brand switching behaviour, evaluation of brand equity, effect on brand perception and so on. One of the purposes of a consumer promotion is to elicit a direct impact on the purchase behaviour of the firm's customers (Kotler, 1998; Blattberg and Neslin, 1990). Research evidence suggests that sales promotions positively affect short-term sales (Priya, 2004). Research on price promotion has consistently reported high sales effect and high price elasticity for brands which are on promotion (Blattberg, Briesch and Fox, 1995). Studies have shown that price promotions enhance brand substitution within a product category (Dodson et al, 1978), affect aggregate sales (Gupta, 1998), and significantly affect stock piling and purchase acceleration (Blattberg, Eppen and Lieberman, 1981, Neslin, Henderson and Quelch, 1985). However, there have also been studies that suggest that sales promotion affects brand perceptions. Researchers have found out that promotions, especially price promotions, have a negative effect on brand equity (Mela et al, 1997). In another study, Schultz (2004) argues that over-dependence on promotions can erode consumers' price-value equation. The results of a study by Jedidi et al (1999) indicates that, in the long term, advertising has a positive effect on brand equity where as price promotions have a negative effect. Similarly, Yoo et al (2000), based on structural equation model, suggest that frequent price promotions, such as price deals are related to low brand equity, where as high advertising spending, high price, good store image and high distribution intensity are related to high brand equity. There is also a managerial belief that if a brand is supported with frequent promotional offers, the equity of the brand tends to get diluted. On the other hand, there have also been studies that indicate brands benefit from promotions. Amongst the elements of marketing mix, sales promotions

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have a long-term influence on brand equity (Yoo et. al, 2000). Mariola & Elina, (2005), based on a sample of 167 buyers suggest that monetary and non-monetary promotions are useful to create brand equity because of their positive effect on brand knowledge structures.

Although there have been research studies on the effect of promotions on brand, this issue has not been examined in the Indian context. Since the consumers' price-quality value equations have contextual relevance, we specifically investigate this issue in the context of Indian consumers. More specifically, we examine the following two issues:

OBJECTIVE OF THE STUDY

The specific objectives of the study are:

- To examine the effect of sales promotion on the perception of Brand attributes and
- To examine the differential effect, if any, of two types of promotions, namely, cash discounts and free gifts on the perception of brand attributes.

We examine the propositions that:

1. Sales promotion is not likely to influence the consumers' perception of brand attributes and
2. There will be no differential effect on consumers' perception of brand attributes due to a cash discount or free gift as sales promotion tools.

DEFINING THE TERMS USED IN THE STUDY

For the purpose of our study, we follow the definition of sales promotions as a "diverse collection of incentive tools, mostly short term, designed to stimulate quicker and/ or greater purchase of particular products/services by consumers" (Kotler, 1998). Sales promotions are classified as price and non- price based on the nature of the promotions (Campbell and Diamond, 1992; Blattberg and Neslin, 1990). Price promotions are defined as 'promotions such as Coupons, Cents off, Refunds, and Rebates that temporarily reduce the cost of the goods or service' (Cooke, 1983). Non-price promotions are defined as promotions such as giveaways (freebees), or contests in which value is temporarily added to the product at full price.

To examine the effect of promotions on the brand, we use two constructs; namely, brand equity and consumer-based brand equity, although conceptually, these two terms are very close substitutes. Brand equity is the added value endowed by the brand (Farquhar, 1989) and is the end result of brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets (Aaker, 1991). Brand equity is also conceptualised as the incremental utility (Simon and Sullivan, 1993) and totality of the utility derived from the brand (Swait et al, 1993). It is the difference between overall brand preference and multi attribute preference based on objectively measured attribute levels (Park & Srinivasan, 1994) and overall quality and choice intention (Agarwal and Rao, 1996).

The consumer based brand equity (CBBE) is defined as the 'differential effect of brand knowledge or consumer response to the marketing of the brand' (Keller, 1993). Brand knowledge is defined in

terms of brand awareness and brand image. A brand develops a strong equity with customers when the customers are familiar with the brand and have a favourable, strong and unique brand association in their memory. A brand is said to have a positive or negative brand equity when consumers react more or less favourably to an element of marketing mix for the brand than they do to the same marketing mix elements when it is attributed to an unbranded product. According to Aaker (1991), a brand's equity is developed over the years and customers create and own a brand's equity. If a brand has strong equity with consumers, then it commands a premium over other brands with less equity (Firth, 1993), is likely to have a higher market share (Park & Srinivasan, 1994), will be more elastic to advertising and promotion (Keller, 1998), will be easier to achieve greater market penetration (Robertson, 1993) and will result in a more efficient product line extension (Keller and Aaker, 1992).

Methodology

The study was based on primary data, derived through a quasi-experimental method using a pre-tested structured instrument. In order to study the effect of promotions on brand, we used colour television (CTV) as an object. The rationale was (1) consumer familiarity, (2) relatively expensive to elicit more rationale and considered (high involvement) purchase behaviour and (3) higher importance to brand and product features as the product is perceived to be a "technical" product.

The instrument consisted of two sections. The first section of the study instrument (section A), common to all, consisted of questions pertaining to which brand that they currently own, which is their preferred brand, what attributes do they look for while buying a colour TV, what elements are important in choosing a particular brand and their purchase intent. The two "experimental" descriptions consisted of cash discount (section B), and the second description was on "free gift" (section C). In both the cases, the monetary value (of free gift and cash discount) was specified and they were identical in both the descriptions. In both these descriptions, we specified that the promotion was offered to the respondents' most preferred brand. The final questionnaire was prepared using a pilot study among one customer group, namely faculty members from different colleges of Kerala.

Data was collected from 89 respondents using a convenient sampling method so that there is homogeneity in the demographic characteristics. These samples were homogeneous in nature as the sample consisted of people belonging to a similar profession, highly educated, all males and from the same geographical area. Out of the 89 completed responses, 45 were based on the questions pertaining to free gifts and the remaining 44 responses were based on reactions to cash discounts. The statistical test employed was **t-test** to find out the equality of means between (1) without sales promotion and cash discount (A-B), (2) without sales promotion and free gifts (A-C) and (3) between the two types of sales promotions (B-C). The summary statistics are given in Table 1 below.

Table 1: Summary of Comparison of Attributes

No.	Attributes	Summary Statistic (t-test) values		
		Attribute rating vis-à-vis cash discount	Attribute rating vis-à-vis free gift	Attribute rating vis-à-vis cash discount and free gift
1	Technological Superiority	3.988	3.554	.024
2	Quality of Sound	2.291	3.468	1.010
3	Sharpness of Picture	4.184	2.759	-1.011
4	Durability	3.663	3.210	-.239
5	Price	-2.024	-.465	1.285
6	Additional features	1.224	2.548	.905
7	Promptness in Service	-.069	1.223	1.047
8	Reputation of Brand	2.051	2.881	.804
9	Overall evaluation of brand	5.936	3.197	-1.356
10	Buy the Brand	2.013	1.470	-.483

Conclusion

The study was conducted to find out the effectiveness of sales promotion on perception of brand equity. The results indicate that both types of sales promotion, namely cash discounts and free gift, affect the brand attribute ratings; the perceptions on brand attributes obtain lower ratings after the promotions for the most preferred brands. This is more prominent with respect to the technological attributes of the brand such as overall technological superiority of the brand, quality of sound, sharpness of picture quality and durability. However, both the tools of sales promotions do not have any effect on perceptions of attributes such as price, additional features, and promptness in service and overall reputation of the brand.

In summary, the conclusions drawn from the study are:-

- Sales promotion does influence perception of brand attributes especially technological attributes (Null Hypotheses 01 is supported).
- Consumer's perceptions on attributes of brand equity are similar whether it is a cash discount or a free gift promotion (Null Hypotheses 02 is not supported).

Implications for Marketers

Implications for marketers from the study are:-

- Over-emphasis on sales promotion can affect attribute perception of a brand. This is particularly so with respect to reputed brands that the consumers prefer. Causal attribution of sales promotions do not favour reputed brands. Hence marketers need to use sales promotion judiciously.
- Even while using sales promotion, there should be a follow-up of this activity with an image building advertisement campaign. Otherwise brand equity is likely to get diluted.

Scope for further Research

This study opens up new grounds for further research. Future studies should replicate this with other utilitarian products to obtain a greater validity to the direction obtained from this study. Moreover, the concept of sales promotion and brand equity in the service sector/industry is yet to be examined in a detailed way. The study among heterogeneous consumers having different demographic characteristics pertaining to sales promotion and brand equity and with respect to product and services will contribute significantly to the understanding of the effect of sales promotions on brand perceptions.

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Advertising Believability and Its Impact on Fostering a Behavioural Change in the Context of AIDS Awareness

Shalini Pathak, Sanjaya S. Gaur, and Hari Vasudevan

ABSTRACT

India is now an epicentre of the HIV epidemic. The first AIDS case in India was reported in the year 1986. Since then, as per the National AIDS Control Organization of Government of India, the total number of AIDS cases in India has gone up to 111,608. In another report by the World Bank (2005), India has among the highest number of persons living with HIV/AIDS in the world today. In such a scenario, the role of social advertisements becomes extremely important. Hence, a series of advertisements aimed at creating AIDS awareness among Indians are being developed by government authorities and private organizations alike. The overall objectives of these advertisements are firstly, to make viewers understand how deadly the AIDS disease is. Secondly, the aim is to bring a behavioural change in the viewers so as to motivate them to prevent the dreaded disease from spreading or from acquiring it. The efforts towards creating an awareness of AIDS would be strongly defeated if the advertisements were not comprehended and believed by the masses. The belief should also be followed by a desired change in behaviour to help eradicate this disease.

It is more important for advertisers who are creating advertisements on issues of social awareness than advertisers promoting a product to understand the factors that enhance the believability of such advertisements. As the literature review reveals, a lot of research studies (Maloney 1963; Machleit and Wilson 1988; O'Cass 2006) have analyzed the perceived believability of information provided by advertisements. But most of the researchers have focused on studying the consumer response to product information (e.g., Beltramini 1988). Not much research has been done on studying the consumers' response to social awareness advertisements and in understanding the behavioural change in the individual as a response to these advertisements.

To bridge this important gap in the literature, the current research is an attempt to study the perceived believability of HIV/AIDS related advertisements. A conceptual model has been developed by incorporating key determinants of perceived ad believability and their influence on the behaviour of a viewer. The hypotheses are tested using a structural equation model with survey data from a sample of 302 young adults. We selected respondents from the age group of 22-28 years with both academic and working backgrounds. The importance of AIDS related advertise-

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ment and their awareness carries special importance for this target-population. Our success rate in terms of the people interviewed is about 95%.

The results indicate that there is a significant effect of the content of the advertisement on its perceived believability. The mushiness of attitude does not have much effect on the believability of social awareness advertisement. Another significant aspect found was that the place of up-bringing of a person does not have much effect on the ad believability. The findings give significant support to establishing a relationship between perceived believability of ads and the behavioural change after seeing the ad.

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Discriminant Validity of Customer Satisfaction, Service Quality, and Loyalty Measures

Myung-Ho Park, Hyong-Chi Cho, and Young-Hye Jang

SYNOPSIS

Despite the plausibility of commonly accepted conceptual distinctions between customer satisfaction (CS), service quality (SQ), and loyalty, surprisingly little rigorous empirical evidence of their discriminant validity has been reported in the same study or measured simultaneously within a single sample. This research is designed to evaluate the discriminant validity of measures CS, SQ, loyalty within a single sample.

Two sets of analyses will be conducted to address this issue:

First, a confirmatory factor analysis will be conducted that will test whether measures of the three constructs are assessing distinct dimensions.

Second, relations between these three variables and other consumption related variables—perceived performance, customer expectations, and perceived customer value-will be examined.

INTRODUCTION

Customer satisfaction (CS), service quality (SQ), and loyalty have a powerful impact on a firm's performance and are considered by many companies as an important focus of corporate strategy (Fornell et al., 1996; Heskett, Sasser, and Schlesinger, 1997; Woodruff, 1997; Rust, Zeithaml, and Lemon, 2000; Anderson, Fornell, and Mazvancheryl, 2004; Homburg, Koschate, and Hoyer, 2005). Thus, CS, SQ, and loyalty have each been the subject of extensive research especially in the service domain.

CS, SQ, and loyalty have generally been considered to represent distinct constructs (Yi, 1992; Dabholkar, 1993; Spreng and Singh, 1993; Oliver, 1994; Taylor and Baker, 1994; Spreng and Mackoy, 1996; Oliver, 1997; and Oliver, 1999). However, the three variables have rarely been included in the same study or measured simultaneously within a single sample, and rigorous empirical evidence of their discriminant validity has not been reported. In the absence of rigorous empirical evidence of their discriminant validity, the substantial associations that have consistently been

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found between measures of the three constructs and the similarities in their relations with other variables raise the possibility that CS, SQ, and customer loyalty may not be empirically distinct. Research has also indicated similar patterns of relations between measures of these three variables and other consumption related variables, e.g., perceived performance, customer value, and customer expectations (Bolton and Drew, 1991; Ganesan, 1994; Heskett et al., 1997; Mittal, Ross, and Baldasare, 1998; Cronin, Brady, and Hult, 2000; Mittal and Kamakura, 2001; Sirdeshmukh et al., 2002; Lam et al., 2004).

Fiske (1982) argued that a narrowly defined construct is easily shown to be distinguishable from other constructs. As the construct becomes broader however, one must make sure that it is truly different from those constructs that it subsumes or those to which it relates. Because of the global nature of measures of CS, SQ, and Loyalty, researchers must be careful to evaluate the discriminant validity of the constructs they are investigating. It therefore becomes important that an empirical basis be demonstrated for the assumption that these measures assess distinct constructs.

RESEARCH PURPOSE AND METHODOLOGY

This research is designed to evaluate the discriminant validity of measures CS, SQ, loyalty within a single sample.

Two sets of analyses will be conducted to address this issue:

First, a confirmatory factor analysis was conducted that tested whether measures of these constructs are assessing distinct dimensions.

Secondly, relations between these three variables and other consumption related variables that have generally been considered to be related to the three variables, perceived performance, customer expectations, and perceived customer value were examined.

CONCEPTUAL DISTINCTIONS BETWEEN THE CONSTRUCTS

Customer satisfaction, service quality, and loyalty have generally been accepted as conceptually distinct constructs (Yi, 1992; Dabholkar, 1993; Spreng and Singh, 1993; Oliver, 1994; Taylor and Baker, 1994; Spreng and Mackoy, 1996; Fornell et al., 1996; Oliver, 1997; and Oliver, 1999; Lam et al., 2004). The concept of customer satisfaction has been evolved from the notion of customer service, and the contemporary tradition of examining the concept of CS has its roots in the consumer movement.

The first marketing conference on Consumer Satisfaction in 1976, "Workshop on Consumer Satisfaction," set the stage for the conceptualization and measurement of Consumer Satisfaction/Dissatisfaction (Day and Perkins, 1992). At the 1976 Consumer Satisfaction Workshop, customer satisfaction was defined in terms of a yardstick for measures as an attitude that cannot exist without prior experience, and was most often defined as the absence of dissatisfaction.

Customer satisfaction has been variously defined in the literature, but the conceptualization that appears to have received the greatest support is Oliver's (1993; 1997) view that consumer satisfac-

tion is the consumer's fulfilment response. In Oliver (1997), satisfaction is defined as pleasurable fulfilment. That is, the consumer senses that consumption fulfils some need, desire, goal, or so forth and that this fulfilment is pleasurable. Thus, satisfaction is the consumer's sense that consumption provides outcomes against a standard of pleasure versus displeasure.

Service quality, on the other hand, is consistently viewed in the literature as a unique construct from customer satisfaction. On an operational level, research in service quality has been dominated by the SERVQUAL model. To this end, a number of researchers have supported Parasuraman, Zeithaml and Berry's (1988) conceptual definition of the service quality construct as adequately representing the core of what service quality may mean, that is, a comparison to excellence in service encounters by the customer (Rust and Oliver, 1994; Taylor and Cronin, 1994). Such a distinction also appears consistent with Bitner and Hubbert's (1994, p. 77) proposed definition of service quality as: "The consumer's overall impression of the relative inferiority/ superiority of the organization and its services." Further evidence has emerged that adds support for the distinction between the conceptual domains of service quality and consumer satisfaction. For example, Rust and Oliver (1994), based on Oliver (1993), identify a number of key elements that distinguish service quality from consumer satisfaction. Thus, the weight of evidence in the service literature supports the position that service quality and consumer satisfaction are best conceptualized as unique constructs that should not be treated as equivalents in models of consumer decision making.

Customer loyalty is a buyer's overall attachment or deep commitment to a product, service, brand, or organization (Oliver, 1999). The beginnings of a behavioural perspective on loyalty appeared in the 1970s, after a period when the majority of researchers measured loyalty as a pattern of repeat purchasing. Loyalty manifests itself in a variety of behaviours, the more common ones being recommending a service provider to other customers and repeatedly patronizing the provider (Dwyer, Schurr, and Oh, 1987; Fornell, 1992, Lam et al., 2004). A number of studies have treated these two behaviours as loyalty indicators (Zeithaml et al., 1996; Sirdeshmukh et al, 2002). Therefore, we consider them two key manifestations of customer loyalty.

A review of the literature suggests that there appears to be a relative consensus among marketing researchers in the services domain that customer satisfaction and service quality are separate constructs that share a close relationship (Parasuraman, Zeithaml and Berry, 1988; Bitner, 1990; Carman, 1990; Cronin and Taylor, 1992; Oliver, 1993a; Patterson and Johnson, 1993; Boulding, Kalra, Staelin and Zeithaml, 1993; Bitner and Hubbert, 1994; Taylor and Baker, 1994). However, correlations in the range of .38 to .82 between customer satisfaction, service quality, and loyalty have been observed repeatedly in studies that have investigated relations between these constructs (Parasuraman, et al., 1988, 1991; Babakus and Boller, 1992; Cronin and Taylor, 1992; Bloemer and Ruyter, 1995; Lam et al., 2004). Cronin and Taylor (1992) included a single item measure of satisfaction, and found the correlation between overall service quality and satisfaction to be .82. Bloemer and Ruyter (1995) report that service quality is strongly related to customer satisfaction, and the correlation between the two constructs was .73. Spreng and Singh (1993) argue that when using multiple item measures of each construct, there is a lack of discrimination between the two con-

structs. In their study, a confirmatory factor analysis was conducted with the three measures of overall service quality and the four measures of satisfaction. The fit of the model was not very good, and the overall service quality construct indicated a lack of discrimination between this item and overall service quality. The correlation between the two constructs was .76, and indicates that they share more than 50 percent of their variance.

Many studies have shown that customer satisfaction affects variables that are indicators of loyalty or orientation toward a long-term relationship (e.g., Ganesan, 1994; Mittal, Ross, and Baldasare, 1998; Mittal and Kamakura, 2001; Lam et al., 2004). A satisfied customer's affect toward a service provider could motivate the customer and he may patronise the provider again and recommend the provider to other customers. Heskett et al. (1997) suggested that customer loyalty should increase rapidly after customer satisfaction passes a certain threshold. That is, there are increasing returns to scale in the relationship between customer satisfaction and customer loyalty. Lam et al. (2004) demonstrated the relationship between customer satisfaction and customer loyalty, and found satisfaction has a positive effect on two loyalty dimensions—recommend (.36) and patronage (.31).

However, Oliver (1999), to explain the satisfaction—loyalty conundrum in his extensive review, investigates what aspect of the consumer satisfaction response has implications for loyalty and what portion of the loyalty response is due to this satisfaction component. Oliver's (1999) analysis concludes that although loyal consumers are most typically satisfied, satisfaction does not universally translate into loyalty.

In the absence of a well-developed theory of causal relations among the three constructs, there has been much debate in the literature regarding the overlap and distinction between customer satisfaction and service quality, and between customer satisfaction and loyalty.

ANALYTIC METHODS

Two procedures are used to evaluate discriminant validity. The first involves a confirmatory factor analysis of the items pertaining to the indices of customer satisfaction, service quality, and loyalty. This analysis compares the fit of a three-factor model (where the factors represent each of the constructs) that permits correlations between the factors to the fit of an alternative model that hypothesizes a single factor as underlying the three variables.

The second procedure investigates relations between other consumption related variables (i.e., perceived performance, customer expectations, and perceived customer value) and the three variables of our interest (customer satisfaction, service quality, and loyalty). This analysis tests the hypothesis that the correlations were the same between these consumption related variables and each of the three variables—CS, SQ, and loyalty. Assuming that the measures are assessing distinct constructs, we would expect to find that measures of these three constructs relate differently to measures of other consumption related variables.

The technique for testing the hypothesis that the relations are equal between each of the consumption related variables and the three variables involve comparing the chi-square statistics for two

models. In the first model, the correlations between the consumption related variables and CS, SQ, and loyalty are freely estimated using the LISREL programme. In the second model, the correlations between the consumption related variables and the three variables are specified as being equal. A non-significant difference in the goodness of fit between these two models would constitute a failure to reject the null hypothesis.

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Demand Chain Management for Value Chain Optimization: A New Frontier of Indian Marketplace

D.K. Agrawal

INTRODUCTION

Value chain is a network of activities performed by firms for creating and delivering superior customer value with distinction. It has two parts, namely a supply chain and a demand chain. A supply chain refers to assets, information, and processes that provide supply. A demand chain deals with all assets, information, and processes that define demand. In the era of globalization and information technology, firms are under tremendous pressure to maximize all stakeholders' value. Efficient supply chain management has been contributing significantly to optimization of the supply side of the value chain. It has been facilitating firms in creating superior customer value by cost reduction, consistency and reliability of developed products, partnering and collaborative relationships with vendors, optimization of capacity utilization, achievement of greater economies of scale, and IT enabled process integration across the supply side. As a result, it fell in the trap of the "make-and-sell" business philosophy and created a push situation. In the prevailing market scenario, the customer's demand has become more uncertain and fluctuating. This resulted in a huge inventory pile up of finished goods across the demand side of the value chain. This caused several pitfalls in the demand side of the value chain for optimization.

DEMAND CHAIN MANAGEMENT

The Inforte Corporation (2001) defined demand chain management (DCM) as "demand-driven processes and systems that manage organizational activities based on responsiveness to market demand." Demand chain is a network of trading partners for exchange information, and finished goods flow through the network's physical infrastructure (Lee 2002); which facilitates the firm with the capability to get, keep, and grow profitable lifetime relationships better, and faster (Chase 2001). It is the customer-facing side of the value chain that increases process efficiency capability of firms responding to customers' demand quickly and in a cost efficient manner. DCM is based on a "sense-and-respond" business philosophy that involves real-time capture of demand-related information followed by various business decisions related to the flow of finished goods from the point of inception to the point of use throughout the network of chains for fulfilment of a sensed demand. The emphasis of the demand chain is on the optimization of distribution-related functions of marketing and its coordination with other value addition processes of the value chain (Agrawal et al., 2002). It is an IT driven synchronization of various processes, tools, and functions of marketing that facilitates firms meeting the characteristics of an emerging market scenario.

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VALUE CHAIN OPTIMIZATION: A LITERATURE SURVEY

Emerging Market Scenario

Globalization and Information Technology (IT) are the two major drivers of emerging business environments (Kotler et al., 2002). Due to a global exposure, consumers around the world are finding new ways of living and consuming. They are demanding many things they see. The changes in the characteristics of markets are also supported by rapid technological innovations (Agrawal et al. 2004). Sawhney and Kotler (2001) argued that there is a clear shift from information asymmetry to information abundance. This scenario has made consumers very selective which results in a shift in the perspective of their value (Agrawal et al., 2004). This shift is from a combination of price dominated benefits to a range of benefits like, superior quality, convenient and hassle-free transaction, pleasant purchase experience, consistency and reliability of product performance, problem solutions, and value for money (Haeckel and Nolan, 1996; Blackwell and Blackwell, 1999; Agrawal et al., 2003; Kumar, 2004).

These perspectives of customer value have made the value chain more dynamic. Firms must quickly and continually assess which parts of their value chain are vulnerable, which parts are defensible, which alliances make strategic sense, and which threats are deadly (Fine et al., 2002). IT is increasingly affecting the ways in which the whole value chain operates. Interaction and collaboration costs have been slashed. Physical assets are no longer the cornerstones of competitive success and value propositions (Rayport and Sviokla 1995). Porter (1985) first established the term "value chain" describing the range of inter-linked activities that a business uses to make and sell its goods and services. Rayport and Sviokla (1995) identified value chain as a model that describes a series of value-adding activities connecting a company's supply side with its demand side. Chase (2001) advocated that supply and demand chains are the two most recognizable parts of the value chain of any business for reaching out of their organization and to form partnerships with both parts in a cost efficient way. Walter (2002) more specifically argued that a value chain is a joining of the two for mutual benefits.

Supply Chain v/s Demand Chain for Value Chain Optimization

For value chain optimization in the new market scenario, firms need to respond to market characteristics on a real-time basis. For this purpose, key success factors are speed, flexibility, integration, innovation and coordination (Ashkenas et al., 1995); time-to-market (Haeckel and Nolan, 1996); an externally-oriented culture, distinctive capabilities, and a configuration that enables the entire organization to anticipate and respond to changing customer requirements and market conditions (Day, 1999); integration of numerous core processes and activities with the shared goal of maximizing strategic effectiveness and operating efficiencies based on management of knowledge, technology, and relationship across the value chain (Walter 2002).

The business world needs a shift from supply-side to demand-side thinking (Rayport and Sviokla, 1995). Supply chain is dead (Walter 2002) because of its "make-and-sell" view of the business (Kotler, 2003). Supply chain strategies are primarily focused on cost reduction but contribute little

in terms of growth and profitability (Wayland and Cole, 1997), managing the supply base- including sourcing, supplier integration, and in-bound management (Copacino, 2003), and standardization of market offerings (Agrawal et al., 2004). While responding to a dynamic market scenario, these measures are not enough (Hoover et al., 2001), demand chain is often overlooked (Lee and Whang, 2001), they lack demand-side initiatives (Deloitte and Touche, 2003), and do not properly understand and estimate demand resulting in the crashing of the supply chain management market hype of the late 1990s (Caruso, 2003).

The expected contribution of supply chain in the prevailing market scenario is to create and deliver superior value in a complex and uncertain world (Agrawal et al., 2004). But Fisher (1997) argued that market-responsive supply chains use strategically placed buffer inventories to be kept for generic products. This supply chain drive results in a huge inventory stockpile of finished goods. In USA, a $1.1 trillion inventory supports $3.2 trillion annual retail sales (Lee, 2002). In India there are finished goods inventory holdings in automobile, durable and FMCG industries of, respectively, 17, 29, and 29 days (ETIG, 2002).

Demand Chain Tools & Techniques

For superior market responsiveness, firms need to analyze the demand chain to better understand different customers' buying processes and their value models (Hoover et al. 2001), and have a good grasp on customer demands-and a responsive system to meet those demands in a timely and cost-efficient manner (Lee and Whang, 2001) based on a "sense-and-respond" philosophy (Kotler, 2003) for quick fulfilment, through the use of digital technology (Kotler et al., 2002) facilitating firms in finding new ways to build revenues, add value, and connect better with customers (Wayland and Cole, 1997). It ensures acquiring profitable customers, retaining profitable customers longer, and eliminating unprofitable customers quickly (Agrawal et al, 2004) which results in a superior ROI of marketing (Lilley, 2003).

A well-managed demand chain facilitates firms in offering customized value (Wayland and Cole, 1997; Blackwell and Blackwell, 1999; Walter, 2002); real-time product availability and prevention of stock-out without over stocking, and continuous replenishment in small quantity (Lee, 2002; Lee, 2003; Simchi-Levi et al., 2003; Agrawal et al., 2004). It also enhances demand fulfilment capability (Blackwell and Blackwell, 1999; Walter, 2002; Kotler et al., 2002), customer pull (Lee, 2002; Simchi-Levi et al., 2003; Agrawal et al., 2004), partnering channel relationships (Vollmann and Cordon, 1998; Blackwell and Blackwell, 1999; Chase, 2001; Lee, 2002; Wood, 2002; Agrawal et al., 2003; 2004), and rationalization of distribution costs (Lee, 2002; Kotler et al., 2002; Agrawal et al., 2004; Kumar, 2004). DCM also uses IT extensively for the restructuring of the channel structure by disintermediation and reintermediation (Rosenbloom, 1999; Kotler et al., 2002; Walter, 2002; Lee, 2003; Agrawal et al., 2004; Kumar, 2004) cracking bullwhip effects, intelligence and knowledge-centric decision mechanism, transparent business transaction, and sales processes automation (Lee and Whang, 2001; Lee, 2002; Agrawal et al., 2004), and synchronization of CRM and SCM (Wood, 2002).

RESEARCH METHODOLOGY

After the identification of 18 variables of demand chain tools and techniques for superior market responsiveness through literature survey, a field study was conducted to collect specific primary data with a pre-tested questionnaire. Corporate respondents were taken from automobile, durable and FMCG industries and asked to rate the issues of concern (criticality) on the semantic differential scale of 1 (not critical) to 7 (very critical), and disclose the present level of initiative by selecting one out of four options (already existing / in process / planned to initiate in near future / yet to plan). In total, 45 top-level corporate respondents (CEO, COO, CMO, GM/President-Marketing) from automobile (10), consumer durable (18) and FMCG (17) industries were taken as sample on the basis of convenience. The selection of responding firms was made on the criteria that they must have an annual sales turnover of over Rs 500 crore and have an operational ERP system in place. To validate and interpret the data, mean, standard deviation, and percentage were calculated followed by a factor analysis with the help of the SPSS 11.0 software package.

DATA ANALYSES AND INTERPRETATIONS

Awareness of the growing importance of demand chain management was judged through the very first question put to the respondents in the questionnaire. 86.6 percent of the corporate respondents recognized the growing complexities of demand chain and expressed the need to manage it more efficiently. Thereafter, they rated pro-active market responsiveness (6.78) as the most important objective, very closely followed by the maximization of customer value (6.68) and value chain optimization for long-term performance (6.54) on the scale of 1 (not important) to 7 (very important) as major reasons of efficient DCM. Respondents further rated various tools and techniques of demand chain on the same scale, this also revealed the present status (existing/in process/in near future/yet to plan) of their initiatives for the use of respective tools and techniques. Thereafter, mean and standard deviation for issues of concern and percentage for DCM initiatives were calculated. Respondents rated timely and online demand-related information sharing (6.232) as the most critical and disintermediation of channel structure (3.418) as, relatively, the least critical issue of concern. So, it can be said that all variables are important for value chain optimization. With regard to the present DCM initiatives of firms, about 25 percent of the firms have already taken a lead. Nearly 30 percent of the firms in this study are in the process of optimizing their demand chain, and about 35 percent firms have already planned to incorporate it in the near future. Only about 10 percent of the firms have not taken any initiative in this regard.

To get a deeper insight into the criticality of various demand chain tools and techniques, a factor analysis (Principal Component analysis, and Varimax with Kaiser Normalization Rotation method) was conducted to find out the number of factors as well as the number of variables falling into each of the factor extracted. This factor analysis finds five derived factors and those variables that had a factor loading of above 0.486 (ignoring the signs) are grouped under their respective derived factors. These five factors (F1, F2, F3, F4, and F5) have Eigen values 2.612, 2.570, 2.402, 1.870, and 1.660 respectively and explain 68.83 per cent total variance, which is quite high, which establishes the validity of the study. Thereafter, the Scree Test was used to establish the relevancy of the 5 extracted factors out of 18 variables that are rotated in the factor analysis. The Scree point falls at

the factor 4 where, a steep slope is observed. Thus, the first three factors to the left of the Scree point are the most critical factors and the remaining two factors are relatively less critical. Altogether 11 variables of the demand chain were then loaded on the three factors along with their naming as exhibited in Table-1. Table-2 analyzes the responding firms' initiatives towards these three factors along with their ranking. This table depicts that the logistical service is the most critical factor followed by distribution optimization and leveraging IT. Firms' initiatives have not been according to the ranking of factors in absolute terms but to a greater extent, they are moving in the right direction.

RESEARCH IMPLICATIONS

The most interesting and contradictory result of factor analysis with respect to simple analysis is in terms of the critical status of two variables. Factor analysis has shown "disintermediation of channel structure" as the more critical variable, and timely and online demand-related information being a relatively less critical variable, which is the opposite of the simple analysis.

The above factors contribute significantly to the co-prosperity of all demand chain members. Logistical service variables facilitate firms in making products available on a real time basis, preventing stock-outs without over stocking, and enhancing demand fulfilment capabilities. The contribution of this demand chain initiative in the value chain optimization is in terms of boosting sales of products, the unlocking of working capital and minimizing the space requirement. Finally, this factor ensures superior return on investment to all demand chain members and also motivates external members to have more inventory turns which results in an additional sales volume without additional costs to the firm.

IT plays a significant role in this process, by automating sales processes across the demand chain. It facilitates firms to capture demand data in real-time and their processing for a quick fulfilment of the demand. It makes business transactions more transparent by making information available relating to marketing and brand information, merchandising, sales and trade promotion schemes, order status, shipment schedule along with tracking and tracing. It ensures a hassle-free and timely completion of transactions; prevents conflicts across the chain and network restructuring by disintermediation and reintermediation, making it small and market responsive.

Finally, the third factor of DCM deals with the optimization of the distribution system. It ensures capitalization of the channel members' resources, as firms cannot sustain growth and long-term performance solely on their own resources, resulting in an increased dependence on channel members for the qualitative outcomes of marketing (Agrawal et al., 2003). For this purpose, they need to develop and maintain partnering relationships with channel members. In this endeavour, superior logistical services and IT contribute significantly to the "sense-and-respond" based philosophy for the conduct of business. This philosophy enhances a firm's market responsiveness capability in the dynamic market scenario.

Anecdotal evidence supports the idea that firms must have customer-centric marketing for value chain optimization but the findings of this study reveal that this factor is at the moment not properly recognized by responding Indian firms. This reveals that they have a reactive market respon-

siveness strategy to fulfil an existing demand more quickly by improving their logistical service quality but are unable to capitalize on new opportunities.

CONCLUSIONS

It has been seen that efficient management of the demand chain is the need of the hour for optimization of the value chain. But this does not mean that firms should forget supply chain optimization and only concentrate on demand chain optimization. Firms need a high degree of synchronization of both to gain superior market responsiveness. Supply chain management drives an uninterrupted flow of goods in a cost efficient manner while DCM ensures an uninterrupted flow of customer demand information, their translation into knowledge-centric sensing of profitable and addressable demand followed by the ability to respond to them on a real-time basis. Rayport and Sviokla (1996) argued that in today's world of overcapacity, there is a large incentive to synchronize supply and demand chains. Woods et al. (2002) find that through 2006, enterprises that fail to master demand chain collaboration and synchronization with the supply chain will experience a 50 percent lower ROI on demand chain projects (0.8 probability).

Table 1: Critical Factors of Demand Chain Management for Value Chain Optimization

F1 Logistical Services	F2 Leveraging IT	F3 Distribution Optimization
Real-time Product Availability (5.790)	Sales Processes Automation (5.597)	Capitalization of Intermediaries' Resources (5.581)
Prevention of Stock-out Without over Stocking (5.697)	Transparent Business Transactions (5.883)	Partnering Channel Relationships (6.139)
Continuous Replenishment in Small Quantity (5.418)	Disintermediation of Channel Structure (3.418)	Rationalization of Distribution Costs (5.046)
Enhancement of Demand Fulfilment Capability (5.558)	Reintermediation of Channel Structure (4.860)	

Table-2: Corporate Initiatives towards Critical Demand Chain Tools & Techniques

Critical Demand Chain Tools & Techniques	Average Mean Score	Factor's Ranking	Firms' Present level of Initiatives (%)	
			Yes	No
Logistical Services Real-time Product Availability Prevention of Stock-out Without over Stocking Continuous Replenishment in Small Quantity Enhancement of Demand Fulfilment Capability	5.615	1st	58.8	41.2
Leveraging IT Sales Processes Automation Transparent Business Transactions Disintermediation of Channel Structure Reintermediation of Channel Structure	4.939	3rd	52.2	47.8
Distribution Optimization Capitalization of Intermediaries' Resources Partnering Channel Relationships Rationalization of Distribution Costs	5.588	2nd	63	37

Measurement of Shopping Involvement: A Scale Development Approach

Piyush Kumar Sinha and Dwarika Prasad Uniyal

BACKGROUND

Shopping is an activity which evokes many responses from people and they are varied in nature. For some, it is an act of killing boredom, for some it leads to self-gratification and for some more, it gives a sense of emotional fulfillment and it also has a socialization effect. When shoppers were studied in the act of shopping using disguised observations, it was found that their behaviour was distinct across shopping formats and was assumed that this can be linked with their level of involvement in the process of shopping.

SHOPPING INVOLVEMENT

In the literature, it was found that while orientation towards shopping and involvement towards products/brands were studied, involvement of shoppers with shopping as whole was not given much importance. The current study is an attempt to define and measure the construct of shopping involvement in a particular store's context. We are trying to measure the level of involvement a shopper has with the shopping process which is very distinct than the involvement with a particular product category or specific brand. It is hypothesized that shopping involvement will change from shop format and the benefit derived from that format and will have a direct correlation with the level of information search at the store.

HISTORY OF INVOLVEMENT RESEARCH

In earlier years involvement researchers focused on the conceptualization of high and low involvement media and later on with consumer's involvement with products and purchases. They hypothesized that there are high and low involvement consumers and later it was extended to high and low involvement purchases. This led to the notion that a consumer's level of involvement depends on the degree of personal relevance that the product holds for the consumer. Hence, it was postulated that high involvement purchases were very important to the consumer and hence evoked extensive problem solving (information processing) and low involvement purchases held little relevance and thus had little perceived risk leading to very limited information processing.

Involvement as a separate construct itself has been defined as a something which is more than just importance. This construct is motivating in nature and hence it was found that when shoppers are

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involved, they pay attention, perceive importance and behave in a different manner than when not involved. The construct of involvement had been an important factor in studying advertising and Krugman (1967) had applied learning theory to TV copy testing.

Howard and Sheth (1969) had used the term product class involvement interchangeably with 'importance of purchase". They defined involvement as being product-class specific and included the criteria by which the buyer orders a range of product classes in terms of his needs.

DIFFERENT TYPES OF INVOLVEMENT

Involvement with purchase decisions was conceptualized as a behaviour change in a decision strategy and resulting choice that occurs only when the consumer sees the purchase or consumption situation as personally relevant or important. The involvement of consumer with act of purchase or in other words shopping involvement was linked with perceived risk. It was found that when purchase was seen as important, the consumer would expend effort to obtain information and reduce uncertainty through: a) mere willingness to perceive the information and b) extensive, overt search for relevant information. Michelle et al (2001), defined involvement with shopping as an enduring. According to Havitz and Howard (1995), enduring involvement reflected a sustained level of care or concern with an issue, product, or activity and represented an individual's ongoing attachment with the attitude object. Situational involvement on the other hand reflected heightened involvement prompted by a specific situation. Richins and (1986) in their experiments noted that although both represent an individual's state of arousal related to a purchase decision or activity choice, the fundamental distinction between the forms of involvement lies in the temporal pattern of their occurrences. Situational involvement was a temporary elevation of interest that fluctuated, usually within the time frame of a purchase decision. Situational involvement was highest when a shopper was found to be doing a high risk purchase and was discernible at time of purchase.

MEASUREMENT OF INVOLVEMENT CONSTRUCT

1. Zaichkowsky's (1985) Personal Involvement Inventory measured **involvement with a particular product** and on the other hand Laurent and Kapferer (1985) created a Consumer Involvement Profile having five facets of **perceived importance** of the product (its personal meaning), **symbolic or Sign value** attributed by the consumer to the product, **hedonic value** of the product, **Interest** the product class and the **perceived risk** associated with the product purchase which in turn had two facets:

    a. the perceived importance of negative consequences in case of poor choice
    b. the perceived probability of making such a mistake

COMPARATIVE ANALYSIS OF BOTH THE SCALES OF ZAICHKOWSKY AND KAPFERER

These two approaches differ on the issue of dimensionality as Zaichkowsky has conceptualized involvement to be unidimensional, Kapferer and Laurent on the other hand described involvement as a multidimensional construct and developed a multi-dimensional profile. Mittal (1989)

also argued that the construct of involvement be kept separate from its antecedents else a very broad construct will emerge out which will make any investigation of relationships among involvement and other variable imprecise.

GAP IN THE EXISTING RESEARCH

After a thorough study of research done in last 30 years in the field of involvement and its measures, one comes to conclusion that one critical aspect of measurement of involvement of shoppers in the shopping process is missing. Researchers have focussed more on the involvement as a construct which is not an end in itself. Understanding involvement in a particular context is of immense use to marketers and retailers. In Indian context where new formats are emerging its all the more critical to measure the behaviour of shoppers at the retail outlet and hence author proposes to study situational involvement with a particular context of shopping. From above critique of L&K and Zaichkowsky's scales, one infers that a new scale is needed which can factor in the dimension issue, separate involvement with its antecedents and can also measure shopping involvement, which is the main focus of the proposed research.

FOCUS AND METHODOLOGY OF PROPOSED RESEARCH

The current study proposes to develop a comprehensive scale to measure shopping involvement which will factor in all the situational factors and link it with format of the store. Thus providing a matrix for marketers and retailers to analyze and measure different shopping involvements and respond to it with various communication and retailing mix strategies.

The first phase of research will be qualitative and exploratory in order to identify critical variables and statements to measure shopping involvement. This will be done by using Structured Depth interviews among Housewives and working women in the age group of 23-30 belonging to SEC A household and who can understand, write and speak English. Geographical score of the study will various areas of Ahmedabad city.

In the second stage, based on the qualitative research findings a scale and questionnaire instrument will be developed and piloted among similar sample profile as described above.

In the third and the final stage, a full scale questionnaire survey will be operationalised having an approximate sample of 300. The authors intend to present its final findings in the main paper.

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Forecasting Time Series Using Wavelet Filters and Seasonal Autoregressive Moving Average Models

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ABSTRACT

A time series is a sequence of real numbers each representing a value at a time point. In the past few years due to high-speed computing facilities, time series data has once again gained importance in financial analysis, marketing, data mining, data warehousing, geology, engineering etc. With this growing demand of time series, there is an increasing demand to support new techniques for dynamic forecasting of time based data.

In this paper we used the wavelet filter-based multi-resolution analysis along with the Seasonal Autoregressive Moving Average (SARIMA) models for forecasting natural gas demand. We used the db4 wavelet filters for denoising and compression of time series and SARIMA modelling for forecasting the demand for natural gas. Our proposed methodology is based on the theory that most of the time series signals always contain noise and unnecessary details not required for further analysis. Hence forecasting directly from such signals may prove cumbersome, computationally intensive and prone to error.

The denoised and compressed signals using wavelet filters will be comparatively more smoothed and helpful for speedy and accurate forecasts. We compare our results with simple SARIMA methodology and conclude that our proposed methods give a better and more accurate forecast of the demand for natural gas from Sui Southern Gas Company (SSGC),Pakistan. Using wavelet based SARIMA models for demand of natural gas data, we believe that with the right choice of the mother wavelet, moving towards a wavelet based forecasting system would significantly improve the forecasting efficiency for non-stationary time series available through the traditional stationary models. Our methodology is simple to implement and can be used in other fields with a slight change in the order of moving averages, auto-regression, and integration.

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Drivers of Market Share: Estimation of an Attraction Based Model through Seemingly Unrelated Regression Equations

Angshuman Bhattacharya

Market share commands increasing attention as an indicator of a brand's performance in many product areas. For a better performance, it becomes imperative to know the dynamics that produce market share. The paper attempts **to develop a general framework to investigate the process of origination of brand share in the marketplace and to define a quantitative relationship between the market share of a brand and the set of its own marketing mix variables and that of its competitors.** Such a framework can keep the brand manager better informed about the dynamics of the market share and help in guiding the marketing strategies to improve the market share. The general nature of the framework also allows it to be used in a variety of conditions across industries, marketing conditions and data with suitable transformations; without compromising the underlying theory.

The paper consists of four parts – Part one develops the theoretical framework while part two formulates the mathematical model derived from part one. Part three talks about the statistical estimation details and the fourth part contains three case studies.

The Attraction Theory (Bell, Keeny and Little, 1975) of market share has been used to analyse the dynamics of market share and to infer about own and cross effects of marketing mix instruments. This paper develops the theoretical framework of a competitive and interactive market share analysis around the Attraction Theory with appropriate inputs from 'Almost Ideal Demand Systems' – which manifests itself in developing the homogeneous nature of the share demand system. Thus the paper completes the generalized framework of descriptive market share analysis.

The framework is then applied to the specific domain of US consumer packaged goods (CPG). Most of the categories here are intensive in competition and maintaining the market share of brand is a serious concern for managers. Because of the widespread availability and high purchase frequencies of these products, it provides a vast amount of point-of-sales (POS) data occurring in various pricing and promotional conditions. The paper currently concentrates on the short term dynamics of market share, as the study assumed that pricing and in-store promotional conditions (generated by Display, Features and their interactions) are the major drivers and developed the econometric model specific to this.

In doing so, the current study postulates a functional form to define market share as a response to own and competitive marketing mix strategies in action. Since the share of each brand is inter-

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twined by the fact that these all must add up to unity, a more suitable method would be to analyse all the brands in conjunction with the inherent adding up constraint – thus yielding a system of simultaneous equations. To maintain the properties of the share demand system, the study also postulates homogeneity restrictions to close the system up. However, this position is still under scrutiny as it may not add value under some circumstances. Once the system is developed, the paper proposes a statistical procedure to estimate the system. Given the indirect endogeneity of the system, which would be manifested in the correlation of the errors across equations, we resort to *Seemingly Unrelated Regression Equations* (SURE), a GLS based estimate procedure suitable for these purposes (Zellner 1962).

We apply the concept through procedures available in SAS. We used POS data from Information Resources Inc., USA (IRI) data sources and studied a number of categories as cases and built the models for each of these. We used weekly observation data of volume sales, pricing and in-store promotional conditions for a number of stores for each brand in a category. We assume these conditions are instrumental in determining a brand's share in any given store and time. The three analysed categories have different market structures. Like the Snacks category, where 3 major brands compete for market share with a competitive fringe group; as opposed to the Detergent category - with a leader with one-third market share and a group of medium to small manufacturers; and Cigarettes - with one leading player with half the market and a group of small players – a perfect leader-follower scenario. For each of the cases, the predicted share at weekly aggregated levels was close to observed share and the individual coefficients were mostly significant and logically correct. The mathematical model could also identify the clusters where brands in the same cluster compete more intensely than against a brand from another cluster. This helps to identify the competitive brand positioning in the market.

Mining Market Basket Data to Discover Localized Associations

Xiaojun Li, Srinivas Prasad, Pradeep Rau, and Sanal Mazvancheryl

INTRODUCTION

The study of cross-category effects has been recently gaining attention in the marketing research area. Several statistical models have been proposed (Manchada, Ansari et al. 1999; Russell and Petersen 2000) that attempt to measure these effects in market basket data. Despite their usefulness, the computational cost of these models makes them somewhat limited in the context of very large databases (VLDB). A very large database has not only a large number of data records, but also a large number of variables. Exploratory data mining techniques such as association rule mining can be used to discover product/category associations in VLDB.

In association mining, the association between two products, *A* and *B* is assessed by three measures, *support, confidence,* and *lift* (Agrawal, Imielinski et al. 1993; Brin, Motwani et al. 1997). The *support* is the co-occurrence frequency, but usually represented by their percentage, $P(AB)$. The *confidence* is a conditional probability, $P(A|B)$. The *lift* is $P(AB)/P(A)P(B)$, which measures the strength of the association. An association rule is a statement like "if a customer buys product A, he will also buy product B with a probability c%". Such rules can be used to coordinate marketing activities across products/categories in the form of cross-selling recommendations that are made based on the overall data set, which is composed of transactions from different customer segments. Product/category associations, however, may differ across such attributes as customer demographics and psychographics. When the aggregate data set is divided into multiple subsets based on different customer segments, the *support, confidence,* and *lift* may vary quite significantly across these subsets. As such, the retailer may benefit from targeting cross-selling promotions between specific product pairs to specific customer segments. This paper proposes an approach to identify such paired product associations in customer segments.

METHODOLOGY

Our approach starts with identifying pairs of products that are weakly associated. Such pairs can be identified from the aggregate data based on lift values that are just around 1. High lift values (>>1) are characteristic of products highly correlated. Typical examples in the shopping basket context are products that are used together such as cake mix and frosting, or fabric softener and

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detergent, what are referred to as use complements. At the other extreme, pairs that have very low lift values (<<1) are indicative of substitutes i.e., the presence of one would imply the absence of the other item. All other pairs, that are neither complements nor substitutes, are candidates for weakly associated pairs and may exhibit strong associations in certain subsets of the data. Our focus is on such pairs of products. Generally, selection of product pairs is based on the associations in the aggregate, which meet constraints on lift and support. A user particularly selects pairs based on the specified target. For instance, a category manager may put beer as the target, and all other categories as conditions.

The most straightforward approach is to do an exhaustive search over all subsets. We use a heuristic approach based on constructing a tree that promises to be much faster than an exhaustive search algorithm.

Automatic Association Detection (AAD) Algorithm

1. Split the data at a node into two lower level subsets (leaf nodes) based on the following splitting rule.

   - Splitting rule: If $L'(X,Y)$ and $L''(X,Y)$ are the lift values associated with a particular split, choose the split that maximizes the measure

$$\eta = Max\left[\frac{L'(X,Y)}{L''(X,Y)}, \frac{L''(X,Y)}{L'(X,Y)}\right]$$

   The motivation for this splitting rule is that it favours splits that result in positive and negative local associations more than those that generate either both positive or both negative associations.

2. Stop splitting a set (node) if stopping criteria are met and label the node as terminated.

   - Stopping criteria: $\eta <$ specified threshold or number of transactions in subset < specified threshold?

3. If all leaf nodes are terminated, stop. Otherwise, move to an unterminated leaf node at the highest level, and go to step 1.

As an illustration of our approach, consider the tree diagram shown in Figure 1 for the pair of products (Beer, Diapers).

Figure 1: An Example to Illustrate Localized Associations
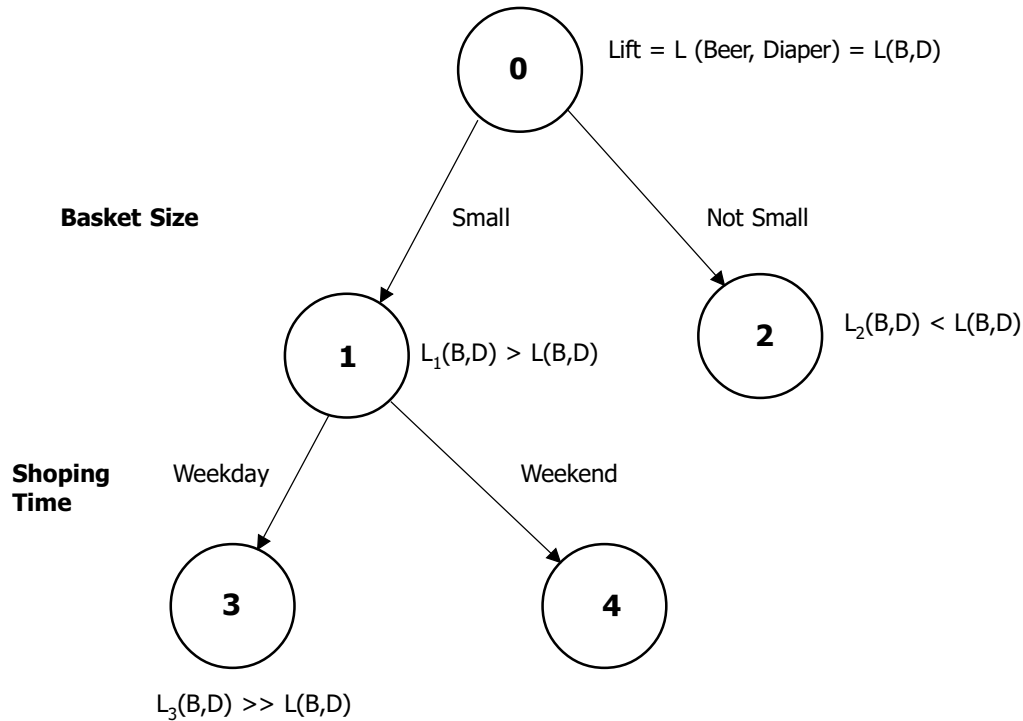
At the root node, the lift value for the pair of products is computed across the aggregate data set. In the second step, the aggregate data is split into two subsets (nodes 1 and 2) based on the shopping basket size. Node 1 corresponds to baskets that are small (perhaps containing 3 or fewer products), and results in a higher lift value among the products in question. Node 1 is further split into two subsets (nodes 3 and 4) based on whether the transaction occurred on a weekday or the weekend. Node 3 shows that the lift value for this subset is even higher; essentially indicating that the association between the products is much higher in the localized set of baskets that involve few products and occur during a weekday.

A couple of questions arise based on the above illustration. How do we decide which variable to use, and at what level, for splitting the data set at a node? When do we decide that we have a strong enough localized association at a node, and stop splitting the node further? One version of the proposed algorithm addresses the above questions in the manner described below.

PRELIMINARY RESULTS AND EXTENSIONS

The above algorithm has been applied to a shopping market basket data set that contains transactions including 24 categories over 2 years for 200 panellists. Figure 2 is a support-lift chart of the paired associations. The chart is divided into six areas arbitrarily. We are more interested in area 5 and area 6, where the associations have comparatively high support, but low lift. An example of the result is reported in figure 3. A pair of unrelated products, hotdog and detergents is highly correlated in consumers who are relatively young, small family sized, and high income.

Figure 2 Support-lift chart of the paired associations of 24 products
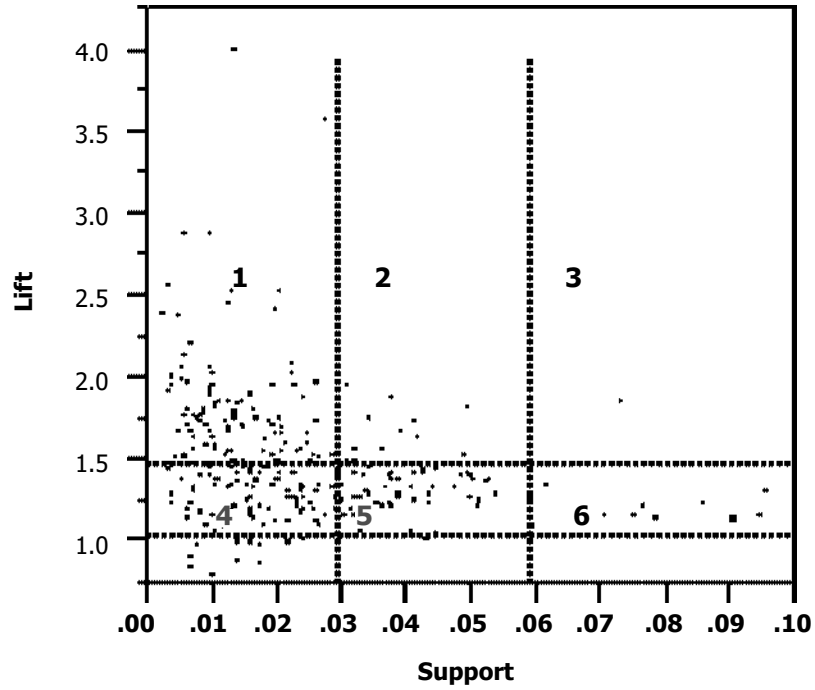
Figure 3: Tree showing localized associations
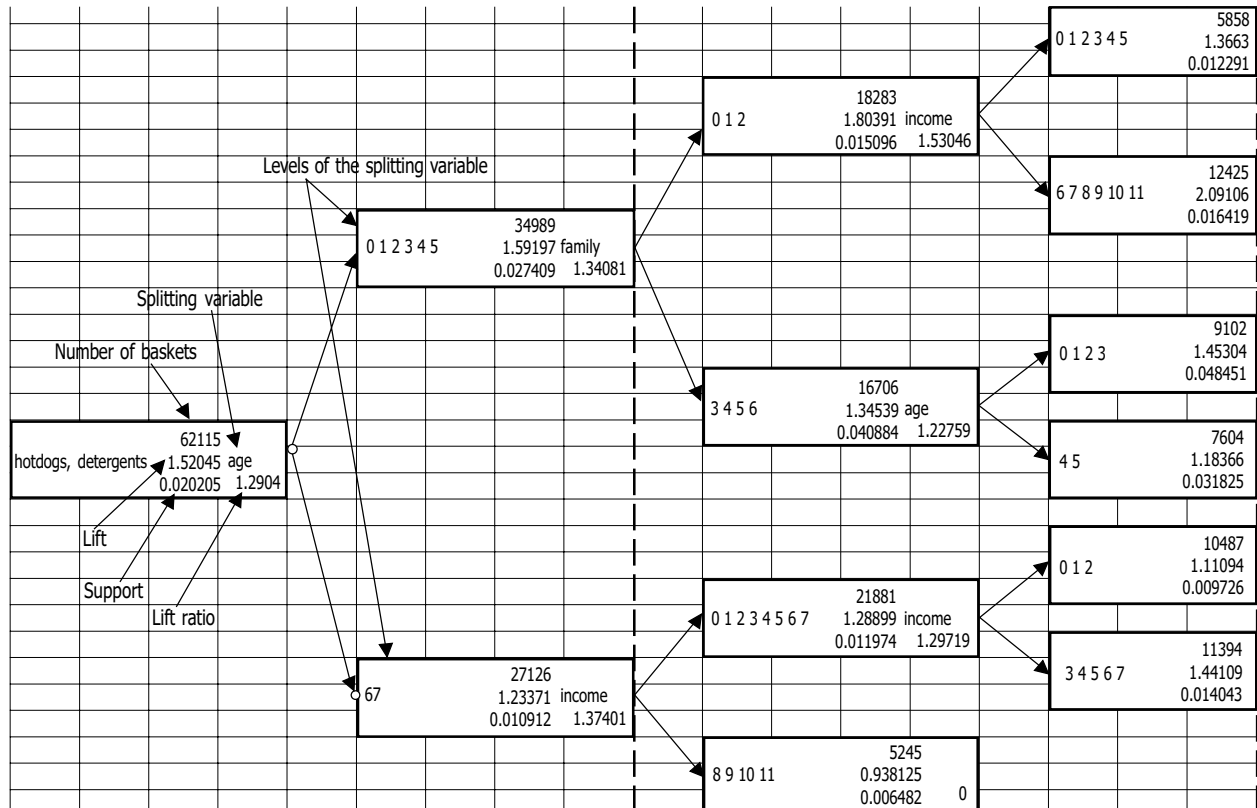
We are currently experimenting with the following extensions/variations of the algorithm, and will report results from these at the conference.

- Use of the chi-square measure instead of the lift values to decide on splitting variables and termination criteria. This is similar to CHAID, and hence we call this variation: CHAAD – chi-square automatic association detection.
- Use multiple pairs of products to decide on splits instead of just one pair. This will help in identifying subsets that may exhibit localized associations between multiple pairs of products.

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Environmentally Responsive Consumption Behaviour

Meenakshi Gandhi and R.K. Mittal

ABSTRACT

Concerns related to the environment are evident in the increasingly ecologically conscious marketplace. Global industrialization and the subsequent dwindling of many natural resources have become elements for product differentiation in marketing. Environmental certification programmes are increasingly being recognized as significant market-based tools for linking manufacturing and consumer purchases. Despite environmental concerns gaining importance everywhere, very little research has been done in the Indian context.

This paper is an attempt to fill this gap and examines the nature of environmentally responsive consumer behaviour in an Indian context and further develops a profile of what the authors call the eco-conscious consumer. The paper also examines relationships between the values, variables and purchase intentions for environment friendly products. Using various statistical analyses of data gathered from 136 usable questionnaires, the paper investigates the demographic, psychological and behavioural profiles of consumers who are willing to pay more for environmentally friendly products. This research suggests that measures of environmental consciousness are closely linked to environmentally-responsible purchasing behaviour, although the strength of the relationships varies according to various demographic characters studied. Managerial implications for green marketers and suggestions for future research are discussed.

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Consumer Involvement in Product Choice:
A Demographic analysis

G. Sridhar and R. Sudarshan

During the past five decades, consumer involvement has received notable attention among academicians as it is considered to have paradigmatic implications on consumer decision making. Most of the studies on consumer involvement have been conducted in developed economies and more specifically in the US (O'Cass, 1998). If the construct is to receive wider acknowledgement and generalizability, there is a need for studies on consumer involvement spanning varied cultures and contexts. In India, studies on consumer involvement have received little attention except for a few studies conducted by Avinandan and Anirban (1996), Sadarangani and Sanjaya (1998), Jain and Sharma, (2000), Sharma, (2000), Jain and Sharma, (2002).

Consumer involvement is conceptualized and broadly categorized in four dimensions viz. antecedents, moderating factors, involvement properties and consequences (Antil, 1984, Zaichkowsky, 1985, Andrews et al, 1990, Loudon and Della Bitta, 2002). Many scholars have followed the advice of Cohen (1982) and Andrews (1988) who argued that involvement has to be kept separate from its antecedents and its consequences; otherwise, an overly broad construct would result in making the investigation of relationships imprecise. Among such studies, there are very few that attempted to examine the relationship between demographics and consumer involvement.

It is in this context that a study has been conducted to examine the relationship between consumer involvement and demographics. An attempt is also made to analyse various dimensions of consumer involvement for the selected products. This paper presents the findings of the study.

CONSUMER INVOLVEMENT – INTRODUCTION

Consumer involvement is a source to explain the differences in the degree of both mental and physical effort of a consumer and his decision-making (Beharrell and Denison, 1995; Laaksonen, 1994). The concept of involvement originated from the Split Half theory where the assumption is that the left and right halves of the human brain process information differently (Mittal, 1987). Krugman (1965) proposed that there are two levels of involvement; low and high and associated it with the split half theory. Later the theory was extended by claiming that consumer involvement is on a continuum with low and high at the two extremes of the continuum (Zaickhowsky, 1985, Laurent and Kepferer, 1985). When compared to low-involved consumers, high-involved consumers use more criteria for choice making (Mitchell, 1989); search for more information (Beatty,

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and Smith, 1987); know more about the alternatives (Petty and Cacioppo, 1983, Maheswaran and Levy, 1990); process relevant information in detail (Chaiken, 1980); and will form attitudes that are more resistant to change (Petty et al 1983).

Importance and interest in the consumer involvement construct has resulted in an extensive body of literature with a multitude of definitions and measurements. This has led to contradictory viewpoints on what involvement is and is not. For example, some believe it to be perceived personal relevance (Petty and Cacioppo, 1981, Antil, 1984, Richins and Bloch, 1986; Celsi and Olson, 1988, Higie and Feick, 1989) while some others consider it to be a motivational state (Mitchell, 1981, Bloch, 1982, Bloch and Richins, 1983, Greenwald and Leavitt, 1984, Mittal, 1989, Andrews et al. 1990). A few other researchers considered consumer involvement phenomenologically (Houston and Rothschild, 1978, Petty and Cacioppo, 1981, Greenwald and Leavitt, 1984, Celsi and Olson, 1988). In spite of such diverse views, Mittal (1989) argues that there has been an agreement among various scholars that consumer involvement is a motivational force leading to consumer behaviour and action.

Consumer involvement has been related to objects or levels like product, advertising, message, programme, situation (Mitchell, 1979, Petty and Cacioppo, 1981, Laurent and Kepferer, 1985, Slama and Taschain, 1985) and behaviours like purchase, and response (Clarke and Belk, 1978, Antil, 1984, Bloch and Richins, 1983). Though consumer involvement can take place at various levels other than the product, Finn (1983) argues that the level of motivation results from product attributes and relatedness of the product to the consumer's psycho social wants and needs. It has also been identified that products which are highly priced, having complex features and high perceived risk generate high involvement levels on the part of the consumers. Consumers express low involvement levels for products that are generally low priced; have simple features and low perceived risk (Richins and Bloch, 1986, Saxena, 2002, Kotler, 2002). Thus, the level of consumer involvement is dependent on the product. As each product has different levels of perceived risk, features and prices, we speculate that the involvement levels would also differ across products. With this background, the first hypothesis is proposed as

H_1: the involvement level of a consumer would be different for different products.

As similar to the product, involvement levels in consumers are also found to have differed across individuals (Zaichkowsky, 1985, Laurent and Kepferer, 1985, Sharma, 2000, Jain and Sharma, 2002). Consumer involvement is defined as an unobservable state of arousal or interest and evoked by stimulus or situation having drive properties. As the levels of interest and arousal would be dependent on the needs, preferences and other factors, the levels of involvement also would be different. Thus, the definition by itself indicates that consumer involvement levels would be different for different individuals. On this basis, the second hypothesis is formulated as

H_2: Consumer involvement levels differ across consumers for every product.

DEMOGRAPHICS

Among the antecedents influencing consumer involvement, person related antecedents are connected to the needs, values, characteristics and personality of the consumer. Within the person related antecedents, demographics have considerable influence on consumer involvement. Some of the demographics considered for the study include family life cycle, age, income, occupation, income and sex.

Family Life Cycle

Many scholars in the consumer behaviour area identified that individuals tend to go through certain stages in their lives called a Family Life Cycle (Schiffman and Kanuk, 2002, Loudon and Della Bitta, 2002). An individual passes thorough the stages like bachelorhood, recently married, married and having dependent children, married and non dependent children who are working, married and without spouse. Scholars observed that major events in life create different social environments that influence the consumer's affective reactions, cognitions and consumption behaviour (Peter and Olson, 2005). Marketers used the family life cycle concept to segment the market, analyse market potential, identify the market segments and develop appropriate marketing strategies. Family life cycle is also used to recognize the stages that are more important for different products and accordingly design strategies.

Slama and Tashchian (1985) state that family life cycle acts as a summary variable capturing the combined effects of income, age and important events in life like marriage, birth of children, retirement, and death of spouse. They add that different stages of family life cycle will be involved in purchasing different types of products. Further, within a product, there would be differences in the involvement levels across the family life stages (Jain and Sharma, 2002). Based on the above arguments, the third hypothesis is formulated as

H₃: Consumer involvement for a product differs for the differences in the consumers stages in the family life cycle.

Age

Age carries with it culturally defined behavioural and attitudinal norms (Alreck, 2000). Age affects consumers' self-concept and also lifestyle (Henry, 2000). Age determines the consumption of various products, media, and shopping centres and has been used by marketers to segment the markets. Age also influences the level of consumer involvement (Slama and Tashchin, 1985, Jain and Sharma, 2002). Though age forms a part of one's stage of family life cycle, yet it is in itself an important factor for various products. Based on the above arguments the fourth hypothesis is stated as follows

H₄: Consumer involvement levels for a product vary for differences in the age segments.

Sex

Men and women possess unique personality traits, interests, knowledge, judgment capabilities, and social status. Hence, some scholars believe that they process and evaluate products differently (Eagly and Carli 1981, Fischer and Arnold, 1994, Everhart et al, 2001, Sanjay, 2001). There are differences in the involvement levels for various products between men and women (Slama and Tashchian, 1985, Jain and Sharma, 2002). Based on these arguments, the fifth hypothesis is proposed as follows

H_5: Consumer involvement levels for products vary between men and women.

Family Income

Income of the family combined with a family's accumulated wealth determines purchasing power (Hawkins et al, 2003). However, income enables purchases but does not generally cause or explain them. It is likely that occupation and education directly influence the preferences for products, media and activities; income provides the means to acquire them (Mulhern et al, 1998). Jain and Sharma (2002) and Slama and Taschian (1986) identified that income influences the involvement levels. Hence, our sixth hypothesis is as follows

H_6: Consumer involvement levels for a product differ because of the differences in family income levels.

Occupation

Occupation is one of the widely applied cues to evaluate an individual (Hawkins et al, 2003). It is strongly related to education and income. Various studies have found differences in consumption of products with differences in occupation. Jain and Sharma (2002) could gather minimal support for the argument that consumer involvement differs for differences in consumers' occupation. However, it may be speculated that the differences in the involvement levels of the consumer would be influenced by different occupations. Hence, the seventh hypothesis is stated as

H_7: Consumer involvement levels for a product would differ with different occupations.

METHODOLOGY

The research design is exploratory. In the first stage, we reviewed relevant literature on consumer involvement and demographic variables from various sources like books, articles published in journals, periodicals and newspapers. In the second stage, fifteen consumers were interviewed for about 30 minutes each. Interviews focused on the reasons for purchasing various products, the choice of the products, consumer involvement and the consumer decision making process. Two products were selected for the study i.e. television and toothpaste. These products were selected in such a way that one represents high involvement (television) and another represents low involvement (toothpaste). These products were selected as they have a wide usage rate. Interviews also helped us to understand the consumer decision making process and the extent of involvement they underwent in the purchase decisions with respect to various products. Later, based on

the review of literature, information gathered through interviews, and objectives of the study, hypotheses were formulated for testing. In the third stage, to test the hypotheses, a survey method was employed. Data collection included interview technique with a structured questionnaire. The questionnaire included both open and close-ended questions on the identified dimensions. Five field reporters (students pursuing their management graduation) were chosen to administer the questionnaire to the sample respondents. They were given instructions on how to administer the questionnaire.

The unit of investigation for the study was the individual consumer. Sample respondents were chosen from various occupational categories from Hyderabad and Warangal, two major cities in the state of Andhra Pradesh.. We deliberately restricted the categories of the occupations to five, based on convenience, which includes doctors, lecturers, engineers, lawyers and executives of various business organizations. The restriction was done to optimize the time and cost resources. Forty respondents from each of the select occupations were contacted from Hyderabad totalling 200. Thirty respondents from lecturers and lawyers categories, twenty five from doctors and engineers and twenty two executives were selected from Warangal, totalling 132. The aggregate sample for the study was 332.

Measuring Involvement

Involvement has been operationalised on various dimensions and as a result we find widely disseminated involvement scales developed. Most of these scales utilized Likert like formats and bipolar scales measured on five or seven points. The number of items ranged from six to over thirty.

Authors who attempted a multidimensional approach to measure the involvement construct, generally observed that the scales lack a second reliable dimension. Jensen et al (1989) suggested that involvement may be multidimensional both between products and when spread out across products. However, in utilizing involvement dimensions for a specific product, those dimensions beyond unity should be considered unreliable for subsequent products unless demonstrated otherwise. This suggests that involvement may be unidimensional or multidimensional with subsequent dimensions beyond unity being product specific. Hence, for the purpose of this study, Zaichkowsky's (1985) unidimensional concept of involvement was adapted. Zaichkowsky presented a 20- bipolar item seven point instrument called Personal-Involvement-Inventory (PII) to measure consumer involvement. This instrument is simple and applicable across products, brand decisions and advertisements as stimuli. Though there are some minor weaknesses (Mittal, 1989) in the instrument, it is one of the most widely used scales and tested for various validity measures and reliability across cultures. In the Indian context; it was used successfully by Sharma (2000) in her study.

For our study the scale was modified by converting the bipolar items into Likert like scales. This is a departure from what Zaichkowsky (1985) argued. According to him Likert scale items were problematic "because items that seemed to be appropriate for frequently purchased goods did not seem to apply to durable goods and vice versa". But we resorted to Likert like scales primarily

because during preliminary field visits bipolar items were not easily understood by the respondents. Added, we measured the construct on a five point scale instead of the seven point bipolar scale used by Zaichkowsky, because respondents found the difference between two intervals in a seven point scale to be very narrow.

The adapted scale of Zaichkowsky's Personal Involvement Inventory (PII) had 20 items measuring the consumer involvement of two products separately. As the items were measured using a five point scale with a minimum value of 1 and maximum value of 5 the theoretical values of the responses for each product would be in the range of 20 to 100.

Measuring Demographics

To use the Family Life Cycle it was important to decide on the number of stages that a family undergoes in the context of the respondents of the study. Literature suggests numerous typologies of Family Life Cycle. The traditional Family Life Cycle (Schiffman and Kanuk, 2002) considers five stages; which are bachelorhood, honeymooners, parenthood, post parenthood and dissolution. Later on there were many non traditional family life cycles proposed better reflecting the diversity of the changing family and lifestyle arrangements in societies (Schaninger and Danko, 1993). A modernized family life cycle typology proposed by Murphy and Staples (1979) exhibits an extended family life cycle schema and reflects the changing consumer lifestyle realities in USA. There are about thirteen life stages in this model. A similar typology was also offered by Wilkes (1995). However, for the purpose of the study, the traditional family life cycle was chosen as it represents the conditions of the respondents of our study. The terms used in the study for the five stages are bachelorhood, recently married, married and at least one child below 20 years, married and children above 20 years, married and alone. As the measurement was ordinal, each of the stages was given a serial number in the order starting from one to five.

Age has been categorised into five segments; viz, below 25 years, 25 – 35 years, 36 – 45 years, 46 – 55 years and 56 years and above. As the measurement was ordinal, each of the stages was given a serial number in the order starting from one to five.

For the purpose of the study, we have categorized family income into five levels viz., below Rs. 10,000, Rs 10,001 – 20,000, Rs. 20,001 – 30, 000, Rs. 30,001 – 40, 000 and Rs. 40,001 and above. Each of these levels was given a number in ascending order starting with 1 for the first level to 5 for the last level.

As stated in the sample plan, five occupations have been selected namely lecturers, lawyers, doctors, engineers and business executives.

Further details in full paper

In the full paper, the findings of the study are discussed along with the managerial implications.

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An Experimental Study on "How the 'Ratios of Sides of Rectangle' Affect Purchase Intention of a Product"

Srividya Raghavan

Package design factor has an overt and subliminal impact on a consumer's purchase decision. The shape of a package is an important way for a brand to differentiate itself, as it can affect a consumer's perception and purchase intent. A unique package for a product (shape, colour and materials) gives marketers a definite edge. The impact of shape of a product is both in terms of function and emotional response, even though the response is different in different categories (Sherwood, 1999). Other studies have shown that the "number of units purchased is contingent on the shape of a container, holding constant actual volume and price of the container" (Yang and Raghubir, 2003).

Therefore, research that explains how consumers perceive packages, shapes and designs can help Product managers and Designers to design appropriate packages for market placement and positioning.

THE RECTANGLE AND ITS IMPACT ON PERCEPTION

It has been observed in various studies that people differ in the way they perceive rectangles of differing side-ratios. For example the golden ratio, 1:618 (Φ)[1] is considered to be very pleasing in the western world and in Islamic art 1: $\sqrt{2}$ is an oft-used ratio. It has been shown in various studies that the preferences for certain ratios of rectangles may differ among different individuals, cultures and contexts. Some research in this area has also shown that people prefer a set of ratios in a specific context rather than a single ratio (Benjafield, 1976).

This study aims to apply the concept that people have different preferences for different ratios to the consumer world using empirical means. A study conducted in the North American context has found the relationship between the rectangle's ratios and the market share to be directly significant. This research is an attempt to understand the same relationship in the Indian subcontinent context.[2]

The **objective** of this study is to **find out whether the ratios of the sides of a rectangular product/ package affect consumer purchase intentions and preferences.**

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[1] The golden mean, Φ, has been applied in diverse situations in art, architecture and music, and although some have claimed that it represents a basic aesthetic proportion, others have argued that it is only one of a large number of such ratios.

[2] "Ratios in proportion: what should the shape of the Package be?", Priya Raghubir and Eric A. Greenleaf, Journal of marketing, April 2006

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Some associated questions that can be answered are:

a) Does the ratio affect product perception and preference?
b) Does this ratio's relationship to the market-share depend upon the context in which it is placed? (Serious/Not so serious[3])
c) Do consumers choose a range of ratios rather than a single ratio as favourable?

This paper is the report of a two-part experimental study designed to meet the above objective.

OPERATING DEFINITIONS:

Before the ongoing methodology is elaborated, it might be useful to spell out the operating definitions of some of the terms used in this study:

Ratios of rectangles: This refers to the ratio of the *sides of the rectangle* while the area of the rectangle remains the same. This determines the shape of the rectangle.

Purchase Intention: This refers to the expressed preference of the consumer for a rectangle of certain ratio for a certain occasion (Context). This is measured using scales and asking respondents what they would buy.

Dependent variable: The **purchase intent** is taken as the dependent variable in both studies.

Independent variable: the independent variables are:

Study 1: square and rectangular ratios, gender, number of times they visit the Fast Food Outlet.
Study 2: different ratios of the cards, colour of the envelope (4 colours) and font (5 choices). In part 2 of the study the three ratios of the sides are described.

Experimental Research - An attempt by the researcher to maintain control over all factors that may affect the result of an experiment. In doing this, the researcher attempts to determine or predict what may occur.

Experimental design: A blueprint of the procedure that enables the researcher to test his hypothesis by reaching valid conclusions about relationships between independent and dependent variables. It refers to the conceptual framework within which the experiment is conducted.

Manipulation: Creating a situation in a controlled environment where some variables are manipulated. In this study we manipulate the ratio of rectangles of the invitation card.

Manipulation Checks: A manipulation check is something that is built into the study design that tells us how the manipulation actually worked. Most manipulation checks are incorporated directly into the study design. Others are included at the end of the study in the debriefing. In this case, the pre-test, post test, factor analysis, etc are used to check the manipulation of dependent variables and the contexts.

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[3] The context in which the product is placed in a consumer's usage situation

Contexts: In this study we assume that the preference of ratios is moderated by the seriousness or frivolity of the product usage. The relative seriousness or frivolity of the product usage is the context in which this experiment is placed.

Range of ratios: Prior research in this area has shown that consumers have a preference for a range of congruous ratios in a certain context rather than a single ratio.

METHODOLOGY

This study adopts a **two part** approach wherein, two experimental studies are conducted to understand a consumer's purchase intention and preference by manipulating the ratios of the sides of a rectangle. While in the first study a single product and single ratio with a control is taken into consideration, in the second study a range of ratios in different product categories and in varying contexts is taken into consideration.

Study 1

Objectives
To test whether the ratios of the sides of the rectangle have a bearing on the purchase intention and preference of the product.

Methodology for Study 1

a) Study was conducted with a sample of 200 students. The study was done in two batches.

b) The students were told that the study was to test their relative preferences of Fast Food Outlets. They were asked to assume that two new fast food outlets were coming up equidistant from the institute of education and they had been mailed two invitations for free trial offers for an evening[4].

c) The copy for Outlet A was in a square shaped invitation while that of outlet B was in a rectangular shaped invitation. (Two dimensions were used since empirical proof existed for the aesthetic perception of the golden ratio)

d) In the second batch, the copy was reversed for outlet A and outlet B, so as to neutralize any effect of copy on purchase intension.

e) ANCOVA is to be used for analysis of data and inferences on purchase intension.[5]

f) Factor analysis will be used to analyze data on various parameters of preference of an outlet captured using a scale.

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[4] Outlet A and Outlet B were the two outlets. The invitation samples have been given in the appendix.

[5] The data is in the process of being coded and analyzed.

Study 2

Objectives

To test

a) Whether the ratio of a rectangle's sides affect consumer's
a.   purchase intention and
b. preference for rectangular products
b) Whether the impact of rectangle's ratios on purchase intensions depends on relative seriousness vs. frivolity of the consumer context in which the product is placed.
c) Whether there are higher purchase intensions when rectangles are within a contiguous range as against a single ratio

Methodology for Study 2

a) Conduct a pre-test with a sample of 30 – 40 respondents to evaluate relative seriousness of 4 occasions (contexts).
  • The 4 occasions: classical music concert, business presentation for sale of S/W, 3-yr old birthday party, going to a comedy movie with some friends.
  • Using a 7-point scale: Not at all serious to Very serious.

b) Experiment with sample of around 100 – 125 students.
  a. Within the product context of 'Invitation Card' for various occasions
  b. Respondents will be told to "Imagine that you are selecting invitations at a printer's shop. The printer asks you to make three decisions to design an invitation for each occasion."
  c. *Manipulation:* Rectangle's ratio – represented by card blanks
    • The respondents will be asked their purchase intention of rectangular invitation blanks for each of the four occasions mentioned above.
    • The rectangles range from 1:1 to 2:1 with approx. equal distances (example: 1:1, 1:13; 1:26; 1:38; 1:5; 1:62 (golden ratio); 1:74; 1:87; 2:1).
    • The rectangular cards will be labelled A to I using 4-5 random orders so that half the participants can be given horizontal orientations and the other half vertical orientation. These are shuffled in a random order and distributed among respondents.

  d. *Measuring purchase intent:* using two ways to measure purchase intent
    • Ask respondents to choose each card option (A-I) on a 6-point scale: very likely to very unlikely
    • Most likely to choose and least likely to choose for each occasion

  e. *Measuring relative seriousness of occasion:*
    • After rating the purchase intentions, the respondents will be asked to rate each of the occasions on a 5-item 7-point semantic differential scale (frivolous/serious; orderly/disorderly; unified/fragmented, volatile/stale; rational/emotional – reverse code for first and fourth variable; final variable : relatively more serious and relatively less serious)

f. *Manipulation checks*
  - For context – Factor analysis to test the variables and repeated measures ANOVA
  - Purchase intentions repeated measures ANOVA.

As a result of the research, **empirical proof** of whether the ratios of the sides of a rectangle have a **bearing on the perception and purchase intention** products and how this effect is **moderated** by the relative **consumer context** in which the product is placed can become available. The research will be able to show specific ratios that are relevant to marketers in each of these contexts. This kind of research is helpful in the marketing context to product designers and package designers who are trying to improve the product performance in the marketplace by using better product designs and packaging.

(This research is an attempt to marginally replicate a study done by **Priya Raghubir,** University of California a Berkeley, in USA, with her permission)

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APPENDIX

OUTLET A

"Cool-Joint"
"The best place to leave a bit of your present behind"

The cool and perfect place
to spend those free hours, when there seems to be
nowhere to go and nothing to do…but listen to the jukebox

Get out of the temperamental 'blow hot blow cold' weather
and make yourself comfortable at "Cool-Joint"

Make your Celebrations memorable
with the perfect ambience at "Cool Joint" with the soft instrumental music of violins

Be your complete-self when it's time to let go and party.

We invite you, this Saturday, for a fun and excitement filled experience at the opening of "Cool-Joint" – your
local Fast Food Outlet/Café – totally free of cost.

……And don't forget to bring company!

OUTLET B

"Chill Out"
"A picture perfect place to stick into your memory album"

The perfect, chilled out place
for you and your friends to simply …hang out…with music of your choice.

When the outside gets too hot to handle, let yourself into the comfortable and secure hang-out at "Chill Out".

When it's time to celebrate, defreeze the occasion at "Chill-Out"

When it is time to let your hair down, do it with the beats of the drums, strings of the guitar and all the
excitement that you can muster at
"Chill Out"

We invite you, this Saturday, for a fun and excitement filled experience at the opening of "Chill Out" – your
local Fast Food Outlet/Café
– totally free of cost.
……And don't forget to bring a friend or two!

Lifestyle Influence on Purchase Decision

Jayasree Krishnan and M. Sakthivel Murugan

INTRODUTION

Consumer behaviour has always been of great interest to marketers and to succeed in the dynamic and rapidly evolving environment, marketers are required to know all they can about consumers.

In this century, one can see many developments and changes taking place, with all industries and firms trying to keep pace with the changes to suit the diverse needs of the people. This can largely be attributed to the prevailing market situation. Not only has competition become intense, but also with the market being flooded with too many products, the challenge before a marketer is to understand the diversity of consumer behaviour and offer goods and services accordingly.

In such an environment knowledge of consumer behaviour helps the marketer to understand how consumers think, feel and select from alternatives like products, brands and the like and how the consumers are influenced by their environment, the reference groups, family, salespersons and so on.

Lifestyle a Determinant of Consumer Behaviour

Several researchers in the field of consumer behaviour have followed different styles and used different rules in making decisions. Studies have been conducted to find the influence of various factors on consumer behaviour. It is increasingly seen that people of the same demography, behave differently, based on their personality traits. It appears that persons of different personality traits hold different beliefs about what is the right choice. This fact has led the researcher to probe the secrets of this thinking and attempt to classify consumers who are likely to hold similar beliefs and lifestyle.

In this study, the researcher emphasizes the importance of lifestyle and its influence on the consumer's buying behaviour. This involves profiling their psychological attributes and evaluating their attitudes, interests and opinions and co-relating them to their purchasing and consuming patterns.

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OBJECTIVES OF THE STUDY

The main purpose of this study is to examine empirically the association between the consumers' general life styles and their consumption pattern.

The specific objectives of this study are

1. To segment the sample consumers on the basis of their life style characteristics.
2. To define the profile of the segments in terms of the dominant life styles and demographic characteristics.
3. To identify the impact of factors influencing purchase decisions of durables on various lifestyle segments.
4. To find the influence of product attributes on the purchase decision of selected durables
5. To examine the brand choice patterns based on the life style of the customer.

RESEARCH METHODOLOGY

The present study is descriptive in nature and adopts the survey method. A structured non-disguised questionnaire was used to collect information. Efforts were also taken to collect all the published information through available reference materials.

Designing the Questionnaire

The questionnaire used for the study had three constructs. The first construct was to have the demographic factors of the respondents. It had questions like the age of the respondent, education, income level, number of family members, area of residence, the type of residence and the ownership of the residence.

The second construct was to identify the lifestyle dimensions of the respondents. It consisted of data pertaining to the activities, interests and opinions relating to purchase behaviour, socialization, brand opinion and the like. They were studied on a five-point scale ranging from 1 – strongly disagree to 5 - strongly agree. A list of 45 statements was selected after a literature survey of various studies.

The third construct contained the details regarding the purchase of a refrigerator. It had questions like the brands, possessed by them both before 2002 and after 2002, the factors that influenced their purchase, the sources of information and the attributes that had influenced their purchase.

Pretesting the Questionnaire

The questionnaire used for the study was pre-tested on a sample of 111 respondents chosen randomly to identify and eliminate ambiguous terms and instructions. The required changes were made in the light of the comments received. The revised version of the questionnaire was used for the further study.

RELIABILITY OF SCALE

Reliability of the life style construct (final version) was tested with the help of a Cronbach alpha coefficient. It was found that the scale has a reliability coefficient of 0.76, which was considered sufficient and adequate for the study.

SAMPLING DESIGN

The convenience sampling procedure was used for selecting the samples from the huge population of the users of household appliances in the city of Chennai.

AREA OF STUDY

The study was conducted in Chennai, a city in the State of Tamil Nadu in India

SELECTION OF VARIABLES

The variables used in the study are

- The lifestyle dimensions
- The purchase decision

Selection of the lifestyle dimensions

The variables of lifestyle were identified through the analysis of the AIO statements given in the questionnaires.

Selection of purchase decision variables

The purchase decisions of the consumers are influenced by various factors like the influencers, the media, the attributes and the after-sales service factor. The purchase decision variables selected for the study are

- The influencers
- The sources of information
- The attributes of the products.

ANALYSIS OF DATA

The primary data collected from the consumer was analyzed using the following statistical tools using SPSS package.

Factor analysis: In order to identify the lifestyle dimensions, the responses were factor analyzed. Principal component analysis with varimax rotation was applied on the responses of the lifestyle construct. The 45 AIO (Activities, Interest, Opinion) statements were reduced to 10 factors or variables. The variables selected for the study are Spending of Leisure time, Social orientation, Purchase Behaviour, Innovation Adoption, Family orientation, Information seeking, Brand opinion, Buying decisions, Quality opinion and Perception of life.

Cluster analysis: Cluster analysis was applied to segment the sample respondents on the basis of their life style characteristics. K mean clustering technique was applied to the lifestyle dimensions. By trial and error method, a three-cluster solution was arrived at. *Canonical discriminant* analysis was applied to find out the validity of the three-cluster solution. The reliability of the ten-lifestyle dimensions was analysed through *analysis of variance*.

ANOVA: Analysis of variance was used to find out the impact of the influencers (family members, friends and relatives, company salespersons and the dealers) on the purchase decision of a refrigerator among the cluster members. It was also used to analyse the influence of the selected attributes of the products on the respondent's purchase decision of the durables.

Chi Square Test and Correspondence Analysis: The Chi square test was used to find out if the respondents differed in their demographic variables. The chi square test and the correspondence analysis were applied to study the brand choice behaviour of the lifestyle segments.

MAIN FINDINGS OF THE STUDY

Lifestyle Segments

Applying the K mean clustering technique, a three-cluster solution was arrived at. Using the group mean scores, lifestyle profile of the three groups was given. A brief description of the cluster groups is given below.

Cluster I - Purchase Interested Lifestyle Segment
The members of this segment are characterised by their purchase behaviour, their brand opinion, their buying decisions, social orientation emphasizing on product guarantee and being brand conscious.

Cluster II - Family Oriented Lifestyle Segment
These people are characterised by their strong family attachments.. They are information seeking, quality conscious with a positive perception on life.

Cluster III - Innovative Lifestyle Segment
The members of this group are characterised by high involvement in trying new goods and products. They are neither quality nor brand conscious.

Demographic profile of the clusters

The study explored the demographic characteristics of the cluster members in order to discover whether people belonging to different clusters differed in their demographics .The demographic variables considered for the study are age, education, income, gender, occupation, location of residence and type of residence. Chi square analysis was applied to find the relationship between the cluster member and their demographics. It was found from the analysis that people of different clusters did not differ in their demographic aspects.

Impact Of The Influencers On The Purchase Decision Of Durables

The study explored the influence of the family members, the friends and relatives, the company sales men and the dealers on the purchase decision of the durables.

From the analysis it was found that family members and company sales men had a significant influence on the purchase decision of the consumer goods but dealers, friends and relatives had a relatively lower influence on the purchase decision of the product.

Influence Of The Information Sources On The Purchase Decision Of Durables

The influence of Personal Sources (Family, Friends and Relatives), Public Sources (Company sales-men and Traders) and Commercial Sources (Radio, TV, Magazine and Newspapers) on the purchase decision of the refrigerator was examined and it was found that the personal sources and the commercial sources significantly influenced the purchase decision, whereas the public sources had the least influence on the purchase decision.

Influence Of the Product Attributes on The Purchase Decision

The influence of product attributes on the purchase decision of the refrigerator was explored and it was inferred that appearance, price, performance, durability, technology and after-sales service play an equal role while making a purchase decision for a refrigerator in all three clusters.

Lifestyle Segments and Brand Choice Patterns

The influence of lifestyle on the brand choice patterns exhibited by the respondents before and after 2002 was analysed .From the analysis it was inferred that lifestyle has a significant influence on the purchase behaviour of the refrigerator users.

Purchase interested cluster members who are more interested in the well-known and established brands in the market, preferred 'Videocon' before 2002 and their choice had shifted to 'Godrej' and 'BPL' after 2002. They did not favour new brands like 'Samsung' and 'LG'. The *family oriented cluster* members are very concerned with the family, and buy anything wanted by their family. Hence, their choice of brands does not change much before and after 2002. The *innovative cluster* members are people who are very interested in trying new brands. Hence, 'LG' was the dominant brand among these members before 2002, but they do not have any specific preference for any brands in their current purchases.

MARKETING IMPLICATIONS

The study clearly establishes the relevance of lifestyle influence on the behaviour of the consumers. This implies that marketing managers are likely to benefit considerably in targeting and positioning and in their media communication by focusing their attention on the ongoing changes in the lifestyle patterns of their consumers.

Based on the study a model for consumer behaviour **- Lifestyle and Purchase decision model -** was created

Customer Behaviour — Lifestyle and Purchase Decision - Model
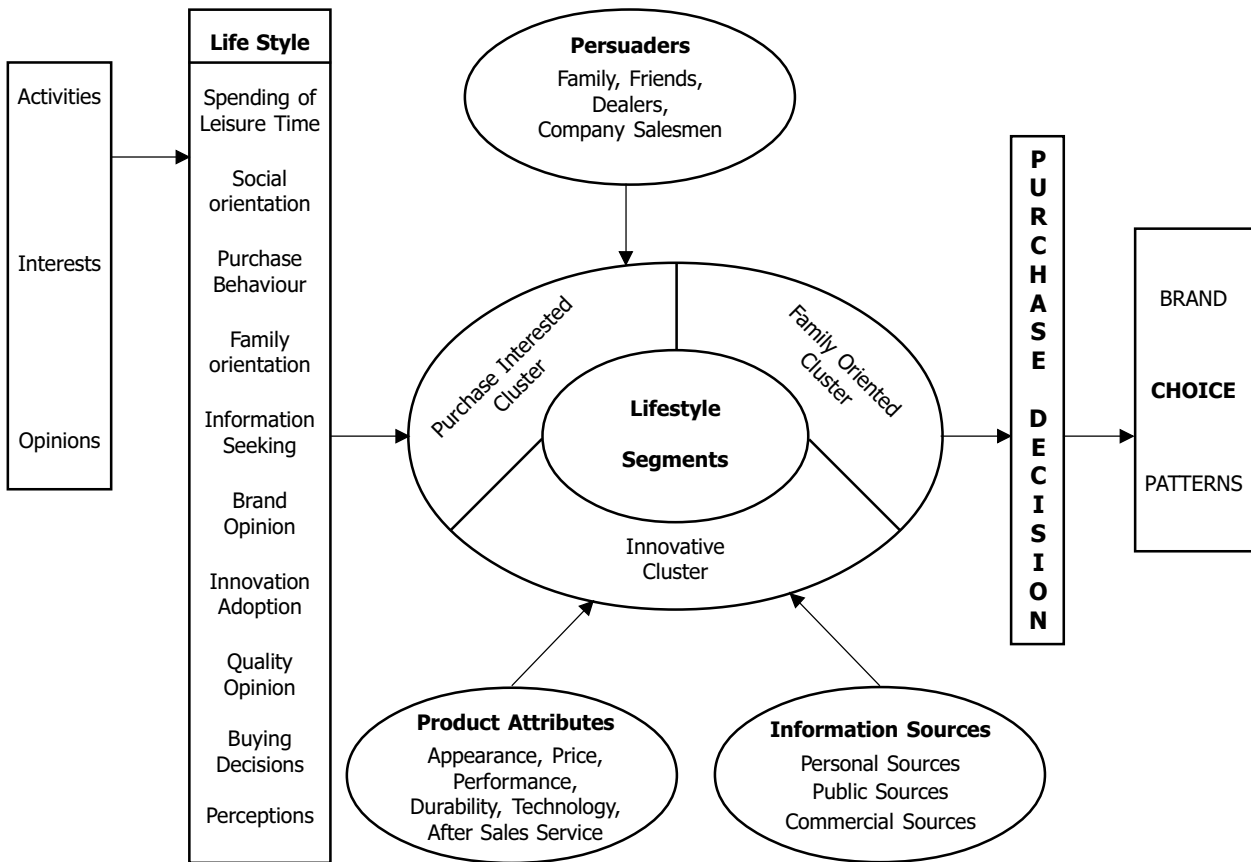
CONCLUSIONS

From the study it can be concluded that Lifestyle characteristics have a great impact on the purchase behaviour of the clusters. In a consumption environment, a person chooses a product or brand, which seems to possess the maximum possibility for the definition or elaboration of his life style identity. Alternatively, a person makes a choice in a consumption environment in order to define or actualise his life style, identify it through the products or brands chosen. It can be assumed that the individual's consumption behaviour can be predicted from an understanding of how he represents his world to himself, if the details of his life style system are known.

Products and services are selected, purchased and consumed by individuals, in order to define, actualise or extend their life style identity. Consequently, this notion supports the proposition that there is a causal effect of an individual's life style on his consumption behaviour.

Awareness about Consumer Rights and Post-purchase Behaviour of Consumers: A Sample Survey in Gujarat

J.S. Panwar and Milan Agnihotri

KEY WORDS: Consumer rights, Consumer Protection Act, Post-purchase behaviour, Consumer forums, Gujarat.

PURPOSE

The Consumer Protection Act of 1985 empowers every citizen of India with certain basic rights to protect him / her against shoddy practices of trade and industry. For the last several years, many NGOs and voluntary organizations have also been trying to educate the public about their rights as consumers. However, the studies conducted in the past suggest that not many people really pursue the options provided under the Act to redress their grievances. The possible reasons attributed to this apathy include lack of awareness, procedural delays, complex procedures and lack of faith in the system. This study was therefore designed to find the awareness about consumer rights and post purchase behaviour among the people residing in the four large and six smaller towns in the relatively prosperous Indian state of Gujarat. The research question addressed by the study was whether awareness about consumer rights has anything to do with the post purchase actions of dissatisfied customers, and also what differentiates those who act from those who don't.

DESIGN/ METHODOLOGY

As stated earlier, data was collected from 550 respondents residing in the four large and six smaller towns in Gujarat by using a pre-tested structured questionnaire. About 70 percent of the respondents were drawn in the sample from the four largest towns of the state namely, Ahmedabad, Baroda, Surat and Rajkot. The remaining 30 percent of respondents were drawn from six smaller towns, namely; Anand, Nadiad, Mehsana, Bharuch, Bhavnagar and Himmatnagar. Households were taken as sampling units and the chief wage earner in the house (CWE) was considered as respondent. Sampling was done by using the cluster sampling approach. Samples were drawn from the large as well as smaller towns to facilitate comparison between them in respect of consumers' awareness levels and post purchase actions. A total of 533 usable questionnaires were returned which formed the basis of study. Data analysis was done by using the SPSS (Version 12.0) statistical software.

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FINDINGS

Regarding purchase behaviour, it was found that people prefer to buy grocery and consumables from the retailers known to them whereas company showrooms are preferred when buying durables. No significant difference was found in this regard between the buying behaviour of consumers from the large and the smaller towns. It was also observed that in the case of consumables and semi-durables like clothing, footwear, toys, music CDs and fashion accessories organized retailing is steadily gaining ground. A large majority of respondents said they were aware about consumer rights and the Consumer Protection Act but they had a very vague idea about the location and jurisdiction of consumer forums and the procedure for filing complaints. Many of them had a wrong impression that if a complaint is to be filed they will have to pay the court fee and engage lawyers to plead their case.

It was observed that people have varied perceptions about the quality of durable and non-durable products available in the market. About 20 to 30 percent of consumers believed that the quality of spices, edible oils, sweets, fast foods, OTC drugs and cosmetics available freely in the market is questionable and these products may not be very safe for consumption. About the same proportion of people believed that barring a few reputed brands the bulk of other domestic appliance, electrical goods and even automobiles are of indifferent quality hence unsafe for regular use. Likewise, regarding credit cards a very large number of people perceive that service providers charge unduly high fees and interest, even though transactions through credit cards are not safe and reliable.

In spite of their claims of awareness about consumers' rights, it was found that a very large number of people are not clear about the implications of these rights such as the right to safe goods. Most people believe that consumer forums can only hear the cases related to some minor claims, and that if the value of disputed goods or services is high, they have to approach the regular civil courts. The Chi square test indicated that differences between the perceptions of the people in the large and small towns regarding the safety of goods, information provided by sellers and whether the right to know is enforceable by the CPA are statistically significant. Further, differences in people's perceptions about the right to choose, the right to complain, jurisdiction of the consumer forums, their locations and procedures were also found to be statistically significant.

A majority of respondents had some complaints or grievances against the producers/ marketers of goods but only a small fraction (2.3%) filed complaints in consumer forums. The reasons for not complaining in order of their importance are: they don't have time for doing all this, no early result is expected, the procedure is complicated / expensive, the system is ineffective, and if the value of goods is low its not worth spending time and energy.

Factor Analysis

The 21 variables designed to measure three main constructs: consumer perceptions about quality/ safety of durable/ nondurable goods; awareness about consumer rights; and knowledge about operational aspects of the CPA, were subjected to principal component analysis, which resulted in

the identification of seven distinct factors. The variables clubbed together in each factor are listed below:

i.   Awareness about the main components of consumers' rights and CPA such as right to be informed, right to choose and right to complain, were grouped together.

ii. Awareness about the operational aspects such as no need for court fee or to engage a lawyer, were grouped in this factor. However, this factor was negatively loaded on the procedure for filing a complaint, indicating a lack of awareness about the procedure.

iii. Awareness about the quality and safety of goods and the role of consumer forums were loaded on this factor.

iv. Responses related to concerns about the safety of food products, edibles and cosmetics were clubbed together in this factor.

v.   Concerns about the safety of automobiles and poor service by service providers such as cable TV operators and courier firms were loaded on this factor.

vi. Lack of correct information about durable / non durable products and firms not paying attention to providing choice of goods to consumers.

vii. Concerns about the lack of transparency on the part of banks and credit card operators.

Labelling the factors at this stage was avoided because data analysis is still going on. Hence further refinements are possible in the inferences. This will help in identifying the major concerns and perceptions of consumers.

The most common complaints of consumers identified in a previous study by the authors were used for generating statements to measure the consumer responses in those situations. Factor analysis was performed to identify the distinct response patterns. The analysis produced three factors which explained about 68 percent variance. These factors are:

i.   Problems related to the quality of food items and consumables like edible oils, butter, biscuits, spices and fabrics where the consumer would like to take some decisive action.

ii. Problems pertaining to durable products like a fridge, TV, car / bike etc where the consumer would like to take action.

iii. Problems related to services like banks, credit cards, health care and mobile phones where action is deemed necessary.

Cluster Analysis

Cluster analysis using 11 variables involving the most common complaints and likely actions on the part of consumers helped identifying three segments of consumers. These segments were identified as aggressive, mild and docile as profiled below:

i.   Aggressive: These people are aware of their rights as consumers, hence they are more persuasive regarding their complaints about goods or services. Even in the case of grocery, branded spices and fabrics if there is any complaint they will not hesitate to report it to the seller. They would insist on a replacement of these goods or a refund of their money. In case of complaints from durables like a TV, fridge, car/bike the dealer must respond favourably otherwise they

will complain to the manufacturer. They are tough customers. They will not tolerate shoddy services by banks, credit card operators, courier and cell phone service providers, etc. If the firm does not respond, they may approach consumer rights groups or consumer forums.

ii. Mild: They are less aggressive people. Even if they know their rights as consumers they may not pursue them vigorously. In case of problems with durables, appliances and automobiles, they would mostly complain to the dealers and avoid approaching the manufacturers directly. In case of poor services by banks, courier firms or cell phone operators they would approach the higher ups, only if it is absolutely essential. They may complain to the seller for the poor quality of eatables and grocery without insisting on a replacement or refund. Rarely does a mild consumer approach a consumer rights group or file a complaint with a consumer forum to redress their grievances.

iii. Docile: The third cluster comprises docile consumers. In case of low value edible products and grocery they would normally not even complain. In case of problems with durables, they would prefer to settle the issue by talking to the dealer. Normally they would not approach the manufacturer or a consumer activist group. They may overlook the poor quality of service believing that even if they complain it would not make any difference.

The Discriminant analysis revealed that the age of the consumer, his/ her education and profession are the three important factors differentiating between those who complain and those who don't complain. The data analysis is still in progress and more new findings are likely to emerge, which would be incorporated in the final draft of the paper.

RESEARCH LIMITATIONS

The study was conducted only in one state of the country. Because of cultural, social and economic differences, the findings may or may not be suitable for universal application.

ORIGINALITY/VALUE

Not many studies on consumer rights have been conducted in India. The study would therefore help in expanding the existing body of knowledge in the field of consumer behaviour in general and consumerism in particular. It would guide the marketing firms in providing better services to their consumers and build long-term relationships with them. It is also likely to pose some new questions for further research in this field.

Tourists as Craft Buyers: An Analysis of Preferences

Mrinmoy K. Sarma

INTRODUCTION

The importance of shopping, as one of the oldest and most pleasurable aspects of leisure travel, has often been addressed by many researchers. In recent times shopping has been regarded as one of the most "pervasive" leisure activities engaged in by tourists (Snepenger *et. al*, 2003). Travellers from all parts of the world enjoy shopping. Even the most casual observation would indicate that shopping seems to be the first thing tourists engage in on reaching a destination. Scholars have attached significant economic, psychological, and social implications to such shopping pursuits by vacationers (Gunn, 1988; MacCannell, 2002 etc.). According to Kent, Shock and Snow (1983) shopping is a pleasurable experience for millions of travellers. Timothy, Butler and Richard (1995) also have observed that shopping had been, for long, an important tourist activity in many destinations. These findings suggest that for some people shopping is the *main* reason for travelling, which is sometimes, humorously, referred to as *suitcase tourism.* Research has revealed that shopping accounts for almost 33% of the total expenditure by tourists (Godbey and Graefe, 1991; Kim and Littrell, 1999). Littrell *et al.* (1994) suggest that shopping (which also included shopping for souvenirs) has a strong symbolic value, as tangible evidence of the travel experience and having found "authentic" material to buy. Tourists use their souvenirs to think back, bolster feelings of confidence, express creativity, and enhance aesthetic pleasure (Littrell, 1990). Individuals often identify souvenirs purchased during travel as among their most prized possessions. Therefore, a tendency to display such souvenirs is often noticed among travellers.

Local handicrafts have been the objects of desire for most travellers. Handicrafts represent, among other things, local culture and heritage. The possession of a hand-made item, therefore, symbolises attachment to the host society. Nothing perhaps, can exhibit the tourists' visit to the destination better than a hand-made product, which is often termed authentic. Many tourists are on the look out for an authentic item to buy as a souvenir. According to Appadurai (1986) authentic objects are made by the people they represent; and nothing can, therefore, be more authentic than the crafts of the region. Shenhav-Keller (1995) also describes 'handcraftsmanship' as a symbol of Israeli authenticity.

A host of literature is available on the shopping behaviour of tourists. Much of this does consider handicraft as 'tourist merchandise' that is to be carried off-site. However, very few researchers (Littrell, 1990; Healy, 1994; Crippen, 2000; Revilla, Bernard and Calleja, 2000; De Vidas, 1995) documented the demand pattern of handicraft as a souvenir. Revilla, Bernard and Calleja tried to profile the tourist buyers of Talavera ware crafts (a kind of pot) in the city of Puebla in Central Mexico.

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Littrell, on the other hand, studied the tourists' attitude towards textile crafts and developed profiles of international tourists. Healy dealt very briefly with handicrafts in his study on tourist merchandise. He basically studied the motivating factors for souvenir purchase. De Vidas took up the textile of Andes as the theme of his study. Crippen too studied the textile craft of Batik or *ikat* of Indonesia. It is observed that all these studies took only one kind of handicraft at a time. However, it would be interesting to study the preference of buyers, who do not specifically look for a particular craft but really want 'something' handmade as a souvenir of the visit.

OBJECTIVE

In view of the above, it is felt that there remains a gap in understanding tourists' pursuits for craft items in the host region. In order to have a detailed discussion on this, this research paper tries to explain the following.

The main objective of this paper is to examine the preferences of handicraft buyers in terms of the traditional four Ps with relation to different segmentation variables.

METHODOLOGY

Data regarding preferences of craft buyers were collected through a sample survey from the tourists visiting North East India. The size of the sample is 957.

Variables measured

The basic premise of producing and selling revolves around components that marketing pundits term as the marketing mix. The mix consists of four widely talked about propositions: the product, price, place and promotion. Therefore, it is imperative that the variables selected are representative of the above four bases. While selecting the variables various other aspects of use of handicrafts as souvenirs were also extensively considered. Different researchers have used several constructs to measure souvenir-buying habits of the tourists. For example, Littrell in her study on the significance of textile crafts for tourists has dealt with the non-availability of the product in the tourist's community. This might also imply uniqueness of the craft that is bought as a souvenir. She also identified the usability of the craft back at home as one of the considerations tourists have. The usefulness factor, displayability of the souvenir back at home, depiction of local culture, history, replicas of famous attractions of the region, uniqueness of the product, preferences for local artisans, attitude of the tourists towards appealing colour, and design, ease of packaging and carrying, presence of logo and name depicted on the crafts are also considered while deciding on the variables for measuring authenticity (Littrell, 1994, Kim and Littrell, 2001; Shenhav-Keller, 1995; Blundell ,1993).

Apart from the features related to the product itself, researchers investigated quite a few constructs related to the other three elements of marketing mix. More precisely, the effects of premium pricing for an authentic product were studied by Shenhav-Keller and Porananond (2000). The effects of low pricing for a souvenir might also be interesting and therefore, the choice of a gift from among the cheap souvenirs was to be examined in this study. The role of price of the product

as the deciding factor was also to be determined, as was done by Littrell *et al*. The researchers also proposed to look into the buying behaviour of the tourists, by determining their favourite place for shopping. This "place" factor was studied by many researchers in different context including Littrell *et al;* Healy; Littrell; Timothy, Butler, and Richard (1995) and Blundell. Six variables are identified in order to measure this component. As far as promotion is concerned the effects of write-up on the products are also measured. This variable was used by Littrell *et al*.

Besides these, certain other constructs like purchasers' attitude towards change in the product (Porananond, 2000), choice of different types of souvenirs on different visits, planning for shopping etc. are also studied. Thus, altogether 29 variables are measured in this study, which are mentioned in Table 1.

Table 1: Initial Variables Measured

Variables

1. Plan for shopping before the visit
2. Consideration of usefulness
3. Non availability of the product at home
4. Buying different things each time at the same place
5. Same product each time for gift
6. Displayability back at home
7. Desire for prior information regarding products
8. Replicas of famous attractions
9. Famous products of the region visited
10. Uniqueness of the product
11. Paying extra for authenticity
12. Preference for products made by local artisans
13. Representation of local culture in the product
14. Depiction of history
15. Attitude towards changes made for increased attention
16. Price *not* as deciding factor
17. Searching for cheap product
18. Preference for buying near tourist attraction
19. Preference for buying at craftsman's workshop
20. Preference for buying near the place of stay
21. Preference for buying at souvenir shops
22. Attitude towards appealing colour
23. Attitude towards appealing design
24. Preference for buying from recommended place
25. Preference for buying at Govt. run shop
26. Easy to pack 'n carry
27. Brief write up for costly items
28. Cheap souvenirs as gifts
29. Product with logo and name

ANALYSIS

The paper attempts a two-way process to find out the preferences of the tourists in buying craft products. As mentioned above a cluster of 29 variables were administered among 957 respondents. The responses are collected in a 5 point scale. The respondents were to agree (point 5) or to disagree (point 1) to statements consisting of the above variables. The responses were processed and a factor analysis was conducted to reduce the number of variables to a manageable level. The results of the factor analysis are offered in Table 2.

Table 2: Resultant factors with respective Loading

Product Features	Loading	Place & Price	Loading
1 Replicas of local attractions	0.755	1 Price is not deciding factor	-0.516
2 famous products of the region	0.785	2 Search for cheap products	0.772
3 Unique products	0.766	3 Buy near the tourist attractions	0.754
4 Paying extra for authenticity	0.633	4 Buy at craftsman's workshop	0.693
5 Always products made by local artisans	0.566	5 Buy near accommodation	0.798
6 Representing local culture	0.781	6 Buy at designated souvenir shops	0.662
7 History of the place	0.749	7 Buy from recommended source	0.485
8 prefer logo and place of production	0.501	8 Comfortable at Govt. run shop	0.453
Chronbach's alpha= 0.875; Hotellings T squared test verifies that the means of these variables are not same.		9 Prefer those that are easy to pack & carry	0.695
		10 Cheap gift	0.836
Design		*Chronbach's alpha= 0.824; Hotellings T squared test verifies that the means of these variables are not same*	
1 Little change in authentic products does not matter	0.633		
2 Buy souvenir of appealing colour	0.661	**Other**	
3 Buy souvenir of appealing design	0.776	1 Like brief write-up	0.682
Chronbach's alpha= 0.503; Hotellings T squared test verifies that the means of these variables are not same.			

Interestingly enough, the factors arrived at after reduction of data match some basic factors of the marketing mix (shown along with the underlying variables in Table 2). The initial variables (as shown in Table 1) were extracted from a literature survey and this, prima facie, does not have any empirical authenticity. The factor analysis results offer greater acceptability to these variables. Another purpose is served from this analysis. The raw variables are assigned loadings. The loading is nothing but the correlation of that particular basic variable with the principal factor, to which the variable is assigned. Therefore, the square of loading offers an explanation as to the extent to which the raw variable is related to the principal factor. This can then be used as a weight to the variable. The weighted means of the respondents' scores for each new factor have been calculated using the following formula (Formula 1)

$$\text{Preference } PC_{nj} = \sum \frac{(\text{loading } V_{ji})^2 * \text{Score } V_{nji}}{N_j} \tag{1}$$

Preference PC_{nj} = Weighted mean of the scores of respondent n against the variables that constitute the Factor j, which can explain the combined preference assigned by the respondent n on Factor j;

Loading V_{ji} = Loading of the variable i under Factor j, where i is a component of set j;

Score V_{nji} = Score of respondent n against raw variable i under factor j.

N_j = Number of raw variables under factor j.

Putting the scores in this formula four new variables were created and these are put into the main data editor (of SPSS 111.0) so that further analysis could be done by using these new variables. In the following portion of analysis the findings of such exploration are offered. However, due to presence of a single variable the fourth factor is not considered for further discussion.

RESULTS

A few hypotheses are tested using one way ANOVA to find out significant difference (all tested at a=0.05) in their preference towards the 3 factors among different segments of tourists. The tourists are divided on the basis of common classification categories like motivation for travel, reasons for buying during travel, per day budget, travel experience, origin and gender. There is no specific reason for selecting these variables for segmenting except for the fact that these variables will provide an adequate idea about the composition of the tourist market. Many of these variables like motivation of travel, budget, origin etc. are popular segmentation categories and many authors have been using these in tourist market segmentation studies.

The analysis shows that almost all the variables tested have significantly different preferences towards the three main factors arrived at above.

For **motivation** the factors product features, and place & price have significantly different preferences across the groups. For product features significant micro level differences at (α=0.05) are seen between Leisure tourists and Explorer, Business Travellers, and visitors to Family and Friends. For the same category differences are seen between Business Travellers and all other segments (except for Explorer). This implies that the Leisure Tourists and Business Tourists are most sensitive towards product features while buying crafts in a host region. In case of availability (place) & price, Leisure Tourists' preferences are different from those of Business Travellers and Pilgrims. Business Travellers are also sensitive to this factor.

'**Buying reasons** during travel' is also taken as a segmenting variable. In all, 7 reasons were identified and the respondents are categorised on the basis of these reasons. An ANOVA test suggests that the preferences towards the factors are significantly different at α=0.5 for all the segments based on reasons. At the micro level for product features, buyers for remembrance of the visit, those who want to buy an authentic product, and those who want to buy a gift have distinctly different preferences towards buying crafts. Those who buy just to shop are more sensitive in preference towards product design than those who buy for remembrance of the visit, those who

want to help artisans, and those who want to buy authentic products. For the place & price factor, significantly different preferences are noticed for simple shoppers, authenticity seekers, those who look for special products and buyers of gift.

If the travellers are grouped on the basis of **budget** the ANOVA test suggests that the three factors have significant differences in preferences across the budget groups. At a micro level for the first factor (product features) almost all the groups have significant differences with one another. For design the lowest budget group has shown difference in preferences. For the third factor (place & price) the mid budget group (per day budget between Rs 700/- and Rs. 1000/-) and the lowest group (less than Rs. 300/-) have shown significantly different preference towards availability and prices of crafts.

If the travellers are grouped on their **travel experience** it is seen that all the three factors have different preferences across the groups. In a group-to-group comparison it is seen that for product features all the less experienced travellers have difference in preference for craft with highly travelled persons. The mostly travelled persons have distinctly different opinions regarding craft design, while no significant difference in preferences is noticed for place & price.

Interestingly, it is found that the **gender** of the traveller does not influence the craft buying preferences as such. Only one factor (place & price) has significantly different preferences (T test at $\alpha=0.05$) across the gender of the buyer. The results show that female travellers are more sensitive towards this factor than their male counterparts.

The **origin** of the tourist (domestic or foreign) on the other hand shows distinct preferences towards all the three principal factors. It is significant that the foreign tourists are seen to have a high preference towards product feature, and place & price. But interestingly domestic tourists were found to have a higher preference for the design factor.

QUICK CONCLUSION

This is an exploratory empirical study on preference levels of tourists towards buying craft during visits. It is seen from the deliberations that various travel groups have distinct preferences towards different features of craft products. The significant difference in preference indicates that these groups may be treated uniquely and thus they qualify to be different segments of the market. It may therefore be concluded that the crafts may be targeted towards these segments keeping in view the preference levels of the segments

With the available data further micro level analysis could be conducted for the in-depth study of specific preferences towards the basic raw level variables measured initially. This will be useful if the marketers of crafts are interested in devising strategies regarding the craft features so that they can target the segments mentioned above.

The Influence of Environmental Orientation on Brand Value: A Case of the Electronics & Electrical Equipment Industry

Ivana First and Deepali Sinha

1. INTRODUCTION

"Brands are the world's new opinion makers" (Kunde, 2002:22). This very flattering role encompasses a responsible task for brand and corporate management. As Pringle and Thompson (2001) recognized, the third wave of branding has come. In the 50's, brands resonated with consumers' rationale, in the 70's with consumers' emotions, whereas in the 90's they have to hit the spiritual and ethical level of consumers to establish a long lasting meaningful brand relationship. This evolution resembles the hierarchy of Maslow's pyramid (Maslow, 1943). At the highest level of cognition, people become aware of their role to contribute to the overall welfare of the planet and its living beings; thus, they opt for spiritual, responsible behaviour, such as decisively choosing brands that they consider socially, ethically and environmentally responsible.

Indisputably in the field of management a topic given ever increasing attention is sustainable development (Chiesa, Manzini and Noci, 1999). Despite the recent years' interest in societal and organizational issues such as ethics (Faber, Jorna and Van Engelen, 2005), environmental issues remain the anchor point in the sustainability debate and even the triple bottom line concept (Elkington, 1998) keeps ecological concern as a fundament of its orientation.

This research focuses on the environmental responsibility of corporate brands. Previous studies established the relationship between environmental behaviour and a company's performance (Rockness et. al, 1986; Konar and Cohen, 2001), but little attention was given to analyse the extent to which corporate brand identity was based on environmental values as an antecedent to company's performance. We find this gap an inspiration for this study as we believe that creating, developing and sustaining brands whose identities are rooted deeply in sustainability and environmental concern certainly evokes a brand - consumer relationship at a spiritual level.

2. THEORETICAL BACKGROUND

According to the Dow Jones Sustainability Index (DJSI), "corporate sustainability is a business approach to create long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments" (DJSI, 2006). Sustainable investment funds and ranking indices such as DJSI have developed metrics to rate companies on sustainability given their industry specific profile, and have as one of their main parameters the environmental performance of the company.

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Porter and van der Linde (1995), Hart & Ahuja (1996) and Russo and Fouts (1997) point to the fact that corporate social responsibly initiatives such as product stewardship, pollution prevention and sustainable development practices can lead to reputation advantages for the company, improvements in investors' trust in the company, lower costs through more efficient use of resources, and new market opportunities. There are also growing institutional pressures, based on both legislative penalties and reputation risk from governments as well as NGOs calling on corporates to take more responsibility for the environmental impacts of their products. These pressures have resulted in a growing positive public sentiment towards "environmentally sound products" or the use of more environmentally-sound technologies.

Brand understanding is not universal. (DeChernatony, 2001; Kapferer, 2004). Authors of this paper unquestionably refer to a brand at a more profound, and abstract level referring to a positioning, cluster of values, relationship and promise to customer; and support the idea that a brand needs to be integrated in the core of the company (Kunde, 2002; LePla and Parker 2002; Keller, 2003). Many of the conceptual models of a brand contain several key elements of the branding puzzle: personality, relationship, image, value proposition, brand essence, benefit for customer, etc. In the kernel of these concepts lie brand essence (Aaker, 1992) or brand identity (Kapferer, 2004). To manage perceived image, inner self of the brand, i.e. its identity, is what should really be managed (Kapferer, 2004). Put it in the context of new age branding, if a company is to resonate at a spiritual level with consumers (Pringle and Thomson, 2001) its identity has to be perceived as responsible.

3. HYPOTHESES CONSTRUCT

Russo and Fouts (1997) found that it 'pays to be green' – that environmental performance and economic performance are positively linked. A study by Konar and Cohen (2001) reports that the market value of firms in the S&P 500 related to objective measures of their environmental performance. This same study also introduces a relationship between environmental performance and intangible-asset value and found significant effect in case of publicly traded firms that belong to the S&P 500. The reputation advantages and risks that result from corporate environmental performance would surely affect the brand. Therefore,

H1: Environmental responsibility positively impacts corporate brand value.

We believe that for a company to be really committed to its environmental initiatives it would have to incorporate such views into the core of its corporate culture and its corporate brand. Corporate culture is determined by values, behaviours and attitudes shared among employees at all levels of a company (Hatch & Schultz, 2001). We further stress that it is extremely important for employees to be aware of what is the desired behaviour pattern. As Schein (1984) commented, employees need to be aware of the shared underlying assumptions that are the core of an organizational culture in order to transmit easily observed artefacts, in an inspired and trustworthy manner. Hankinson (2004) stresses that several case studies support the requirement to "live the brand". We propose that if a company chooses a core value that is easy for its employees to adhere to, the probability that corporate culture and accompanying communication will be lived by its

employees is considerably increased. As environmental responsiveness is one of the values that people growingly appreciate and obey, we think it is a very appropriate value for both internal and external branding. Such a value resonates with employees and further with customers, and facilitates the establishment of brand relationship and brand commitment. This in turn raises a brand's value. Succinctly,

H2: Environmental embeddedness of corporate brand positively impacts corporate brand value.

Furthermore, we claim that congruence between environmental responsibility and environmental embeddedness of corporate brands portrays a more integrated message and awards a given corporation with trustworthiness. To portray an integrated message, all parts of the brand entity should send a consistent message to customers and other stakeholders. The coordination of brand messages, from whatever source, including other aspects of the marketing mix, coordination of customer-facing staff, and, more broadly, contact with the organization, must be consistent to protect the brand image (Duncan and Moriarty 1997). With this reasoning, we believe that if a corporation is to be perceived as a good corporate citizen it has to be unconditionally committed to sustainability, or more concretely its actions, beliefs and communication have to be aligned. Therefore,

H3: The integration of environmental orientation positively impacts corporate brand equity.

4. METHODOLOGY

We will use a multiple case study method consisting of the top global corporate brands in the consumer electronics and computer hardware industry and analyse their environmental behaviour and brand's environmental embeddedness. The advantage of a single industry study is to offset possible industry effects in terms of both brand identity and environmental behaviour. Four main reasons convinced us to choose this particular industry. Firstly, as this study analyzes brands essences, identities and values, it was important to choose an industry represented by a number of distinguished strong global corporate brands. Secondly, electronics products are mainly sold under the corporate brand and consistent branding and marketing strategies in developed and emerging countries. Thirdly, the environmental angle is becoming progressively more important for electronics manufacturing companies because of the various pieces of legislation in place. Finally, the electronics and electrical appliance industry is one of the largest and most globally widespread industries.

Our investigation will proceed in three phases. Sustainability reports and web pages of the chosen sample of companies will enable evaluation of environmental responsibility and environmental embeddedness of corporate brands. This will allow the clustering of corporations based on these two variables. Finally, these clusters will be compared in terms of their brand values.

In this study we have constructed four variables. Independent and environmental responsibility of a corporation and environmental embeddedness of a corporate brand. Dependent variable is presented as brand value.

Corporate environmental responsibility combines environmental attributes of a company's products and processes. For the purpose of our study, we measured environmental performance based on publicly available information regarding environmental management, product attributes and the overall eco-footprint of a company so as to encompass the environmental performance of the products as well as the production process. Examples of the measured attributes are environmental standards used in operations, certification of environmental management systems, take-back systems, hazardous substances in products, as well as energy consumption, harmful emissions etc.

According to our best knowledge the environmental embeddedness of a corporate brand has not previously been measured and therefore we constructed it as an index based on the most cited theoretical models of the brand construct. The index consisted of mission, corporate values, corporate culture, principles, positioning, brand essence, personality, self-image, story and associations (Aaker, 2001; LePla and Parker, 2002; Kapferer, 2004).

Brand value will be assigned to each brand directly from the Business week and Interbrand (2005) list.

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A Study Measuring the Influence of Young Adults' Characteristics on the Purchase Decision in Relation to Brand Loyalty and Brand Switching

Paurav Shukla, Tiago Neves, Harpindar Singh, and Poonam Thaker

The consumer culture has evolved into one of the most powerful forces shaping individuals and societies (Roberts and Sepulveda, 1999). In the field of marketing much research has focused on the areas of brand loyalty, brand switching, and the purchase decision process. However, little research has been conducted specifically focusing on segment specific activities including the youth segment (Feltham, 1998). The 18-24 youth group (young adults) is an important segment for marketers not only because of their aspirations and desires but also their spending habits. This study will look at the young adult population in terms of how their individual characteristics impact their purchasing decisions with regard to brand loyalty and brand switching. The study provides unique knowledge for marketers and researchers alike, as it focuses on the issue of purchase decision, brand loyalty and switching with regard to individual characteristics. Furthermore, instead of generalising the findings, the study focuses on a specific segment of the market increasing the validity and reliability.

According to Lin et al. (2000) brand loyalty refers to the consumer's behaviour of repeatedly purchasing a specific brand over a certain period of time through conscious or unconscious decisions. On the other hand, brand switching occurs due to a slight decline in brand loyalty and growing acceptance of other brands, which loosen up the consumer's willingness to try alternative brands (Howell, 2004). We attempt to formulate a model through extensive literature review and exploratory research to explain to what extent loyalty exists with regard to switching and its impact upon the purchase decision. Previous research (Pollay et al., 1996; Spero and Stone, 2004; Roehm and Roehm, 2004) assumes that young adults are not very loyal. However; these findings are relatively ambiguous and face much argument. Whilst young adults are widely identified as less loyal when compared with other age groups, it should not be assumed that the group *is* less loyal (Wood, 2004). This study will aim to discover how loyal these young adults are and if not, then to what extent they would switch. The results will provide insight into the young adult population and generalizations that can be made. Using Ehrenberg's seminal work (1988) we examine the evidence of what this specific segment of customers are like with regard to loyalty.

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The young adult market is a very important and powerful segment of consumers with many distinguishing features that merit it being considered as a separate segment (Ness et al., 2002). Their purchase decision making process with regard to loyalty and switching is unique. They make up 3.6% of the population with spending power of approximately £10 billion per annum in the UK (Jenkinson, 2000), demonstrating how significant this segment is for marketers. However, the reason marketers may not target this consumer segment is because they are seen as less brand loyal. Young adults have less experience and involvement with brands (Howell, 2004). However, Ehrenberg (1988) believes that people in general are all switchers and no one is brand loyal. Ness (2002) states that young adults have the general problem of allocating scarce financial resources and because of this problem, they have more reasons to switch between goods with the aim of saving money. On the other hand Jenkinson (2000) points out that young adults provide advertisers with a rare opportunity. During their early life cycle, young adults develop many of their opinions and preferences, which they keep throughout their lives, eventually becoming the high earners of the future. Therefore, this segment becomes of further importance to marketers in terms of what defines their attitudes and perceptions.

Figure 1: Model Formulation
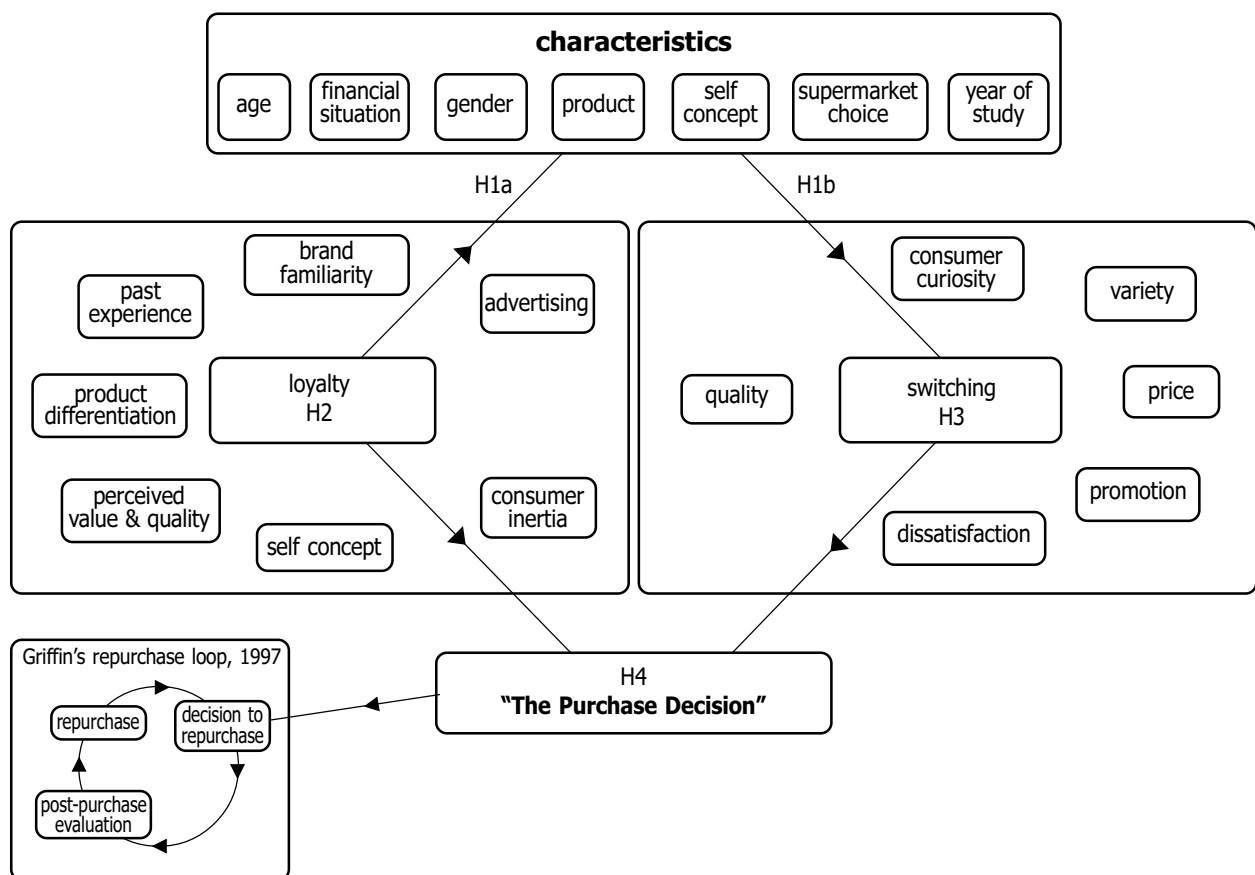
We propose the model depicted in figure 1 to understand the influence of individual characteristics of young adults on their purchase decision in relation to brand loyalty and switching. The model presented below in figure 1 has been formulated by representing the inter-relationship between individual influences, loyalty and switching towards the purchase decision. The variables were selected based on an extensive literature review and scrutinized through the focus groups. The proposed diagram, represents the hypotheses and shows the links between them. The variables that shape the characteristics of young adults can be seen diagrammatically and it is such characteristics that impact upon how brand loyal they are and how much they switch between brands. This model feeds into the 'decision to repurchase' stage which, was discussed by Ehrenberg (1988) and represented diagrammatically earlier by Griffin (1997).

Secondary research was carried out, forming the foundation of the literature review and methodology, exploring the topic areas, theories and concepts to enhance the validity of the primary research (Chisnall, 2005). It helped us to form concepts and ideas in this subject area. The secondary research was followed by 3 focus groups with young adults to determine what factors made them loyal to various products, as well as what would make them switch. The characteristics that the segment possessed were also analysed in order to understand their purchase decisions. This focus group was the exploratory part of the research and provided us with qualitative research allowing us an in depth understanding of the topic (Malhotra, 2004). Each focus group consisted of 8 members and took approximately one and a half hours to complete. This enabled the variables to be tested and hypotheses to be developed through the integration of the literature and the actual sample frame.

The primary research was conducted using a structured, self administered questionnaire, which is one of the most widely used data collection techniques (Saunders et al., 2003). A pilot questionnaire was designed and administered to 24 young adults. This outlined a number of potential areas that needed to be improved and worked upon. Quota sampling was used as the sampling technique. With an overall response rate of 89.47%, 340 valid responses were received. The data was analysed for outliers, normality and multicollinearity as suggested by Pallant (2001).

Young adults have many defining characteristics and this study has determined the impact of these characteristics on brand loyalty and brand switching. The amount a young adult has that s/he can spend weekly and which supermarket they shop at has the highest impact on how brand loyal they are. This means that young adults who felt they were most brand loyal were those who had the most financial resources available to them. However, many young adults who shopped at these supermarkets did not consider it an important factor that influenced their brand loyalty as they felt supermarket choice did not affect the degree of loyalty that they displayed. This highlights the problem of what young adults perceive they do compared to the behaviour that they display. Family was the next important influence on young adults perceiving themselves to be brand loyal.

The young adults' characteristic influences that have the highest impact upon brand switching behaviour include age, accommodation and mode of study. This shows that the older the young

adult is the more likely they are to brand switch. The family influence that may at first make the young adult brand loyal would diminish over the period of time as they start living their life on their own, away from home. Accommodation is another factor that affects their brand switching behaviour. This may be due to the locational influences and at the same time, who they are actually living with. Even though young adults who felt they were brand switchers did not feel that financial reason was most important in their brand switching behaviour, it still might be indirectly related, whether the young adult realises this or not.

Brand Loyalty is affected by a number of independent variables and young adults feel that the factors that are most influential include brand name and product differentiation. The strength of the brand name is an important factor in creating loyalty to products. Our findings find common ground with Veloutsou et al. (2004) who implied that products with a strong brand name and image would create more loyal followers. Surprisingly advertising as an influencer of brand loyalty was ranked very low by respondents. Therefore, marketers aiming to create greater levels of brand loyalty through more advertising would fail to capture this segment's attention. This finding contradicts Ehrenberg (1998) who stated that advertising would slightly increase repeat purchases. It was also found that products with added features or improvements influence brand loyalty within this segment. Product image and social status are other factors which play a less significant role in creating brand loyalty. Factors such as past usage, expectations and convenience were not significant contributors, which contradicts the findings by Wood (2004).

Brand Switching is affected by a number of independent variables and young adults feel that the most important factor is that of in-store promotions. This factor ranked the highest amongst all the other variables that might affect switching behaviour. All the other factors did not play a significant role in influencing such behaviour. The most important reason that young adults would switch between products is if there are strong promotions in store, for example 'buy one get one free'. This would support Jenkinson's (2000) view that such immediate deals would have the more lasting effect on the young adult population. Dick (1996) stated that low price strategy can increase switching between brands and so a low price store strategy could also influence this behaviour. Young adults do not consider other factors such as curiosity, increased choice, packaging etc as important factors for switching between products. The most surprising of these is price, which is not rated as an important reason for brand switching even though it is heavily tied with in-store promotions.

This study shows that the young adults are divided over how loyal they perceive themselves to be as well as how much they brand switch. The mean score for those who believed they were brand loyal was 3.18 compared to those who felt they were brand switchers with 2.96. This shows that young adults perceive themselves to be more brand loyal, however it also indicates that they are not adverse to brand switching.

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Identifying the Dimensions of Attractiveness of an Employer Brand in the Indian Context

Sanjit Kumar Roy

OBJECTIVE OF THE STUDY

The objective of this paper is to identify the dimensions of attractiveness of an employer brand from the perspective of potential employees. A scale for employer attractiveness in the Indian context will be developed and it will be tested for reliability and validity.

BRIEF BACKGROUND LITERATURE

Until fairly recently, customers were seen to be only those who were external to the organization. Many researchers argue that externally oriented marketing is difficult enough without introducing the notion of 'internal customers' (**Ewing & Caruana 1999**)

The internal marketing concept specifies that an organization's employees are its first market. (**George & Gronroos 1989**), The rationale is that employees are internal customers and jobs are internal products. Certain terms like 'internal advertising' and 'internal branding' have appeared in the marketing literature. One component of internal marketing that is still underdeveloped is 'employer branding'. Job products must attract, develop and motivate employees, thereby satisfying the needs and wants of these internal customers, while addressing the overall objectives of the organization (**Berry & Parasuraman 1991**). **Kotler** (**1994**) defines internal marketing as 'the task of successfully hiring, training and motivating able employees to serve the customer well'. In the modern economy human resource has become one of the main sources of competitive advantage. The war for talent is intensifying day by day. Thus an important part in attracting the best talent from the job market is to promote the authority as an "employer of choice".

EMPLOYER BRANDING

Brands are among a firm's most valuable assets and as a result brand management is a key activity in many firms. Although firms commonly focus their branding efforts on developing product and corporate brands, branding can also be used in the area of human resource management. The application of branding principles to human resource management has been termed "employer branding" (**Backhaus & Tikoo, 2004**). The term employer branding suggests the differentiation of a firm's characteristics as an employer from those of its competitors.

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The Employer Brand/Branding concept was conceptualized for the first time by **Tim Ambler** and **Simon Barrow** (**1996**) in their paper **'The Employer Brand'**. This paper assesses the possible application of branding techniques to human resource management (HR). They have defined "Employer Brand" as "the package of functional, economic, and psychological benefits provided by employment, and identified with the employing company". The ongoing company/employee relationship provides a series of exchanges of mutual benefit, and is an integral part of the company's total business network. The benefits the Employer Brand offers employees are parallel to those that a conventional (product) brand offers to consumers: (1) developmental and/or useful activities (functional); (2) material or monetary rewards (economic); and (3) feelings such as belonging, direction and purpose (psychological). The Employer Brand also has a personality, and may be positioned in much the same way as a product brand.

Lloyd (**2002**) has defined 'employer branding' as the sum of a company's efforts to communicate to existing and prospective staff that it is a desirable place to work. Advertising may become a critical tool in the efforts that firms make to identify, acquire and retain skilled employees. According to **Ewing et al**. (**2002**), employment branding is concerned with building an image in the minds of the potential labour market that the company, above all others, is a 'great place to work'. According to a human resources consultant **Hewitt Associates,** there are five steps to developing a strong employer brand: (i) understand your organization, (ii) create a 'compelling brand promise' for employees that mirrors the brand promise for customers, (iii) develop standards to measure the fulfilment of the brand promise, (iv) 'ruthlessly align' all people practices to support and reinforce the brand promise, and (v) execute and measure.

Moroko & Uncles (2005) studied the internal and external effects of employer branding based on the literature survey and have given a broad view of the systemic process of employer branding. They have proposed a virtuous cycle between the internal and external effects of the employer branding process.

Emma Melin (2005) is of the view that in order to develop a strong employer brand it is necessary to demonstrate what is specific about an organization and its culture. The objective of the study conducted by the author in conjunction with **Universum Communication** (an international research and management consulting firm) was to examine the existence of similarities and differences between the internal and external employer brand images. Three remarkable factors came out of the research conducted in three companies' viz. good leadership/management, innovative solutions, and strong clear company culture. The author has identified the different components of the employer brand viz. product/company brand strength, compensation/benefits, company culture & environment, work environment, and work-life balance.

The body of literature is very thin and a lot of research opportunities lie in this field of management. Almost all the authors have stressed the need for a large scale empirical study to be conducted in this field. This study seeks to contribute by identifying the dimensions of attractiveness of an employer brand. According to **Ewing et al.** (**2005**) the more attractive an employer brand is perceived to be by the potential employees, the stronger is that organization's brand equity.

METHODOLOGY

a) Development of the Attractiveness Scale of an Employer Brand:

Researchers can generate scales based on either a deductive or an inductive approach (**Hinkin, 1995**). The former entails the development of a classification schema or typology prior to data collection and following a thorough review of the literature. This enables researchers to develop a theoretical definition of a construct, which is then used to guide the development of scale items (**Schwab 1980**). Such an approach has been used in the development of various marketing scales, including measures of consumer-based brand equity (**Yoo & Donthu 2001**), market orientation (**Narver & Slater 1990**) and many others. These researchers have noted that based on information generated from prior studies, a pool of items related to each construct can readily be formulated.

In contrast, an inductive approach involves identifying constructs and possible scale items based on qualitative insights gleaned from respondents (**Hinkin 1995**). This approach is often used when there is limited theory or knowledge in relation to a topic.

In this study both the approaches will be used. Some of the items will be generated through the literature review. Since the literature on this topic is very thin the second approach will also be used. For the second approach the second year MBA students of the ICFAI Business School and the final year students of ICFAI School of Marketing Studies were asked to write a short essay on the following questions: (Total number of responses 100)

i) Organizations the respondents would most like to work for, and why
ii) What factors they considered important when considering potential employers
iii) Organizations they would least like to work for and why, and
iv) How they go about looking for employment (i.e. internet, classifieds, recruitment agencies, word of mouth, networking, etc.)

The responses from the students were then transcribed to extract the constructs from them. The transcribed items are the following:

- A good and exciting work environment/ working environment
- Base for future employment
- Feel good factor about working in the particular environment
- Increased self confidence
- Social recognition
- Supportive co-workers
- Creative and innovative employer
- Cordial relationship with the superiors as well as with juniors
- Due recognition from the employer
- The employer acknowledges the creativity of the employees
- Above average salary and benefits
- Above average overall compensation

- Security of job
- Corporate social responsibility of the organization
- Promotion opportunities
- Customer oriented organization
- Opportunity to learn from other departments
- Quality of products/services produced is high
- Company produces innovative products/services
- Flexible work timings
- Travel opportunities
- Career advancements
- Educational opportunities
- Task diversity
- Sincerity
- Organizational structure
- Competence
- Company's prestige

I am still in the process of transcription of some of the responses which may give a few more items for my study.

b) The Questionnaire

The questionnaire will contain all the items derived from transcribing the responses from the students and they will be asked to rate these items on a seven point importance scale from least important to most important.

c) The Dimensions of Attractiveness in Employer Branding

The underlying structure of employer attractiveness will be investigated in the following sequence.

i) A convenience sample of second year MBA students of the ICFAI Business School, Hyderabad will be selected for the study.
ii) Next the sample will be split up into two approximately equal sub-samples.
iii) Now using the sample-1, the underlying structure of the employer attractiveness would be explored using the 'employer attractiveness scale developed in stage-1 of the study, through principal component analysis.
iv) Finally the factor structure revealed through the exploratory factor analysis would be confirmed on sample-2 using confirmatory factor analysis using SEM (Structural Equation Modelling).

d) Validation of the Scale
For a scale to be used with confidence it must possess validity. In this section the validity of the employer attractiveness scale will be done on various aspects viz. nomological, convergent, discriminant, criterion and content validity.

Criterion Validity

For the criterion validity of the scale multiple regressions of the dimensions of the attractiveness of an employer brand will be conducted against the measure of attractiveness of the thirteen best managed Indian companies as per the A T Kearney-Business Today study (2005). Regression will be run separately for all the companies. Respondents will be asked to evaluate the attractiveness of working for these thirteen companies on a seven point Likert scale from 'to a very little extent' to 'to a very great extent'. The independent variable will be formed by averaging the items constituting the relevant factors obtained.

India's Best Managed Companies (A T Kearney-B T Study, 2005)

Dr. Reddy's Laboratories
E-Serve International
Eicher Motors
Goodlass Nerolac Paints
Gujarat Gas Company
HDFC Bank
ICICI Bank
Infosys Technologies
Larsen & Toubro
Ranbaxy Laboratories
Satyam Computers
Tata Power
Wipro

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The Impact of Brand/Event Fit and Involvement on Brand Image Transfer

Mala Srivastava

ABSTRACT

Sponsorship is not a modern phenomenon: its first recorded incidence was in 590 BC when the Greek state-sponsored athletes in the Olympic games (Harris 1964). Sponsorship has been defined in many ways but the one most commonly used in past research states that "sponsorship can be regarded as the provision of assistance, either financial or in-kind, to an activity by a commercial organisation for the purpose of supporting the activity". However, the meaning has evolved and it is now considered as an activity by a commercial organisation for the purpose of achieving commercial objectives. Brand awareness and image development have subsequently been identified as the major 'commercial objectives' of sponsorship. With relatively modest beginnings it has grown into a massive industry. Spending on sponsorship, for example, increased. Following international trends the Indian corporates have also being eyeing the sponsorship of events as a tool to build brand image and cricket has been able to capture it totally. Such is the dominance of cricket that in 2004, it cornered a whopping 92% of all sports advertising revenue, up from 89% in 2003 - soccer came next with a paltry 2.7%. Despite the massive growth in sponsorship activity of all kinds, academic research is still in its infancy in this area. This is particularly true with regard to the effect of sponsorship on the brand image of the sponsor. This article seeks to address this by first understanding the theoretical underpinning of the concept of brand image transfer. The key message in associating a sport with a brand is that the sport must be in line with the brand's core values otherwise there is too much confusion. Unless you have very deep pockets, you are likely to get lost in the crowd of advertisers during the event. Sponsorship of events also leads to a varied image of the product and the company that sells it. The present study was undertaken to understand the importance of brand/event fit and involvement in creating image transfer. The study is empirical in nature and was undertaken during a cricket event.

METHOD

The present study was undertaken during a cricket event. Brand image transfer was studied across four brand categories. The three brands were a soft drink, a white good durable company and a two wheeler company along with a brand which was not sponsoring the event. The brands chosen were the official sponsors of the event.

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THE PROCEDURE

In the first stage seventy postgraduate' students, enrolled in a university course, responded to the survey conducted to create a set of personality-oriented adjectives that could be used to describe image dimensions of the event and the three sponsoring brands. Ten adjectives were generated by the authors for these sporting events. These adjectives generated for event and brand were used to create a scale to measure image transfer. In the second stage 132 students, enrolled in a management course across three cities, responded to the survey. Subjects were randomly assigned to one of the product categories. Randomisation assures that the impact of the individual's prior product schemas will not bias the results in any given treatment. Thus Brand Image transfer (BIT) was measured using the Adjective-based image transfer measure. Based on the similarity measure the perceptions of the respondent were classified into four groups: when the brand was perceived to have functional and image similarity, when the brand was perceived to have only functional similarity, when the brand was perceived to have only image similarity, and when the brand was perceived to have no similarity at all. The level of BIT was measured across the four different groups to test the hypothesis.

MEASURE

The scale developed by Gwinner (1997) measured functional based similarity using three items assessed on seven-point strongly disagree/strongly agree scales. Image-based similarity was also assessed with the seven-point strongly disagree/strongly agree scale.

Brand Image transfer was measured using the Adjective based image transfer measure. As stated above, during the experiment each of the 10 adjectives were rated as to how well it described the particular event (1=very well; 7=not at all) and then, separately, subjects responded as to how well the same 10 adjectives described the brand. If an image transfer occurred, one would expect the image of the event and the image of the brand to be similar. Accordingly, we calculated a measure of congruence/similarity by taking the sum of the absolute differences between the corresponding adjectives in the event and the brand ratings. For example, if a subject rated the adjective "mature" as a "2" for the event and a "5" for the brand, then the absolute difference for those corresponding adjectives would be "3." The ten absolute difference scores for each event-brand pair were then used to create a congruence index. Smaller Scores in the index indicate greater congruence.

An Empirical Investigation on Impact of Brand Personality Dimensions on Brand Loyalty

K. Abdul Waheed and Neeti Yadav

Individuals attribute and associate their traits with the traits of the products that they choose and use and this phenomenon is called brand personality (Aaker 1997). Brand personality is very important in today's competitive market place wherein all the marketers are able to offer all possible quality levels and tangible differentiation becomes difficult to achieve. Having a proper brand personality helps the company properly differentiate itself with respect to image, which is a strong factor for customer retention. Brand personality research gained momentum after Aaker (1997) developed a scale to measure it. She identified five brand personality dimensions such as sincerity, excitement, competence, sophistication and ruggedness.

Research in the brand personality area has been indirectly rather superficially suggestive in the outcome of specific brand personality dimensions with respect to brand loyalty. There seems to be a lack of studies to clearly establish the relationship between the brand personality dimensions and brand loyalty and its relative importance. The examination of brand personality will advance the research in marketing especially the growing area of brand-consumer relationship.

In this empirical study, an attempt is made to understand the relationship between brand personality dimensions and brand loyalty. The conceptual model proposed in this study (see fig 1.) examines the determinants of brand loyalty with respect to brand personality dimensions such as sincerity, excitement, competence and ruggedness and an important brand-consumer relationship variable namely, relationship length for a popular clothing brand in India.

Specifically, the conceptual model relates to the following research hypotheses:

H1:   Sincerity will lead to brand loyalty.
H2:   Excitement will lead to brand loyalty.
H3:   Competency will lead to brand loyalty.
H4:   Ruggedness will lead to brand loyalty.
H5:   Relationship length will increase brand loyalty.

A questionnaire was prepared with the measures on brand personality dimensions and brand loyalty from previous researches. To measure brand personality dimensions such as sincerity, excitement, competence and ruggedness, Aaker's (1997) scale was used. In her study, a Cronbach

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coefficient alpha of 0.93, 0.95, 0.93 and 0.90 was reported for these dimensions respectively. Doney and Cannon (1997) measured relationship length in the context of industrial marketing as "About how long has your company had contact with this supplier? (_____ Years & _____ months)". On that basis, in this study, the respondents were asked to state the duration of the relationship with the current retailer in years and months. To measure brand loyalty with the retailer a four-item, 7-point agree-disagree scale of store loyalty developed by Reynolds and Beatty (1999) was employed. This scale has a reported Cronbach coefficient alpha of 0.83.

The survey was carried out during the months of January to March 2006. The data was collected from 300 respondents in two cities - Mumbai and Indore. The cities and the respondents were selected using a convenience sampling method. The collected data was subjected to a reliability analysis with Cronbach coefficient alpha, an item to total correlation, a validity analysis with exploratory factor analysis and hypotheses testing with multiple regression analysis using SPSS 10. The results showed the relative impact of the brand personality dimensions on brand loyalty and the impact of relationship length on brand loyalty. The paper includes the detailed justification of the research topic, literature review, discussion on research hypotheses, the presentation of the results, and finally, the implications of the study.

Fig.1 Conceptual Model of brand loyalty with respect to brand personality and relationship length
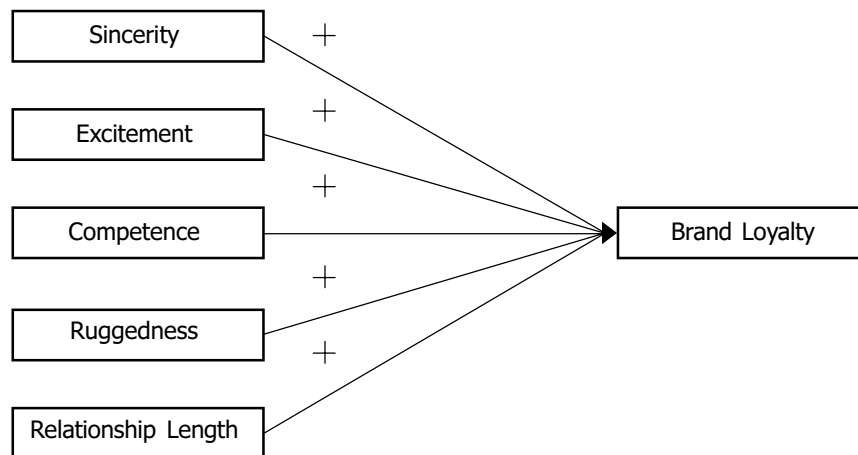
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Determinants of Performance in Retail Banking in India – Assessing Customer Satisfaction and Relationship Marketing – Performance Link

Vimi Jham and Kaleem Mohd. Khan

ABSTRACT

1. RELATIONSHIP MARKETING AND CUSTOMER SATISFACTION –AN OVERVIEW

Relationships are as old as mankind. Traders and businessmen of yesteryears relied on relationships for their success. In the early 90s the concept of relationship marketing was formally introduced in the field of services marketing. It was established that building closer relationships with customers resulted in better returns to companies (Reichheld, 1993). The focus of relationship marketing philosophy is of the notion that making the most out of existing clients is essential for long term profitability.

The development of financial service provision within the retail sector has offered retailers the opportunity to build closer relationships with their customers. Today banks have moved away from a transactional based marketing effort to a relationship based approach that has at its core the recognition of the lifetime value of the customer. Satisfaction is a multi-dimensional construct which has been conceptualised as a prerequisite for building relationships. It has been attributed with three dimensions (Crosby and Stevens, 1987): satisfactory interactions with personnel; satisfaction with the core service and satisfaction with the organization. Customer satisfaction is generally described as the full meeting of one's expectations (Oliver, 1980) and is the feeling or attitude of a customer towards a product or service after it has been used.

1.1   Need for research in relationship marketing and customer satisfaction

As the popularity of the relational paradigm grows, its applicability broadens to new areas beyond those with established histories of studying relationships in commercial settings. While to date relationships have been extensively studied in marketing channels, industrial, and some consumer settings in Western (Anglo-Saxon) cultural contexts such as Europe, US, Australia or UK, few studies have examined the paradigm in an Eastern cultural context such as Thailand, China, South Korea, Malaysia or India. The only exceptions include empirical studies of relationship marketing in an Asian market by (Aulukh, 1996). Customer Satisfaction in retail banking industry has been studied by (Jamal Ahmad, 2002) along with customer profitability management being integrated and optimized for the customer (Lenskold James D, 2004). A positive relationship has

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been demonstrated between equity and satisfaction by Athanassopoulos (2004). There has been an evolution from product, or brand, management to customer management (Sheth, 2005). Building long-term relationships and satisfaction of the customer adds value to the firm (Payne, Frow, 2005; Jayachandran *et al.*, 2005). Furthermore, no studies could be located that specifically examined relationship marketing in a consumer service context in South-East Asia. A well accepted model for measuring relationship equity is not available in literature as yet.

1.2 Various dimensions of research problem

A number of critical research gaps still exist within the domain of relationship marketing theory. Though much has been written about relationship marketing, few studies have attempted to address the implementation of relationship marketing in organizations, or what it entails with the focus on customer satisfaction (Morris et al, 1999).Secondly, fewer empirical articles pertaining to this construct have appeared in literature (Perrien and Ricard, 1995). Thirdly, little attention is paid in research to consumer retail marketing (Reynolds and Beatty, 1999).

In India there is growth in private and foreign banks. The national banks are facing a challenge in services from the private banking sector with respect to various services. The present study provides steps towards addressing these gaps. With Indian markets opening up to foreign competition, customers becoming more demanding and foreign institutional investors on the watch ,the Indian banking industry will have to markedly improve its performance in the coming years. The prime mover for banks today is profit, with clear indications from the government – 'perform or perish'. This change is a result of the banking reforms – namely the [1]Narsimham Committee recommendations, liberalisations and the opening up of the economy in the nineties and the government's decision to privatise the banks by reducing state ownership.

2. RESEARCH METHODOLOGY

2.1 Research objectives

The study attempts to empirically investigate with the following specific objectives:

- To identify the variables of customer satisfaction which result in relationship building in the Indian banking industry
- To link customer satisfaction with performance of the banks.
- To measure the difference in satisfaction of services of current and savings account customers.

The research was positivistic and quantitative in nature, which was appropriate for the purpose – to test and empirically validate a measure of customer satisfaction with the banking industry. Consistent with Yin's three research approaches (Yin, 1994), the present research is exploratory in nature; it aims to develop hypotheses which can be tested. It is descriptive as it provides descriptions of contemporary relationship marketing practices based on customer satisfaction in the Indian banking sector. About fifteen customers of the banks were contacted and called to a suitable

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[1] (http://pib.nic.in/focus/fomore/narsim.html)

location and asked to discuss the satisfaction parameters with the bank. Three focus group discussions were held. Care was taken to see that all the three groups had representation from all the five banks.

The research instrument has been refined several times based on the pilot findings and on the comments and suggestions of the experts, focus group discussions and literature (Levesque and McDougall, 1996). Structured; non-disguised and closed ended questions were used in the customer research instrument.

Each item was then employed in a seven point semantic differential scale, fully anchored by extremely satisfied / extremely good at one end to extremely dissatisfied / extremely bad at the other. Additional data on demographics was also collected. The questionnaire was divided into ten sections.

2.2. Sampling Process

The five banks chosen for the present research are State Bank of India (SBI) , Punjab National Bank (PNB) , Housing Finance Corporation (HDFC), Industrial credit and investment corporation of India (ICICI bank Ltd.), Industrial development Bank of India (IDBI). The banks chosen were located at Lucknow and Noida (Uttar Pradesh), Delhi (National capital of India) and Gurgaon (Haryana).

In order to reduce bias in the responses a list of customers of the banks was obtained. These customers were contacted by telephone and then interviewed and assisted to fill in the questionnaire. There were no leading or misleading questions used in the questionnaire. The questionnaire was administered only to those customers who had been with the bank for at least three years. This was done to judge the effect of satisfaction. The sampling procedure that was used was probability, systematic sampling. Out of 2000 customers, we could get appointments with 700 customers. Using systematic sampling from the list of customers, we contacted every third customer by telephone and an appointment was made to conduct the personal interviews. This was over a two year period (2003-2005). The researcher personally filled in the questionnaire for every respondent. Out of 700 customers contacted we got 560 (80%) completed questionnaires.

3. ANALYSIS AND RESULTS

The first analysis involved the variables of satisfaction with bank services being subjected to Principal Component Analysis, a method categorized under the broad area of Factor Analysis. The sixteen variables were reduced to three Principal Components named as relationship dimensions through the varimax rotation method. In our sample the Kaiser- Meyer-Olkin measure of sampling adequacy was .916 which is greater than .5. This suggests that the data is adequate for factor analysis.

In order to assess reliability, the Cronbach alpha was determined for each construct (factor) identified through factor analysis. If the Cronbach alpha is greater than 0.7, the construct is deemed to be reliable. (Teo et al.,1999). All constructs met the reliability criteria, as the lowest alpha was .816 for factor three, i.e. Internal Marketing.

3.1 Relationship between the customer satisfaction and performance of Indianbanks

The regression equation Y=a+ bx + U was used to determine the relationship between satisfaction and performance. Data for average sales and profit before interest and tax (PBIT) is calculated for four years data (Year 2000 to year 2003). The data was taken from [2]CMIE's Prowess. The Regression Models establish the criteria that an increase in customer satisfaction with respect to services provided by the banks results in better performance. The study aimed to establish that customer satisfaction results in building better relationships with customers. The Dependent Variable Taken is Performance of bank and the Independent Variable is Customer satisfaction. Twelve regression models have been proposed in this study.

3.2 Assessing satisfaction of the current account customers and savings account customers with the bank's services.

The three relationship dimensions which were identified with Factor Analysis (namely Traditional Facilities, Multi Channel Banking and Internal Marketing) were put through an independent T-test to determine whether there was any significant difference in satisfaction of the current account customer and savings account customer with the five studied banks.

4. CONCLUSIONS AND FINDINGS

The findings of this study corroborate the observations of earlier researchers in the area of relationship marketing focusing on customer satisfaction. This has resulted in a focus on relationship marketing in today's competitive world. In this study the identification of relationship dimensions is reviewed and its importance reinforced. Further Regression Models establish the criteria that an increase in customer satisfaction with respect to services provided by the banks results in better performance by the banks. The study aimed to establish that customer satisfaction results in building better relationships with customers through better services. The current research contributes towards understanding relationship between satisfaction and performance. This is in line with empirical findings reported earlier (Anderson and Suvillan, 1993). As far as relational dimensions are concerned, bank management has to ensure that employees are properly trained so that they can meet the needs of the customer.

We can infer that since the nature of services is such that interaction of the external customer with the internal customer is essential, satisfaction from these interactions play a very important role in developing relationships. The results in this research prove further that satisfaction of the customer varies from bank to bank and from customer to customer. Furthermore, we can see that if banks satisfy their customers it affects the performance of the bank in terms of sales and profitability tremendously.

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[2] The Centre for Monitoring Indian Economy is an independent economic think-tank headquartered in Mumbai India. They provide information solutions in the form of databases and research reports. CMIE has built the largest database on the Indian economy and companies

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Outshopping and E-tailing: A Multi-country Investigation

Dongdae Lee, Audhesh K. Paswan, Gopala Ganesh, and MJ Xavier

ABSTRACT

From the viewpoint of trade leakage for local retailers, shopping over the Internet (or online shopping) bears similarity to traditional out-shopping[1] . Yet, relationship between consumer out-shopping characteristics and preference for online shopping has received little, if any, attention. We investigate this relationship using survey data from consumers in three countries - US, India, and Korea.

Online retail sales are increasing rapidly. In 1998, online retail sales were approximately $7 billion, just 0.25% share of total retail sales (Casey 1999). However, this revenue, in absolute and % terms, has grown dramatically since then. Online retail revenues (in absolute numbers and the share of total retail sales) jumped to $44.5 and 1.7% respectively in 2000, and $76 billion and 3.6% in 2002 via (http://retailindustry.about.com 2004).

While previous studies have provided valuable information about consumer preference of online shopping to brick-and-mortar shopping, none has focused on consumer preference for online shopping from the viewpoint of out-shopping characteristics. Despite some differences, online shopping is seen as a variation of out-shopping (Lumpkin et al. 1986) and shares many aspects with that phenomenon. Therefore, the first objective of this study is to explore the association between consumer out-shopping characteristics and consumer online shopping preference. By doing so, we could enrich our knowledge of relationships between the two as well as provide both online and brick-and-mortar retailers with some strategic directions. The second objective is to compare this relationship across consumers from different countries. There is a strong possibility that the different socio-cultural backgrounds serve as drivers of attitudes towards online shopping. We test this objective using data from the US, India, and Korea.

HYPOTHESES

There are many reasons why consumers engage in out-shopping behavior. According to literature, this is influenced by six key factors – attitude towards local shopping conditions, desire to support local shops, perceived time pressure, time management orientation, homebody orientation, and

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[1] Out shopping has been defined as the tendency (measured as either actual behavior or intention) to shop outside one's local shopping area or locality.

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in-home shopping proneness - among others. Relying on this background, we propose that online shopping is a variation of out-shopping. As a result, the above six key determinants should also affect online shopping behavior (both affective and effective dimensions). Hence the following hypotheses:

H1: Positive attitude towards local shopping conditions will be negatively associated with preference for online shopping.

H2: Consumer's desire to support local shops will be negatively associated with preference for online shopping.

H3: Consumer's perception of time pressure will be positively associated with preference for online shopping.

H4: Consumer's time management orientation will be negatively associated with preference for online shopping.

H5: Consumer's homebody orientation will be positively associated with preference for online shopping.

H6: Consumers' in-home shopping proneness will be positively associated with preference for online shopping.

H7: Overall relationship between consumer out-shopping characteristics [i.e., attitude towards local shopping conditions, desire to support local shops, perceived time pressure, time management orientation, homebody orientation, and in-home shopping proneness] and preference for online shopping will be different among consumers from US, India, and Korea.

METHOD

Data was collected using self-administered questionnaires for consumers in the USA, India, and Korea. The intent behind selecting these countries was to collect data from societies that are at different levels of internet shopping penetration and very different in terms of culture. The results demonstrate that a higher percentage of US respondents had used Internet shopping, followed by Korean and finally Indian respondents. This pattern was also true for heavy Internet users. In the USA, 688 responded to a mail out sample of 2,500, resulting in 521 usable for data analysis. In India, data was collected from households randomly selected from a consumer panel based in South India, resulting in a total of 207 usable responses. The Indian version of the questionnaire was adapted to accommodate the difference in variables such as currency and ethnicity. The Korean version of the questionnaire was prepared by two people who are fluent in both English and Korean. At first, each person translated English into Korean independently. After finishing the initial translation, they sat together and adjusted differences. Questionnaires were distributed to households by students attending an introductory marketing class in a local university. They were asked to solicit either one of their parents or their adult neighbor to fill out the questionnaire. This resulted in a total of 192 usable questionnaires.

QUESTIONNAIRE

Thirty six scales items were adapted from existing literature and used for measuring consumer out-shopping characteristics. Of these, 5 items were for *attitude towards local shopping conditions*, 10 for the *desire to support local shops*, 6 for the *perceived time pressure*, 3 for the *time management orientation*, 5 for the *homebody orientation*, and 7 for the *in-home shopping proneness*. The responses to these scale items were measured on a 5 point Likert type scale: strongly disagree (1) to strongly agree (5). In addition, respondents were asked three questions capturing the affect and effect of their online shopping behavior. The first one measured the preference for shopping mode (online vs. brick-and-mortar) across various product categories. The second measured the preference for shopping mode (online vs. brick-and-mortar) across various shopping characteristics. The responses to these two questions were measured on a 5 point bi-polar scale anchored between 'brick-and-mortar store is much better (1)' and 'online is much better (5)'. The final item measured the amount of money spent on shopping during previous year via various retail modes such as online, cable TV, printed catalog, and brick-and-mortar. From this, the amount spent online as a percentage of total retail expenditure was calculated and used as the dependent variable.

The items measuring consumer out-shopping characteristics were first subjected to factor analysis and also checked for reliability. Composite scores were then computed for each of the factors. All the hypotheses were tested using 9 multiple regression analysis using composite scores as independent variables and the three questions capturing online shopping behavior (taken one at a time) as dependent variables (3 dependent variables X 3 country sub-samples = 9 analyses)

RESULTS

Overall, the results of the regression analyses provide mixed support for our hypotheses. First of all, **strong support for H2** and **H6** was found across all dependent variables (affective as well as effective dimensions of preference for online shops) for US consumers. However, the support was not as unanimous for Indian and Korean consumers. For Indians, the desire to support local shops was negatively associated with preference for online stores (both measures), but not with dollar spent at online retail stores. A similar relationship was found for in-home shopping proneness as independent variable. For Korean consumers, desire to support local shops was not associated with any of the dependent variables (i.e., affective or effective dimensions of preference for online shops). However, the beta weight associated with in-shopping proneness was significant for all three dependent variables.

The beta weights associated with other independent variables exhibited no regular pattern across countries or measures of dependent variables. Negative beta weight associated with attitude towards local shopping conditions was only significant for US consumers for preference for online across various shopping characteristics and % money spent online as dependent variables (*contextual support for H1*). Positive beta weight associated with time pressure was only significant for US consumers for preference for online across various product categories as dependent variable (*contextual support for H3*). *Support for H4 was also contextual*, i.e., negative beta weight associated with time management orientation was significant for Indian consumers for preference for online

across various product categories as dependent variable; and for Korean consumers for % money spent online as dependent variable. Finally, *support for hypothesis H5 (associated with homebody orientation) was also contextual* – beta weight was significant only Korean consumers for two of the three dependent variables – preference for online across products and % money spent online. Interestingly, the sign associated with H5 (only supported for Korean consumers) was negative instead of positive as hypothesized – i.e., Korean consumers with homebody orientation exhibited preference for brick and mortar for various products, translating into lower share of money for online shops. In addition, in the US context, the beta weight attached to attitude towards local shopping conditions (as independent variable) was positive instead of negative (as hypothesized).

H2 is about whether the association between consumer out-shopping characteristics and consumer shopping preference for online stores will be different among consumers from different countries. Overall, R value for multiple regression models were strongest for American consumers followed by Korean and Indian consumers. Thus, **H7 was partially supported**.

DISCUSSION AND LIMITATIONS

As it turned out, consumer patronage of online shops is strongly determined by in-home shopping proneness, confirming the findings in literature that catalog retailers are the most vulnerable to Internet retailers (Alba et al. 1997, p.47). The effect of attitude towards local shopping conditions and desire to support local stores on preference for online shopping has interesting implications for both online as well as brick-and-mortar retailers. Between these two, while attitude towards local store is detrimental to brick-and-mortar retailers only in the USA, the desire to support local shops could have negative consequences for online retailers in both US and Indian markets. The Korean market has its own unique drivers to preference for online shopping, i.e., in addition to in-home shopping proneness, home-body orientation and time management are also significant. This seems to indicate that, despite some similarities, it may not be wise to view online shopping across different markets in the world in a similar light as far as their consumer centered determinants (out-shopping characteristics) are concerned. The positive effects of local shopping conditions on preference for online stores could be explained by the argument that online shopping may not be a simple substituting but a parallel co-occurring shopping method to brick-and-mortar shopping. It is very likely that many consumers would enjoy both online and offline shopping together.

Contrary to online shopping preference, consumer preference for brick-and-mortar shopping mode is positively determined by consumers' desire to support their local shops. For local retailers, appealing to consumers' sense of loyalty towards local industry and community is one way to divert their attention from online to brick-and-mortar stores. In addition, brick-and-mortar stores could also enhance the variety and quality of their merchandise. The positive effect of consumer orientation toward time management on consumer preference for offline shopping is another auspicious signal to offline retailers, although applicable for only in the Indian context. Unlike above two factors, the positive effect of homebody tendency on consumer preference for brick and mortar shops by Korean sample might be a sample artifact. In Korea, where parties are not very common, most married women stay at home and this could have resulted in a preference for brick-and-mortar shops.

Multiple regression analysis results clearly show that there are differences in type and importance of factors determining consumer preference of shopping mode among the three countries. While in-home shopping proneness served as a common denominator, the effect of support for local shopping was identified only in USA and India. Likewise, the effect of time management tendency was found only in India and Korea, and effects of both local shopping conditions and time pressure were found only in USA. Finally, the effect of homebody tendency existed only in Korea. Overall, consumers in the three countries do seem to prefer online shopping to brick-and-mortar shopping, but for somewhat different reasons.

LIMITATIONS

There are a couple of limitations in this study. First, more corresponding sampling frames and procedures across the countries are required. Corresponding samples are highly recommended for comparison of consumer behaviors in different countries. Second, some out-shopping related characteristics such as entertainment are obviously missing in our study. Future studies might include those factors in the research frame.

Making Extended Opening Times Profitable for Retailers

Mario J. Miranda and László Kónya

DETAILED ABSTRACT

Most mainstream research has confined itself to *routine* shopping behaviour. Altered buying patterns have attracted a lot of attention, justified by changing lifestyles and changing shopping environments that have impelled shoppers to make adaptations in their buying protocol. Shoppers now have the latitude of conveniently visiting the store again to make purchases that they may not have considered on their conventional visit. Non-routine store visits in between routine purchase cycles may also be necessitated to cover new needs, replenish stock that has run out or make good an item that was out-of-stock during the routine store visit. While studies have examined shoppers orientations and practices in the realms of routine store visits, it would be useful for retailers to have an understanding of the factors that influence shoppers' modus operandi during their non-routine store visits, considering that the salience of these visits has the potential to increase due to more stores keeping their doors open for a longer time.

Several research studies have identified that expansion in store hours on weekdays and weekends in the face of diminishing regulatory influences have significantly changed consumers' shopping orientations. The decision to extend the opening hours of stores is a public policy initiative that has provoked plenty of debate. Those opposed to expansion of retail hours argue that limiting extending hours of retail operation engender longer working periods for labour, inhibit family ties, favour large business vis-à-vis small business, neglect religious sensitivities, and potentially push consumer prices higher to offset the greater operational costs. On the other hand, arguments supporting extended shopping hours include increased convenience for consumers, more efficient use of facilities (i.e. spreading fixed costs over more trading hours), and an overall boost to employment and economic growth. While public policy issues that are predicated by longer hours of retail operation cannot be disregarded, our focus in this study deals less with these concerns and is directed at the consumers' response to increased shopping opportunities.

More women in the work force and greater salience of single mothers have put a premium on the shopping time available. It is therefore almost axiomatic for stores to stay open for longer times to accommodate time-poor consumers. Recent studies caution, however, that often the demand for convenience is exaggerated, especially when supermarkets trade twenty-four hours of the day. They believe that regardless of the unlimited availability of shopping hours, most shoppers habitually establish fixed routines for their patronage times that best suit their convenience. When it involves routine shopping, consumers prefer a regular time that is less restrictive to their normal

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schedule or reflects a time considered less pressing for other activities. Nonetheless, some shoppers may feel a pressing need to warrant a non-routine visit to the store(s) and evidently some shoppers will be pleased that they have the opportunity to buy what they want when they want. Marketing literature however does not specify the idiosyncrasies that make some shoppers especially prone to shop outside their routine shopping schedules.

The principal aim of this research project is to identify the orientations and contextual situations that impel consumers to do their non-routine shopping during stores' extended shopping hours. In order to do so, this study will examine what factors explain:

1. The frequency of shoppers doing non-routine shopping.
2. The times of the day that shoppers do non-routine shopping.

The research methodology included the personal administration of a structured questionnaire among 445 randomly selected adult grocery shoppers across Melbourne, exiting two of Australia's biggest supermarket retailers, namely, Coles and Safeway. Both of these retail majors have freestanding stores as well as stores in the city's large shopping centres. Most of the stores are open well beyond normal business hours and some even trade twenty four hours, seven days a week. Between these two supermarket majors, they have over 70% of the Australian grocery market. A small number of grocery stores operate until around midday on Sundays. Smaller chains and independents that invariably trade between 7am to 7 pm on weekdays and from 7am to 5 pm on Saturdays cater to the rest of the grocery market. For the sake of this research, *normal business hours* for grocery stores are considered to be 9am to 5pm, Monday to Saturday. In the last 15 years, many grocery stores have progressively opened their doors at 7am and closed at 7pm on weekdays and 5pm on Saturdays, and only a few do business on Sundays, i.e. Coles and Safeway have some stores that have begun to stay open till late into the night (up to 9pm) on week days and a few even trade 24 hours, 7 days a week. In this report, the opening times outside normal business hours are referred to as extended trading hours. The questionnaire was meant to investigate the shopper's response to increased shopping opportunities arising from their extended trading hours. The survey was conducted at various times on different days of the week over a two-week period in the first quarter of 2006. No incentive was offered for participating in the survey, but the respondents were made aware that the investigation was part of academic scholarship.

In this research study we intend to take the expectancy theory approach that Porter and Steers [1975] classify as process theory, in contrast to a content theory, primarily because our attempt is to identify relationships between variables in a dynamic state as they affect individual behaviour. Researchers have found a causal relationship between efforts, behaviour and satisfaction levels, which can be strengthened or weakened by different contextual factors. In the context of choice behaviour of stores, visiting times and frequencies of visits, there are many similar aspects between the job motivation expectancy model and the choice of grocery stores for routine/non-routine shopping at different frequencies and times. For instance, 'routine work tasks' could just as easily be referred to as routine grocery purchases. 'Non-routine work tasks' are associated with different motives, just as non-routine food purchases are invariably influenced by different mo-

tives - contrast shopping for fresh produce for the occasional dinner party with the routine re-stocking of staple foods.

It is axiomatic that stores with convenient opening times will please their patrons. To what extent this positive perception of stores' extended trading hours translates into a genre of additional patronage which substantially boosts retailers' revenues is a moot point. We therefore considered the frequency with which shoppers did their non-routine shopping and the preferred times that they chose to make their non-routine purchases as measures of shoppers' behavioural response to extended trading times.

These measures were used as dependent variables in Ordered Logit models with the independent variables being shoppers' satisfaction, effort, contextual shopping situations, age and occupation. Shoppers were specifically asked whether they did their non-routine shopping from their principal store, days and times of routine store visits, whether they used shopping lists on their routine store visits and to rank the reasons that respondents ascribed for doing their routine shopping at times that they indicated. The questionnaire sought information about the contextual factors of shopper behaviour, like awareness of the store's trading times, store loyalty, length of stay in the store, size of grocery bills and selected demographics like gender, occupation and age.

Some of the key descriptive results that emerged from the sample are as follows.

i. More than 46% of the respondent shoppers generally did their routine shopping between 9am and 5pm across all days of the week (including on Sundays up to 12 noon). The rest of the respondent shoppers did their routine shopping over the following time slots which stores have increasingly begun to adopt:

    a. Before 7 am – 1.6% of respondent shoppers
    b. Between 7am and 9am – 3.8% of respondent shoppers
    c. Between 5pm and 7pm – 24.1 % of respondent shoppers
    d. Between 7pm and 9pm – 19.6 % of respondent shoppers
    e. After 9 pm – 4.7 % of respondent shoppers

ii. About 40% of respondent shoppers acknowledged doing non-routine shopping across all days of the week between 9am and 5pm, 4.5 % before 7am, 7.3% between 7am and 9am, 29.3 % between 5pm and 7pm, 12.2% between 7pm and 9pm and 6.6% after 7pm.

    It is observed that aside from the time slot from 7pm to 9pm, in all other time slots outside 9 am to 5 pm, more grocery shoppers made non-routine store visits rather than making routine store visits.

iii. About 55% of respondent shoppers reported that they did their non-routine shopping from their principal grocery stores. Only about 20% of respondent shoppers who *did not* make non-routine visits to their principal stores did so for reason that the store was not open at convenient times. Loyalty to the principal store appears to significantly affect the choice of store for non-routine visits.

iv. There is a significant negative correlation at 10% level between use of shopping list and the size of grocery bills. It is reasonable to expect that those shoppers who support their routine store visits with shopping lists are more budget oriented and frugal and are unlikely to make significant purchases during their non-routine shopping visits to 'top-up' routine purchases.

From the results of our study we note that aside from the time slot, 5pm to 7 pm, in all other time slots outside standard business hours, more grocery shoppers make non-routine store visits rather than make routine store visits. Considering that non-routine store visits are likely to result mainly in small customer outlays, and the majority of shoppers' routine shopping behaviour (when considerably more consumer spending is committed) takes place during traditional shopping hours, retailers ought to motivate more of their (loyal) patrons to move their routine shopping to the stores' extended trading hours. Increasing the number of shoppers making routine purchases during the stores extended opening times, instead of just buying top-up items at irregular hours in small quantities, would help stores recover the additional costs of running various service facilities.

There is evidence in our study to suggest that the regular time which consumers adopt for their routine shopping is likely to be less restrictive to their normal schedule or reflects a time considered less pressing for other activities. Retailers must therefore in the first instance provide some strong incentive for customers to reorient their normal shopping protocols within the store's extended trading times. The opportunity of shopping during the store's extended trading hours is indisputably a benefit that consumers cherish, but which retailers need to leverage to generate additional profit. It is therefore important that retailers are able to establish critical mass that pays for the additional operating costs of keeping their stores open for longer times. In this study we observe that most patrons make non-routine purchases from their principal stores with which they have a relatively long association. Berman and Evans [2004] aver that the loyalty membership schemes offered by supermarkets often provide the stores opportunities to get a valuable insight into the habitual buying practices of their loyal patrons. One does not often find a store today that does not participate in, or have a, loyalty program. Over time, these stores could put together mailing lists that would allow them to specifically target audiences of particular shopping profiles particularly among those who are prone to do routine shopping during traditional shopping time. This research has identified that non-routine shopping is likely to be driven by economic considerations. In order to encourage patrons to expand their purchases beyond top-up purchases when stores keep their doors open beyond traditional opening times, stores could make special price offers on a range of merchandise and offer additional loyalty program points for 'happy hour/after hour' shopping. Non-routine store visits also appear, as evident in this study, to be directed to achieving convenience and efficiency objectives. Expanding the retailer's trading mix during its extended trading hours to include lifestyle services like eateries and hairdressing could conceivably make the store a 'destination' store during these times and with time condition routine purchase behaviour.

A Study of Online Shopping Behaviour in India: Developing and Testing a Predictive Model

Tripurasundari Joshi and Yogesh Doshit

ABSTRACT

The Internet, as is well known and accepted, has revolutionized the way we do business with consumers. Though the full potential of the medium is still not exploited, there is a steady progressive enhancement in the skilful use of the medium by marketers to serve the final consumers.

Concomitantly, as is already witnessed in the developed countries, compared to just a few years ago, not only has the number of Indians having Internet access increased but its usage has also gone up in terms of frequency and duration of use.

However, much of the use is still restricted to surfing, email and chatting, though the interest in participating in online commercial transactions is becoming increasingly evident even to the casual observer.

There have been quite a few studies undertaken by different researchers in foreign countries to study various aspects of non store retailing, particularly the e-commerce option. In India, the studies are comparatively lesser in number and not easily available in the public domain.

One of the questions that has been thoroughly studied till date is the demographic profile of the people using the Internet. (Bhatnagar, Misra, & Rao, 2000; Boneva, Kraut, & Frohlich, 2001; Howard, Rainie, & Jones, 2001; Jackson, Ervin, Gardner, & Schmitt, 2001)

Similarly, apart from demographics, the online characteristics too have been shown to be important in explaining online usage behaviour.(Goldsmith & Goldsmith, 2002; Huang, 1998; Lohse, Bellman, & Johnson, 2000; Miyazaki & Fernandez, 2001).

As regards the type of online pursuit, financial and transaction-based activities have grown more than any other type of online pursuit (Madden & Rainie, 2003).

However a survey of the available literature reveals that there is almost no study undertaken in India which could aid retailers in identifying, classifying or predicting whether a segment of the population is likely to go in for online shopping or not and also to understand what factors are most likely to help them in such classification and prediction.

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Besides, a recent dipstick survey conducted by the authors to confirm the above, shows that Indians seem to have adopted online banking and trading. They also use the internet for complaining and information seeking more quickly than online shopping or ordering goods and services and auctions.

Shopping online was specifically focused on since it is among the five most popular Internet activities (UCLA Center on Communication Policy, 2003).

STUDY OBJECTIVES

The purpose of this study is to investigate whether the readiness of people to adopt online shopping could be determined based on demographic and online characteristics and if so, which of these variables have better predictive and classificatory properties. In other words, the study has three objectives:

1. The first is to confirm whether the characteristics of Internet users in India are similar to those described in other countries.
2. The second objective is to determine whether there is a statistically significant relationship between different types of online activities and the users' demographic and online characteristics.
3. It is expected by the authors that the first two objectives would be confirmed. Based on that expectation, the third objective, which is the central one, is to develop a model whereby online shopping behaviour could be predicted and prospective online shoppers could be classified based on their demographic and online characteristics.

This paper is in part replicative in nature with regard to the first two objectives since a number of variables identified from previous studies are being used and their relevance is being studied in a new context, viz online shopping behaviour, specifically of the Indian retail consuming population.

METHODOLOGY

A dip stick survey in Ahmedabad and a review of literature resulted in the identification of a set of demographic characteristics and online characteristics.

Online shopping is conceptualized as ever having bought a product online, or availed of a service including travel reservations.

The independent variables proposed to be used in the model are reported in Exhibit 1, most of which are self-explanatory. However, operationalisation of the online characteristics category of variables is done for the purpose of this study which will be discussed in detail in the paper.

A random sampling of at least 250 adult Internet user respondents is proposed.

Personal interviews will be conducted on account of the better control it offers over sampling. The instrument to be used would be a structured questionnaire using closed ended questions and scales.

The analysis is proposed to be carried out primarily using Discriminant Analysis which will be used to identify a discriminant function which can discriminate between adopters of online shopping and the non adopters. The idea is to identify the key characteristics which will determine online shopping adoption.

Logistic Regression will also be used to check whether the model will be statistically significant in predicting the log odds of adoption of online shopping, besides revealing the direction and size of the relationship between each of the significant independent variables and respondents' use of online shopping.

We wished to examine whether, ,as compared with all Internet users, online shoppers were significantly younger, tend to have higher incomes and education, were more likely to be male, were more likely to access the Internet from both home and work, were more experienced with and felt more connected to the Internet. Finally we also wanted to confirm whether attitude to technology use and quality of experience with the medium was also influential in shoppers going online.

The model, if validated, could support marketing managers in deciding how to design their strategies around the key variables found to be significant in explaining online shopping behaviour. It would also confirm the question that managers currently have i.e whether Internet users resemble the general population shopping in brick and mortar stores.

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DSS (Decision Support Systems) in the Indian Organised Retail Sector

Ankush Sharma and Preeta Vyas

INTRODUCTION

In India, retail has deep roots and that is why India is known as a "NATION OF SHOPKEEPERS" with about 12 million retailers in 2003.[1] Organised retailing, which contributes 2% of the total retail sector is still evolving. However, it is expected to increase to 5%, by 2010. The retail sector forms 10-11% of GDP.[2] It is alluring in terms of investment, employment opportunity, and usage of technology.

Retailing is in a rapid state of change due to speedy technological developments, changing competitive positions, varying consumer behaviour as well as their expectations and a liberalised regulatory environment. In such a scenario, information is crucial to plan and control profitable retail businesses and it can be an important source of competitive advantage so long as it is affordable and readily available. DSS (Decision Support Systems) which provide timely and accurate information can be viewed as an integrated entity providing management with the tools and information to assist their decision making.

In the West, retail businesses have been the early adopters of Information Technology (IT). There is a need to capture accurate information and make it available not only within the store but send it to warehouses, distributors and manufacturers in real time. To manage the short shelf life of some goods in the grocery sector as well as costs of inventory, varied DSS tools have been adopted by organised retailers.

RETAILING IN INDIA

The Indian organised retail industry was valued at Rs. 13,000 crore in 2000. The various segments that made up the organised retail industry along with their sizes are given in Table-1. The organised retail industry was expected to grow by 30 per cent per annum in the next five years and was expected to touch Rs. 45,000 crore in 2005.[3]

Retail managers are in constant need of the right kind of information to make effective decisions. Modern advancements in ITES (Information Technology Enabled Services) and communication have permitted the deployment of DSS (Decision Support Systems). DSS can be defined as com-

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[1] Euromonitor.com,2004

[2] Retail Management-An Asian Perspective Draft Monograph,2006

[3] http://www.indiainbusiness.nic.in/india-profile/ser-retail.htm

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Table 1: Segments and Market Size of Organised Retail Sector

Segment	Market Size (Rs. Crore)
Textiles and clothing	4050
Jewellery	2,000-2,500
Consumer Durables	1500
Footwear	1,300-7,500
Food and personal care	1000
Non-Store retail	900
Luggage, watches and tyre	500
Books and music	390

puter based systems that help decision makers to confront ill-structured problems through direct interaction with data and analysis models.[4] DSS are basically characterized by three capabilities; dialogue, data and modelling- the emphasis of each varies from organisation to organisation. DSS include a wide variety of systems, tools and technology that support decision making. EIS(electronic information system), ESS(Electronic support system), GIS(geographic information system), OLAP(online analytical processing), software agents, knowledge discovery system and group DSS – all can be considered as DSS. Broadly two major categories of DSS exist, namely enterprise wide DSS and desktop DSS. Enterprise wide DSS are linked to large data warehouses and serve several decision makers in a company whereas desktop single user DSS are small systems residing on an individual manager's personal computer. Thus it is an interactive computerized system that gathers and presents data from a wide range of sources, typically for business purposes. The organisation needs to pool in both internal and external data, software, customer data, models and trained people to appreciate and use the systems for decision making which will help build sustainable competitive advantage. This can be depicted in the following diagram.

Figure 1[5]

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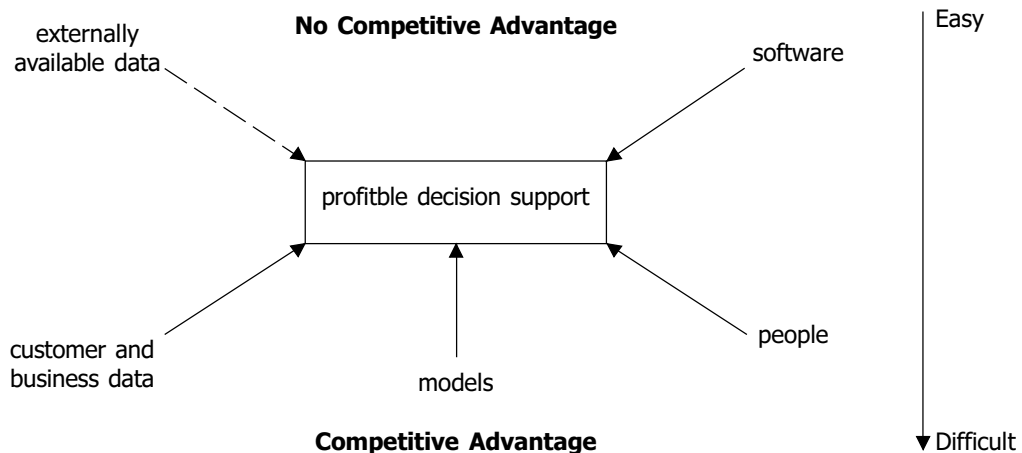
[4] John R Beaumont, "An Overview of Decision Support System for Retail Management" ,Journal of Retailing Vol 64 No 4 Winter 1988 pp361-373

[5] Andy Thompson etal" Retail Network Planning –Achieving competitive advantage through geographical analysis"Journal of targeting, Measurement and analysis for marketing :May 2005 ;13,3;ABI/INFORM Global.

As seen from the above figure, external data and software alone would not provide competitive advantage. However, the organisation's own customer and business data models which convert data into useful information, and the people who will operate the systems, analyse outputs and make decisions based on the information provided, would provide the competitive edge.

Each sector with its unique characteristics poses very different challenges to an organisation; hence an in-depth understanding of one sector would provide deeper insight into the requirement of DSS to enable managers in that sector to take effective decisions. The proposed study aims to understand DSS, its application in the grocery sector and issues arising from the implementation of DSS in the Indian retail sector.

OBJECTIVES

The focus is on store level operational decision-making, assuming strategic decisions would have been taken by the head office of an organised retail chain. The study, being exploratory in nature, plans to adopt a case study approach to understand practices of various DSS tools. An in-depth study would enable us to gauge their needs in terms of DSS tools, to understand the problems arising out of using DSS and the future outlook. Hence, the objectives of the research study are:

1) To provide a conceptual overview of DSS, possible applications in organized retail formats in the grocery sector,
2) To understand the practices and usage of DSS in operational decisions in the grocery sector
3) To discuss managerial issues in design and the implementation of DSS.

METHODOLOGY

In order to address the aforesaid objectives, we first review the available current literature on DSS in organised retail (appendix-1for references). This will help us in understanding;

1. What is DSS?
2. How can it be applied in organized retailing?
3. How is DSS applied in the developed (western) world?
4. What varied tools are being employed in the western world?
5. What issues arise in planning and implementing DSS as reported in literature?

On the basis of the literature review, a conceptual understanding about DSS would be attempted. Practices in the Indian context would be studied by looking at DSS applications in organized grocery retailing. Following a Convenience purposive sampling two national players and two local players in Ahmedabad would be selected. Store managers in charge of these retail outlets would be interviewed to understand the possible use of DSS in their operational decisions viz. inventory management, sales forecasting, supply chain management, CRM (Customer relationship management), category/ assortment management, campaign and promotion management. An in-depth interview guide (lead questions) would be used for personal interviews (appendix-2) with store managers.

From the content analysis of these interviews, inferences on practices of DSS applications would be made. Inferences on the suitability of DSS tools in the Indian Grocery sector, their impact on business processes, the cultural impact in implementing DSS, the lessons learnt, perceived benefits, the time taken in implementing DSS and the problems faced would be examined. Comparisons would be made between the two national and two local operators. Managerial issues would be listed based on the discussions with the managers both for planning and implementing DSS in their operations. Qualitatively managerial perceptions about DSS applications, benefits and issues thereof would be examined. Thus the current status and future outlook would be assessed through empirical research.

The paper would conclude with limitations and future research directions.

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APPENDIX 2
DISCUSSION GUIDE FOR STORE MANAGERS

Q.1   Store Profile:

Store Name:

When opened?

Store Size (Area):

Turnover (Annual):

Average footfall:

Average billing (Amount):

# of categories:

# of SKUs:

# of vendors:

Catchment area

Q.2   Contribution of private label /total turnover-

< 10 %	10-30%	>30%

Q.3   Has this store implemented an ERP package?   Yes: No:

Q.4   Store Format:

Departmental store	Category special store	Discount store	Hypermarket	Supermarket

Q.5   For operational decisions listed below, what kind of decision support system do you use?

Functional area	Sales forecasting	Inventory management	Visual Merchandizing	Addition of new SKUS	Campaign management	Inbound logistics	Other
Type of DSS used							
IT /SW Tools							
Time taken to implement DSS							

Q.6   Do you use DSS for specific SKUs or for all? If specific, how many SKUs?

What kind of collaboration, support did you need for which kind of DSS application? (Please elaborate)

Q.7   What problems did you face in implementing DSS?

- System integration problems(please elaborate)
- Manpower problems
- Tracking problems
- Breakdowns due to power problems
- Collaboration and co-ordination problems
- Any other, please specify:

Q.8   What benefits do you perceive in using DSS in your operations?

- Efficient operations/ impact on business processes both internal and external- would you illustrate?
- Superior coordination
- Higher profits/greater profitability
- Diagnostic help in identifying problem areas
- High morale of employees/ what cultural impact have you observed?
- Helps create and sustain better and profitable relationships with customers.
- Any other, please specify:

Q.9   What future applications and advancements do you foresee for DSS for your organization and in general?

Category Management Practices in India

Sanjay Kumar Kar, Piyush Kumar Sinha, and B.B. Mishra

INTRODUCTION

Retailing is the largest private industry in India and the second largest employer after agriculture. Retail trade in India currently accounts for around 11 per cent of GDP and employs over 25 million people or 8 per cent of the total workforce. India is in the radar of international retailers and A T Kearney's 2006 report placed this market as the most attractive for retailers. According to estimates by McKinsey & Co., India's $250 billion retail business is the world's eighth-largest. The consultancy firm predicts a conservative estimate of 7% growth rate for the next five years. Retailing in India is dominated by small mom-pop stores owned and managed by family members. India is credited for maximum number of such kind of retailers about 12 million and contribute about 96% of retailing business. Organized retailing is picking up very fast and growing at 20-30% per annum. According to IMAGE-KSA Technopak study, share of organized retailing is increasing steadily and it was 3.5% in 2005. Future is bright for organized retail in India, but there are concerns, one of them is to phase out inefficiencies in the supply chain. So, retailers have to adopt global practices to serve the consumer better and faster at lower cost. Therefore, in India, Efficient Consumer Response (ECR) has, in recent years, received increasing attention and interest.

EFFICIENT CONSUMER RESPONSE (ECR)

ECR initiative was started in USA in 1993. The primary goal of ECR was to reengineer the way grocery industry was operating at that point of time. Now ECR is a global practice and well accepted by retailers and manufacturers across all continents. ECR is comprehensive and well known initiative consisting of over a dozen improvement concepts outlined by global ECR scorecard. These practices are organized under four major areas of manufacturer-retailer collaboration: (1) **demand side management**, or collaborative practices to stimulate consumer demand through various joint marketing and sales activities; (2) supply side management, or collaborative practices to optimize supply, focusing on advanced logistic and supply chain management; (3) enablers are focused on collaborative information technology and communication tools required for accurate and timely flow of information between trading partners; and (4) integrators, open up business processes to trading partners to improve performance by sharing information. Efficient consumer response uses four basic strategies to accomplish its goals: efficient store assortment, efficient replenishment, efficient promotion, and efficient product introduction.

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CATEGORY MANAGEMENT

Category management is a demand side strategy of ECR and it includes all of the considerations associated with understanding and managing the demand for products and services. Important components of demand side ECR are optimization of assortments, promotion and new product introduction. Category management if managed properly can bring huge savings for the retailers and manufacturers. There are basically two types of savings namely cost savings and financial savings. The details about the savings are presented in the table.

The ECR Strategies & Cost Saving Opportunity

ECR Strategies	Scope of the ECR Strategies	Cost Savings	Financial Savings	Total Savings
Efficient Store Assortment (ESA)	Providing a complete, easy-to-shop assortment of products desired by the consumers	1.3	0.2	1.5%
Efficient Replenishment (ER)	Maintaining high in-stock levels of the required assortment	2.8	1.3	4.1%
Efficient Promotion (EP)	Harmonising the promotion activities between manufacturer and retailer by communicating benefits and value	3.5	0.8	4.3%
Efficient Product Introduction (EPI)	Developing and introducing new products that the consumers really want by meeting their ultimate needs	0.9	-	0.9%
		8.5	2.3	10.8%

Source: Kurt Salmon, 1993, 29 & 4

Category management begins with a strategic shift of focus of management attention from the manufacturers brand to retailer's category (Dupre & Gruen, 2004). It has now been well-documented that category management was developed originally in the USA by the likes of Procter & Gamble and Coca-Cola (Hutchins, 1997) and has enjoyed rapidly growing acceptance and implementation by retailers and suppliers in the grocery sector around the world (Basuroy et al., 2001; Dussart, 1998; ACNielsen, 1992). There is evidence to suggest that, as competition between brands intensifies, consumers are learning to buy brands only when they are on promotion, and hence price sensitivity is increasing (Buckingham, 1993; Pellet, 1994a; Rothschild and Gaidis, 1981). In effect, consumers are tending to shop for categories rather than for individual brands (Hutchins, 1997). Academic empirical research findings show that implementation of category management brings positive result in term of growth and profitability and is found to positively affect retailer prices and profitability (Basuroy et al., 2001) and implementation of category plan is found to positively affect category performance (Dhar et al., 2001, Gruen, 1998). Manufacturer adoption of CM in a packaged goods category, which showed that interbrand price coordination, generated higher prices for the brands in the manufacturer's product line (Zenor, 1994) and CM produces enhanced business result. The overall profitability of a store depends on careful category level merchandizing (Chen et al. 1999) and determining correct category composition (Progressive Grocer, Aug. 1996) and role of category managers become crucial. The Category managers are likely to be responsible for all buying and merchandising decisions, pricing and promotion (Pellet, 1994b). Consumer's presence in the store is primarily driven by one category and space allocation to that category becomes important to him (Chen et al. 1999). The category sales depends on total space

devoted to category, number of distinct SKUs offered, and the inclusion or exclusion of favorite brand of consumer (Boatwright et al. 2001 and Broniarczyk et al., 1998). Some consumers, some of the times pre-decide the store, keeping in mind the intended product to purchase (Kahn and McAlister 1997, Bell et al. 1998) and therefore, retailers would like to influence them by offering assortment of goods and services. Arnold, Oum and, Tigert (1983) found that the consumer often prefer stores carrying large assortments of products for several reasons. For one, consumers making larger selection like to find a match for their exact matching (Baumol and Ide 1956) and product varieties give more flexibility to the consumers having uncertain preferences (Kahn and Lehmann 1991; Koopmans 1964; Reibstein, Youngblood and Fronkin 1975) or predisposed to variety seeking (Kahn 1995; McAlister and Pessemier 1982).

Category management is an evolved form of trade marketing (Harlow, 1994). In the perspective of retailers, category management allows them to establish good category assortment plans as well as make better decisions on the shelf space allocation and prices and promotion, in order to improve sales and profit (Arkader and Ferreira, 2004, Dupre & Gruen, 2004). Quelch and Kenny (1994) reported that the number of products in the market place increased by 16% per year between 1985 and 1992 while shelf space expanded only by 1.5% per year during the same period. This rapid growth in variety in comparison to shelf space raises questions whether it is excessive. Whether it is desirable and profitable for the retailer? Some retailers are adopting an "efficient assortment" strategy, which primarily seeks to find the profit maximizing level of variety by eliminating low-selling products (Kurt Salmon Associates 1993), and "category management", which attempts to maximize the profits within a category (AC Nielsen 1998). There is even empirical evidence that variety levels have become so excessive that reducing variety does not decrease sales (Dreze et al. 1994, Broniarcyzk et al. 1998, Boatwright and Nunes, 2001). Category management is a new way of thinking customer's shopping experience (Progressive Grocer, August, 1995, p. 57) and effective category management programs provide optimization of retail shelf space, increased profitability and reduced out of-stock situations (Lichtenstein 1998)
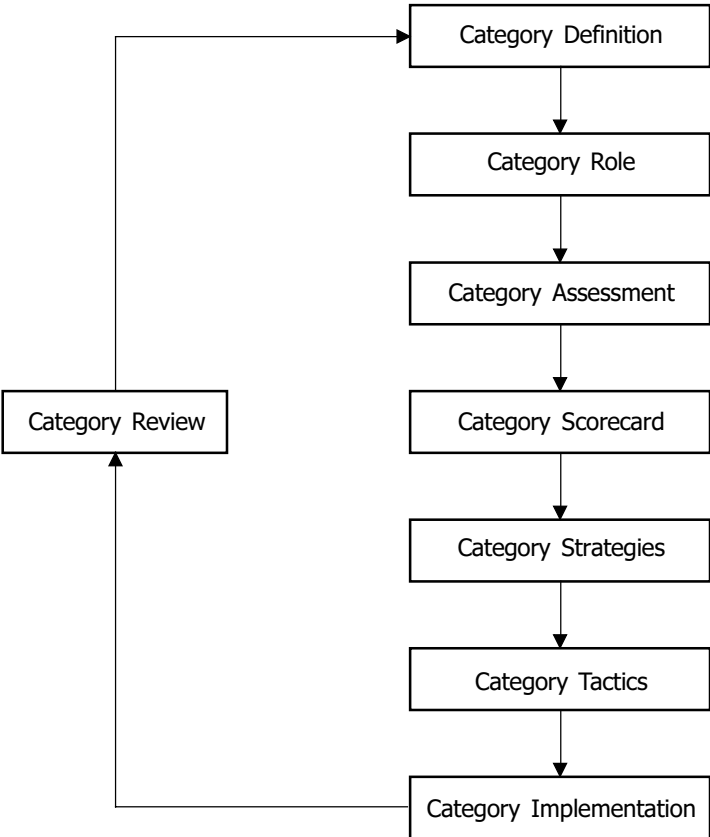
Category management and efficient consumer response - require close co-ordination of trading partners (Hogarth, 1999). Retailers and manufacturers embark on a range of relationships - discrete exchange relations to value laden relationships (Kim and Frazier, 1997). Collaborative relationships adopt a long-term perspective and include an ongoing process to lower acquisition and operating costs (Cannon and Homburg 2001; Kalwani and Narayandas 1995). By working together as partners, retailers and manufacturers can provide the greatest value to customers at the lowest possible cost and 'Trust' helps manufacturer-retailer relationships realize their full potential (Nirmalya, 1996, Gruen and Shah 2000, Harris and McPartland; 1993). Although collaborative relationships through joint efforts of the partners create unique value that neither partner can create independently, there is tension between maximizing such value and distributing it between the partners (Zajac and Olsen 1993). This makes collaborative relationships challenging to implement in practice, particularly with powerful parties. The better understanding of the interaction between the manufacturer's brand management and its customer sales team is critical to success of category management (Gruen and Shah, 2000). Retailers are now market driving rather than market driven and the balance of information ownership has swung toward the retailer (Kumar,

1996). Even though category management is primarily a retail strategy, it is the manufactures have developed required expertise and skills to determine the efficient assortment, pricing and promotion and placement of brands and SKUs at category level (Gruen and Shah, 2000).

Category management process

Category Management is a process which involves managing product categories as business units and customizing them on a localized basis to meet customer needs. It also helps the retailer to provide the right mix of products, at the right place, at the right price, with the right promotion and at right time. There are number of category management processes developed by academic researchers and industry researchers. One of them developed by joint industry report on efficient consumer response (1995) and main components of the process (Basuroy et al. 2001) are graphically presented in Figure1.

Figure: 1: Category Management Process

Source: Basuroy et al. (2001), p. 17; Based on Joint Industry Report on Efficient Consumer Response (1995)

From various studies it is found that category management which is the demand side of ECR offers huge saving potential in USA and Europe. But in India no such kind of study is conducted and category management is relatively new phenomena. There are some organized retailers such Pantaloon, Crossword, Planet Health, Pyramid and Big Bazaar are practicing category manage-

ment. Hence, we would like to explore practices and performance of category management in India with following objectives.

OBJECTIVE OF THE STUDY

Objectives of the study are as follows:

- To explore and understand practices and performance of category management by Indian retailers.
- To find out whether they are implementing category management best practices.
- Also to find out the current and potential benefits accruing to the retailer, manufacturers and the end consumer.
- To understand critical factors responsible for the success or failure of category management practices in India.

RESEARCH QUESTIONS

We developed set of research questions from synthesis of a number of bodies of literature and cases. Also preliminary discussion with industry professionals and academia helped to sharpen the research questions. We are addressing following research question.

Retailers

a. Are retailers in India implementing category management process?
b. Why are they implementing category management process?
c. How are they evaluating performance of each category and what are the parameters used for evaluation process?
d. What are the benefits accrue to the retailers?
e. What are the challenges faced by the retailers to implement category management in India?
f. How to overcome challenges to derive desired benefits?

RESEARCH METHOD

Case-study analysis

DATA COLLECTION & ANALYSIS

Sources of information:
Secondary source: Published research works in academic and trade journals, electronic data bases such as EBSCO and PROQUEST etc. are used.

Primary source: Data is collected from stores/companies and category mangers.

Data collection:
The following methods are employed to collect required data:

- Personal visit to the stores and meeting with sore managers and category managers.
- Observing shoppers in the store

FINDINGS

Category management is increasingly getting acceptance by Indian retailers. Findings suggest that retailers are at different stages of category management process and managing product categories is emerging as important issue for them. Some of the key parameters used by retailers to evaluate performance of merchandize category are gross margin return on investment & gross margin return on floor space. Early adopters are beginning to realize actual benefit of category management process. The real benefits accruing to retailer is two fold. First, the shoppers find it convenient to shop and save time. Second one is that the process helps the retailer to mange their product categories efficiently. For example, efficient assortment planning helps the retailer in rationalizing non-performing or slow moving SKUs and allocating adequate space to top performing SKUs. One of the biggest challenges is lack of knowledgeable people who can understand category plan and operationalize at the store level. Suppliers support is critical to make the category business plan and implement at the store. At this stage manufacturers are not actively involved in the category management process but there is enough indication that partnership is inevitable for serving consumer better and faster. To bring out the best of category management process retailers have to collaborate with manufactures. To over come challenges of operational issues retailers are looking for knowledgeable people across various positions.

CONCLUSION

Category management is evolving in India and it is difficult to figure which are the best practices at this point of time. Also it is not fair to compare performance of category management in India with the western world. Category management is steadily gaining acceptance at the retailers end and manufacturers are beginning to realize the new change in the retail landscape. In this country no big international retailers are operating but international manufactures are present for a long time. One would expect the manufactures to bring such kind of global practices rather than national or regional retailers leading the way. Although Indian retail sector is different from other countries but any process or practices that bring additional value to consumer would succeed. Category management practices are relatively new to Indian retailers but could be important to their success in delivering desired value to the consumer. We expect category management to deliver tangible values to consumer and bring financial and non-financial benefits to both retailers and manufactures. In India, category management is certainly a viable proposition for retailers and, if managed well would create a win-win-win situation for retailer, manufacturer and consumer.

RECOMMENDATION

Retailers should take adequate care while defining categories and assigning category roles. Our recommendation for the retailers is to spend more time to resolve implementation issues. While implementing category management they should not lose focus on consumer. Therefore, it is critical to incorporate consumer insights and supplier insights in the category business plan.

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A Study on Pre-consumption and Post-consumption Cognitive Dissonance in High-end Electronic Products Consumption

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INTRODUCTION

Presently we are living in a state of flux where the only constant thing is change. This phenomenon of constant change poses both opportunities and challenges for marketers. With the advent of new technology, certain products (electronic and computer products) become obsolete within a very short time span. The rate at which the change occurs is so fast that it affects all the P's of marketing. On one hand, this may be an opportunity for marketers but on the other hand, it may also create certain challenges.

Cognitive dissonance is one of the major challenges for a market as it sometimes leads the customer to postpone or delay the buying decision. Every week new products with new features, promotional schemes, and attractive prices are launched that confuse the consumer. Consumers face anxiety as to whether to purchase now or still wait for better offers because cognitive dissonance has been definitively shown to alter the beliefs or perceptions of an individual. Human beings seem to have a basic psychological need to have consistency, stability, and order in the way they see the world. When new information threatens their previous views or assumptions, they feel uneasy and resort to defensive manoeuvres of one kind or another. Any bit of knowledge a person has about himself or the environment is "cognition" or a "cognitive element". Therefore, Cognitive dissonance is the state of confusion that occurs when facts become twisted into half-truths, colliding with common sense. Marketers can reduce the cognitive dissonance of consumers in many ways.

REVIEW OF LITERATURE

The phenomenon of cognitive dissonance was originally stated by Festinger (in 1957) who described it as a psychologically uncomfortable state that arises from the existence of contradictory (dissonant, non-fitting) relations among cognitive elements (Festinger 1957). Cognitive dissonance means the ability of a person to simultaneously hold at least two opinions or beliefs that are logically or psychologically inconsistent. In some cases the believer is aware of the contradiction. In other cases she or he is only aware of the two beliefs separately, in different contexts.

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After research peaked during the 1970's Cognitive Dissonance has not been a frequent research topic in consumer studies (Sweeney et al., 1996). Customer satisfaction, complaint behaviour, and loyalty superseded cognitive dissonance as constructs of key interest in consumer research.

Studies reveal that cognitive dissonance should not be considered a transitional phenomenon that can be ignored. Consumers are vulnerable to developing cognitive dissonance even after purchase, suggesting that there is a need for post-purchase marketing activities aimed at helping consumers reduce dissonance and avoiding the negative impact of dissonance on satisfaction. The consumer may never be completely free of dissonance. Dissonance is not a condition that exists in extremes but is present to a greater or lesser extent at the various stages of decision-making.

Kassarjian and Robertson (1981, p. 264) proposed that dissonance creates a "noxious state of psychological tension" in the individual, which must be reduced and actively avoided. It has also been noted that dissonance may result when "an opinion is formed or a decision taken when cognition and opinions direct us in different directions" (Sweeney et al., 2000, p. 369).

There are three well-known conditions for dissonance to arise. The decision needs to be important, irrevocable and voluntary (Cummings & Venkatesan 1976; Oliver 1997). These conditions are a matter of degree and are most apparent in extended problem-solving decisions, such as when purchasing major durables or appliances, which vary in terms of features and price across different brands (Menasco & Hawkins 1978; Oliver 1997).

Derived from the general utility expectation theory, the regret theory suggests that a consumer's actual decision to purchase and/or consume will be determined by the anticipated level of utility associated with purchasing a particular good or service in the face of alternatives. If the experience derived from the good or service actually purchased surpasses the presumed consequences of consuming the alternative, the individual will be satisfied with the purchase. If, on the other hand, he/she believes that the experience derived is inferior to that which they believe would have resulted from purchasing and/or consuming their rejected options, s/he will regret their decision (Bell, 1983). Oliver (1997, p. 242) further proposed that dissonance occurs at various stages of the consumption process, although he accepted that dissonance is generally recognized as a post-decisional and/or a post-use phenomenon

Given the unpleasantness associated with this psychological state, consumers seek to reduce it (Cummings and Venkatesan, 1976). Chisnall (1985) contends that in order to reduce dissonance the consumer may use selective perception and may tend to collect favourable information, which is congruent with their choice, or dismiss unpleasant facts. Festinger (1957) predicted that consumers would read promotional material even more avidly post-consumption, rather than pre-consumption in order to justify their decisions and to displace the dissonant elements by concentrating on those aspects of the promotion that stressed the good points of the product or service consumed.

Managers would be wise to spend time and resources to reduce the perceived risk associated with a purchase because this is likely to significantly reduce the customer's dissonance experienced

after the purchase. This has implications for the recruitment and training of sales staff and for the service strategies used, as sales staff play a crucial role in 'reassuring customers that a product will perform in the long term' (Sweeney, Soutar & Johnson 1999, p. 100)

THE METHOD OF STUDY

This study examines the intensity of cognitive dissonance for selected products (Cellular Phone, Laptop, digital camera/camcorder and high-end colour television) for different demographic groups of customers. The other objective is to assess the consumer's and marketer's strategies to reduce pre and post consumption cognitive dissonance.

The study used a descriptive research design, which is typically more formal and structured than an exploratory research. A survey through a structured questionnaire was conducted in Ahmedabad city with different demographic groups.

The present study also attempts to test the hypothesis that post consumption cognitive dissonance is higher than pre consumption cognitive dissonance in selected products. The study reveals that a change in technology always results in delays in consumer decision making, and that consumer dissonance is different between the various demographic consumer groups. The study provides insight into the consumer's psyche and helps in formulating strategies to reduce cognitive dissonance and the perceived risk.

RECOMMENDATIONS

The study might not be a conclusive one because of the limited size of the sample but it provides a clear understanding of the consumer's psyche. The coping strategies include proper selection and training of sales staff as they can increase or decrease dissonance during their interactions with the customers. Making promotional material simple and unambiguous will help in reducing confusion and thus instilling confidence in the consumer. Reassurance and reinforcement are very important as dissonance might develop during the stages of buying, after purchase, before use and even after using the product for some time. Favourable word of mouth by friends and acquaintances could be promoted with the use of unconventional advertising media like programme placements and discussions in chat shows. This could be a very useful strategy because customers seek acceptance by others in order to reduce cognitive dissonance.

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Major Influence Factors in Consumer Socialization of Pakistani Children: A Conjoint Study

Farrah Arif

PURPOSE

In the last decade, the world has seen dynamic changes in consumer socialization in the context of different factors from changing parental styles, to media exposure, social norms, branding and spending power. In Pakistan, advertisement expenditure reached Rs. 10.67 billions in 2004-05 (Gallup Pakistan.) As of 2003, 14 year olds and under represented 42% of the population. According to the Pakistan Integrated Household Survey 2001-02, the urban average consumption expenditure was Rs. 8,410 per month and out of this the urban average pocket money given to a child was Rs. 223 per month. Cartoon Network (CN) revealed in its survey named 'New Generation Pakistan 2006' that children in Karachi and Lahore (two of the bigger cities of Pakistan) get Rs. 65 and Rs. 61 respectively, on a weekly basis.

Despite the increasing population and spending power over the years, children prove to be an elusive market for advertisers and marketers. There is little empirical research investigating the factors affecting children's consumer socialization (Doston 2005). Particularly in Pakistan, there is a dearth of academic studies focusing on children's development as consumers.

The purpose of this article is to briefly review the findings regarding consumer socialization and the factors, which mainly affect children's development process as consumers. The thrust of the article is to assess the intensity of the factors affecting the consumer socialization of children in the Pakistani context. Consumer socialization is well documented in the academic literature and defined as, "processes by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace" (Ward 1974, p.2). This research will be a value addition in the realm of consumer socialization in the emerging economy context. Moreover, it can be linked to the cultural set up, as Pakistani society is considered to be a collectivist culture. 'Specifically, collectivist cultures stress dependence. The more restrictive and dependent parental styles found in collectivist cultures limit children's consumption autonomy' (Bristol 2006.)

INTRODUCTION

Different scholars of marketing have reflected upon the various factors pertaining to consumer socialization over the decades. Most recently, Doston and Hyatt (2005) presented a model of five influence factors (peer, TV, parents, shop and brand). Each of them distinctly deals with an element of the children's material lives. They are explained as under:

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Peer: irrational social influence, measures the importance of social interaction, especially with peers.

TV: importance of TV, measures the degree to which children attend to and like various aspects of the television experience.

Parents: familial/parental influence, measures the more rational elements of social influence.

Shop: marketplace/shopping importance, measures the level of enjoyment and centrality of the shopping experience in children's lives.

Brand: brand importance, measures the importance of brand names in children's buying.

The latest consumer socialization research discussions show the need to incorporate the effect of the **internet** in the process (Bristol, 2005.)

The above mentioned sources of social influence can further be explored with respect to gender, the amount of spending money, age, amount of television viewing and amount of internet surfing or use. (Doston 2005.)

In the current research all five factors explained by Doston (2005), and the internet are taken as the sources of social influence in the case of Pakistani children's consumer socialization. They will be further analyzed with regard to gender, amount of spending money, age, mother's working status and education, amount of television viewing and amount of internet surfing or use.

DESIGN

Doston and Hyatt (2005) measure the extant/importance of influence factors with the help of the mean score of the elements covered under each factor. In this current study, the author observes that the consumer socialization is a multi-dimensional construct as the children's development as consumers is simultaneously effected by the above mentioned factors. It is worth the try to assess the extant/importance of influence factors with such a statistical technique, which establishes the relative importance of factors and factor levels by measuring all the factors collectively.

In the current study, a conjoint analysis will be used as a statistical tool to highlight the relative importance of the factors. Conjoint analysis is " a statistical technique whereby a respondent's preference for different offers are decomposed to determine the person's inferred utility function for each attribute and the relative importance of each attribute" (Kotler, 1997.) "As conjoint analysis in practice requires respondents to make decisions based on several attributes at the same time, it is regarded as being a more realistic approximation of the purchase decision than rating scales against which respondents simply consider attributes individually. Furthermore, while the attributes may vary considerably in their nature, conjoint analysis evaluates them using a common scale which permits direct evaluation" (Walley et. al , 1999.)

The following steps will be involved in Conjoint Analysis for the current research (Green and Srinivasan, 1990):

1. **Preference model** – part-worth function model
2. **Data collection method** – full profile

3. **Stimulus set construction** - fractional factorial design
4. **Stimulus presentation** – verbal description (multiple – cue stimulus card)
5. **Measurement scale for the dependent variable** – rating scale
6. **Estimation model** – Metric methods (multiple regression)

Following is the list of all the considered factors and their levels:

Peer
- It will help me to fit in with my friends
- My friend also uses it
- It will make me popular

TV
- Its TV ad was cool and fun to watch
- I learnt a lot about that from watching TV
- Its TV ad has my favourite celebrity

Parents
- I buy the same brands as my parents
- My parents chose it for me
- I value my parents opinion of what I buy

Shop
- It is available at my favourite store
- The store was less overcrowded
- It was available at the neighbourhood store

Brand
- I like to have branded products because they are more reliable
- Having branded products is important
- I like products with the brand name showing

Internet
- I found a good piece of information about it on the internet
- It is easy to find information on the internet
- I usually go to the internet to find the latest trends

METHODOLOGY/APPROACH

A personal interview - survey will be used to undertake the current research. The age group of respondents will be the 'Reflective Stage' (ages 11-16) (John 1999.) The sampling frame will be the students of 4 English Medium Schools in Lahore. A total of 60 students will be covered for the sample. The sample is based on convenience-judgmental sampling due to limitation of time and resources.

There are 729 possible combinations of factors and levels (3*3*3*3*3*3) in the study. Having a single respondent consider all 729 would be unrealistic, so each subject will be asked to respond to 18 full profile scenarios (fractional factorial design.)

The students will be presented with the 18 scenarios and will be asked to rate each scenario on a five-point Likert scale (Strongly disagree, disagree, slightly agree, agree and strongly agree). To provide respondents with a frame of reference, the situation will be explained as, "You are going shopping and bought a product because …"

ORIGINALITY/VALUE

Hopefully, the current study will start an academic discussion and research in the Pakistani context of consumer socialization that can be explored cross-culturally within the framework of emerging economies. Though the major sources of the variables are taken from the work of Doston and Hyatt (2005) ,the findings and the implications will have their original value as the factors are analyzed collectively with the help of conjoint analysis. A major section of the current research will be developed for managerial implications for marketers targeting children.

Technosexuality: Reasons Behind Perceptions of Young Male University-Going Karachiites

Zohaib Ali Khan, Nooruddin Muzzaffar, and Carissa P.S. D'souza

Changes in Pakistani society with respect to technology are causing changes in human behaviour. Technosexuality is a phenomenon that has emerged due to this interaction. In this research paper, we have first explored this phenomenon through an in-depth interview and a focus group. This research showed some very interesting findings as to the understanding, perceptions and reasons for technosexuality .

The study revealed that the participants were well aware of technosexuality but the level of understanding was not only limited to buying gadgets but also knowing about them. Perceptions could not be classified as good or bad but depend on how a technosexual uses his gadgets. Several factors would form this perception like media exposure, boosting self esteem, self image, social acceptability, public consumption, gender, privacy, ornamental value, convenience and human relationships. Participants felt that personal satisfaction is derived from using the latest gadgets and technological things. A Sense of Deprivation is felt by people who lag behind in this race of having the best and the latest technology available. Ego is one factor that leads one to go and grab the technology before anyone else in the social circle gets it.

Impression management was found to be the single-most widely accepted reason with all the participants agreeing to it being a major or minor reason for using technology. Showing-off was considered to be a part of the perceived reasons for technosexuals to become what they are.

Participants viewed the social circle as playing an important role in determining how important it is to have the latest gadget in the town. Furthermore, they believed social change and the rebellious nature of the new generation to have led to further and quick acceptance of new technologies.

Another perceived reason cited was the need for power and control by the technosexual. It was felt that this need is catered to by the use of technological equipment which works only with the will of the person having it, rather than as it thinks it should, which is the case with humans.

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Comprehensive Analysis of Exclusive Brand Store Customer in Indian Market

Sonal Kureshi, Vandana Sood, and Abraham Koshy

INTRODUCTION

The face of Indian retailing has witnessed a rapid transformation over the last decade. It was rated the fifth most attractive emerging retail market and ranked second in a Global Retail Development Index of 30 developing countries drawn up by AT Kearney[1]. This is evident from the fact that shopping mall activity which was earlier only a part of the big cities has started percolating down to smaller cities and towns. There is brisk development of retail space in tier-II cities and towns of India barring the Far East region with the development plans being projected at 150 new shopping malls by 2008[2]. This has resulted in the Indian consumer being exposed to a variety of retail formats leading to change in consumer buying behavior. The entertainment and curiosity value of the new formats is fast diminishing for the consumer who is no longer satisfied with the blanket proposition offered by them .In order to cater to the increasing complexity in the market place the Indian retailer will need to know his customer and design a unique value proposition for his segment. Segmentation is useful because it goes beyond total scores or averages and helps in identifying and grouping the differences such that they are actionable. (Plummer Joseph T, 1974)

MOTIVATION AND OBJECTIVES

Identification of customers and their buying behavior patterns have been the focus of a number of retail store studies. The results of these studies have been useful to the marketing managers in providing solutions to various marketing problems (Applebaum William, 1951). Crask Melvin and Reynolds Fred (1978) carried out an in-depth profile of the department store shopper to identify the frequent shopper and compared him to a non shopper using data about consumers activity, interest, opinion as well as demographic characteristics. Literature review has shown that there is a relationship between customer characteristics and store choice (Kopp Robert, Eng Robert; Tigert Douglas 1989, Aaker and Jones 1971, Erdem Orhan, Oumlil Ben A., and Tuncalp Secil 1999, Dodge and Summers 1969, Leszczyc Peter, Sinha Ashsish,Timmermans Harry 2000 , Dash Joseph, Schiffman Leon , Berenson Conrad 1976).If the retailer has to allocate his resources efficiently it is imperative for him to classify his customer into meaningful segments. In case of India, little work has been done towards segmenting the Indian consumer in the context of retailing which is available in the public domain. In a study the Indian Shoppers were classified into six segments based on behavioral aspects (Sinha and Uniyal 2005). The store choice behaviour based on buyer characteristics using different store types for different variables has been explained by Sinha, Banerjee and Uniyal (2002).

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[1] (http://www.ibef.org/industry/retail.aspx

[2] (http://www.ibef.org/industry/retail.aspx

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A study of the existing literature suggests that little attention has been given to the arena of segmenting the exclusive brand store customer using demographic and psychographic variables. With the mall boom in India, it is imperative for the retailer who wants to succeed to understand his customer and design his offer to deliver the desired value to his customers. This study is specifically a comprehensive analysis of the customer characteristics of an exclusive brand store format. The main purpose of the study is to identify the purposive versus browsers and patrons versus non patron customers of the store and to examine how they differ based on their psychographic and demographic characteristics. This study though exploratory in nature will provide meaningful insight about the customer characteristics of an exclusive store brand for a specific purchase instance which will help the retailer in decision making. Both demographic and psychographic characteristics when used for segmentation can be useful for design of promotional strategy and media planning. (Bearden William O, Teel Jesse E, Durand Richard M, 1978).

The objective of this research is (a) to provide insight about the profile of the consumers of exclusive brand store, based on their demographic and psychographic characteristics (b) to find out differences if any between the 'Browser' and 'Purposive' customers and (c) to examine the differences that emerge and draw implications for the retailer.

For the purpose of this study 'Browser' and 'Purposive' customers will be identified through self reported behaviour at the store for that particular visit. The respondent was asked to indicate the reason for coming to the store on that particular day which would be used in classifying them into the 'Browser' and 'Purposive' category. Patronage data would also be collected to categorize them into patrons and non- patrons.

LITERATURE REVIEW

Market Segmentation involves viewing a heterogeneous market as a smaller homogeneous market in response to different preferences attributable to the desires of the consumers for more precise satisfaction for their varying wants. (Smith 1956).Goods are no longer produced and sold without a significant consideration of customer needs combined with the recognition that these needs are heterogeneous. Howard and Sheth (1969) buyer behaviour model has clearly indicated that there is a relationship between shoppers' socioeconomic characteristics and buying behaviour.

Historically, there have been two approaches to market segmentation-"people oriented" and "product oriented" (Plummer Joseph T, 1974). Both these approaches use the consumer inputs to segment the market. The first approach uses consumer characteristics like age, gender, and lifestyle as a basis for segmentation while the second approach uses the consumer inputs such as product usage, product benefits, and brand perceptions to segment markets. A framework for considering the various bases and methods available for conducting segmentation studies has been discussed by Michel Wedel, and Wagner Kamakura, (2000). Tolley (1975) proposes a system using generalizations to identify, define and explain different kinds of users. A plethora of variables like customer demographics, product usage, sociological and psychological variables have been used to segment the market. Socioeconomic and demographic variables have been successfully used to segment the market (Cunningham Isabella C.M, Cunningham William H, 1973). Indian Shoppers were classified into six segments based on observation of shopping behaviour as a method for generating consumer segments (Sinha and Uniyal 2005). Wells William D (1975) has critically reviewed the use of psychographic profiles, their validity and reliability. Psychographic methods have been used to obtain better understanding of consumer behavior in at least three ways, namely- Grouping of consumers, changing consumer behavior and providing new consumer typology. Life-style refers to how people live, how they spend their money, and how they allocate their time. This variable provides additional meaning to standard demographic classification as it provides more descriptive information about the consumer

(Wells William D, and Tigert Doughlas J, 1971). Type of retail establishment has been used as a basis for segmenting the market instead of using consumer demographics or other profiling variables as demonstrated in the research by Dash Joseph, Schiffman Leon, Berenson Conrad (1976).

Understanding buying behavior patterns *per se* is not enough without understanding the composition and origin of the customer (Applebaum William 1951).One such study compared frequent department store customers based on the activity, interest and opinion items, media questions and several demographic variables to get an indepth profile (Crask Melvin and Reynolds Fred, 1978). Kopp Robert, Eng Robert; Tigert Douglas (1989) have carried out market segmentation analysis of female apparel shoppers in the Chicago Fashion market and competitive structure to provide managerial recommendations for the retailers. The effect of shopper characteristics on consumer store choice behavior is well researched. The lifestyle, demographic and media usage characteristics of different retail outlets can be valuable for understanding store choice (Bearden William O, Teel Jesse E, Durand Richard M, 1978).Singson Ricardo L (1975) has used multidimensional scaling to find a relationship between consumers store choice behavior and shopper's socio economic characteristics. Baltas George and Papastathopoulou (2003) have examined relationship between consumer profile and brand and store choice behavior in the Greek grocery market. While Leszczyc Peter, Sinha Ashsish,Timmermans Harry (2000) have developed and tested a model of store choice dynamics to measure the effect of consumer characteristics on grocery store choice and switching behavior. The results of another study which focused on supermarkets and select store attributes indicated that lifestyle and shopping orientations differ among patronage attribute preference groups and this segmentation can be used for planning retail strategy (Darden William R., and Ashton Dub 1974-75).In case of retailing segmentation based on consumer characteristics has been used to differentiate loyal versus non-loyal customers of a store. The results of a study undertaken by Reynolds Fred D, Darden William R, Martin Warren S (1974-75) to probe the viability of psychographic measures suggested that lifestyle characteristics are useful basis for describing store loyal consumers. Samli Coskun A (1975) tested the applicability of the segmentation index in relation to store loyalty. This index applies to all types of retail stores and helps in classifying loyal and non loyal consumers. Bellenger Danny N, Steinberg Earle, Stanton Wilbur W (1976) have empirically tested the relationship between the consumers self image, his store image and his loyalty to that store. Lifestyle characteristics have been used to identify shopper's communication needs which would be useful in designing suitable promotional strategies (Moschis C George P, 1976). Kinley Tammy L, Conrad Craig A, Brown Gene (2000) examined the relationship between several segmentation variables and personal and promotional cues used in information gathering step of the purchase decision process.

METHODOLOGY

The aim of the study was to understand both the demographic as well as psychographic characteristics of the consumer. The AIO scales are well researched and developed in the western countries . The statements used in these scales are too culture specific and hence may not measure the variable they represent in the Indian context. Hence it was decided for this study to develop a scale specifically for profiling the consumers of the exclusive brand store The study was conducted in two phases.

Phase I

The first phase involved development of a scale for profiling the customers based on psychographic variables. Use of pre-established scales limits the findings to the dimensions which the researcher conceived to be important preventing the discovery of the unexpected (Wells William D, and Tigert Doughlas J, 1971).Inputs for these statements were derived after in-depth discussions with retailer, examination of statements used in prior researches, intuition, conversation with friends and internal brainstorming (Ziff Ruth, 1971;

Wells William D, and Tigert Doughlas J, 1971). Five dimensions were identified and 75 statements about activities, interest and opinions were generated. Each dimension had statements capturing the emotive, cognitive and behavioral attitudes of the customer towards the dimension. In order to reconfirm that the items within a dimension are representative three independent judges were asked to classify the statements into groups. The result indicated that the items were representative of the dimension. These statements were tested on a seven point agree /disagree scale, for ambiguity and flow amongst 30 research associates of a management institute. Subsequently, 160 respondents outside a mall were requested to give their responses to these statements. Out of 160 responses received, 144 valid responses were tested for reliability using Cronbach's Alpha as it is the most widely used internal consistency reliability coefficient (Bearden, William O., Netemeyer, Richard G, 1999). The Cronbach's Alpha coefficient was calculated for the five dimensions independently. The results are depicted in table -1   Four dimensions which had Cronbach's Alpha = 0.7 were considered for further testing. Ideally more dimensions and more number of statements within each dimension would provide more insight about the construct being studied. But considering the likely respondent fatigue, disinterest and non co-operation due to the length of the questionnaire (Churchill and Peter 1984; Cortina 1993) an exploratory factor analysis was run. This helped in reducing the statements from 75 to 38 statements. To reconfirm the reliability of the scale, the questionnaire comprising of 38 statements is being administered to approximately 150 customers of the particular exclusive brand store in Bangalore. The instrument will also be tested for appropriate words, sequence of sentences and ease of response format. The flow and fatigue level during collection of responses would be monitored. The responses will be again tested for reliability using Cronbach's Alpha = 0.7 as acceptable level. These statements will then be included in the designing the structured questionnaire for the second phase of the study.

Table 1: Cronbach's Coefficient Alpha for Psychographic dimensions

Dimension	Sample Statement	Number of Items	Coefficient Alpha
Fashion Conscious	I have one or more outfits of the latest style.	16	.816
Shopping Styles	I look for the lowest possible prices whenever I go shopping	15	.794
Health and fitness Conscious	I make sure I exercise regularly	15	.828
Outlook	I think women make as good managers as men do	15	.781
Environment Conscious	Plastic bags should be banned	14	.552

Phase II

The phase II will involve conducting a survey using a structured questionnaire from seven exclusive brand outlets of the same brand in the city of Bangalore located in the south of India. Bangalore is among the first cities in India where a variety of retail formats were introduced and consequently has a comparatively mature customer base compared to other cities. This was important to ensure that our study findings are not very 'short-term' retail evolution stage specific (Woodruffe, Eccles and Elliott, 2002). The availability of the data and the co-operation of the store owners was an important reason for the selection of the city and store format. And since, an exclusive branded store of this type though has a very high footfall, a detailed profile of their purposive and patron customers would be critical for the conversion of footfall to sales. This information would be essential in making decisions regarding in-store communication, advertising, promotions, store display, attributes to be built into a store. Respondents would be intercepted in the store, before they exit the store. The sample will consist of respondents who had visited the store and shopped and also who had visited the store and not shopped. They would be administered a structured question-

naire seeking information about this specific visit to the store, the reason for the visit, patronage information. Life style information using statements derived from stage I of this study and demographic details of the customer in terms of age, gender, occupation, marital status and income will be captured.

The final questionnaire will be administered to approximately 400 respondents.

DATA ANALYSIS PLAN

The sample will be categorized into 'Browser' and 'Purposive' customers. The differences in the psychographic profiles of the two groups will be studied.

Based on the data regarding frequency of visits to that particular store and inclination to visit again they will be categorized into patrons and non patrons.

A variety of descriptive statistics like frequency and cross tabs will be used to get insight about the consumer profile. When customer groups reveal significant differences such that they can be acted upon to aid in marketing planning then this criteria can be used for identifying critical and valuable consumer groups (Plummer Joseph T. 1974). In this study the psychographic profile of the purposive customer will be used as a criteria for effective targeting. This would help the retailer to allocate his/her resources effectively towards the purposive customer and convert the non-patrons into patrons.

LIMITATIONS AND FUTURE SCOPE

The study only pertains to one type of store format thus results cannot be generalized across other types of formats, as segmentation results appear to be domain (retail institution) specific (Bearden William, Teel Jesse JR. and Durand Richard 1978).

The study only seeks to understand 'who' comes to the store but does delve into 'why' they come. Such a study would be lead to better understanding of the customer which in turn would be of use for designing their offers.

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The Importance of 'Cultural' Resources to 1st & 2nd Generational Ethnic Entrepreneurs in the UK

Zubin Sethna

PURPOSE

To provide a rare insight into the importance attached to cultural resources by 1st and 2nd generational ethnic entrepreneurs (in professional service SMEs), and how this affects eventual entrepreneurial cognition, client targeting and marketing communications.

METHODOLOGY

A qualitative research format was employed utilising depth interviews with a total of 28 participant SMEs, chosen using a judgement sample of ethnic entrepreneurs from India/East Africa and their involvement with professional services.

FINDINGS

Findings suggested that cultural resources are only important to 1st generational ethnic entrepreneurs. There was clear evidence to suggest that, although economic assimilation was important now, without these cultural resources and 'social networks' the 1st generation enterprises would have had real difficulty in maintaining their marketing and business practices. Evidence showed that this was further compounded by the fact that religion (which played such an important part in the lives of the 1st generation ethnic entrepreneurs) sometimes hindered, through the requirement for periodic prayers, the proficient progress of enterprise.

The author found that the majority of 2nd generation entrepreneurs spoke about the unimportance of cultural resources to their enterprise. The author believes that this serves to emphasize the fact that 2nd generational ethnic entrepreneurs were either mostly or totally acculturated and had their own 'personal networks' and experiences to call upon as a resource.

The results and implications from this paper will enable those in emerging economies, who wish to explore the possibility of developing international trade with businesses in the UK, to understand the deep-rooted thought processes surrounding cross-cultural issues in marketing and consumer behaviour within the 2nd generation professional services entrepreneur in the UK.

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RESEARCH IMPLICATIONS

The lack of generalisability may be attributable to both the geographic locations and relatively small sample size of the interviewees. Nevertheless, even if a significant difference exists between professional and other services within ethnic entrepreneurship, it does not negate the value of these results. It should be noted, however, that more depth and detail may be gained from conducting a longitudinal research.

Within the professional service parameters, there is also scope to research the various individual groups from within South Asia. Here, segmentation based on religion coupled with an exploration of 1st, 2nd and in some cases 3rd generational entrepreneurs would provide more of an understanding of the importance of cultural resources in fuelling the fire of ethnic entrepreneurial activities within professional services.

Attitude of Nigerian Consumers Toward Made-in-India Pharmaceutical Products

Anayo D. Nkamnebe

INTRODUCTION

Increasing emphasis on national competitiveness rather than protectionism, and rising globalisation trends have contributed to heightening the rate at which consumers are offered the choice of choosing products from across the globe. This expectedly has increased the number of foreign brands in domestic markets. Nigeria in particular is one country where consumption of imported products has been deep rooted due largely to the people's penchant for imported products. Limited regulations and implementation of the regulations in the past encouraged massive importation of all sort of goods into the country; a situation that has changed in recent time with the increasing vibrancy of the National Agency for Food and Drug Administration and Control (NAFDAC). This has, to a large extent, increased consumers' awareness of the fact that some of the imported products may be unwholesome after all. This is expected to affect the product evaluation of foreign products; a development that is consistent with the supposition in the literature to the effect that "consumers often evaluate imports differently than they do identical domestic products" (Herche, 1994:4).

Country-of-origin effect (COO) or Product Country Image (PCI) has been identified by previous studies as a critical determiner of international competitiveness (Al-Sulaiti and Baker, 1998). The COO effect is used here in the same way Wang and Lamb (1983) used it - as a negative consumer bias towards imported products which could serve as a barrier to market entry for such products. In recent times, Indian firms have been increasingly associated with unwholesome pharmaceutical products in the Nigerian market. For instance, India is reputed to be a major source of fake and sub-standard pharmaceutical products sold in Nigeria. Following the tradition of the COO, this should generate substantial bias against Made-in-India pharmaceutical products. Till date, no known study has examined whether the increasing involvement of Indian firms in fake and sub-standard pharmaceuticals import to Nigeria has had, or is having, any effect on Nigerians' purchase of Indian pharmaceuticals. It is against this backdrop that the present study is set to identify the extent to which continued blacklisting of Indian pharmaceutical firms by NAFDAC has engendered COO bias among Nigerian consumers towards Made-in-India pharmaceutical products.

The attainment of the above objectives is important on several grounds. On the knowledge reproduction front, this study has the potential to contribute towards filling the obvious gap in the literature concerning COO effect behaviour among Nigerian consumers. Closely related, the study

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has further potential to explain COO effect behaviour in a challenged environment such as Nigeria. This is consistent with the call in the literature for COO studies to be undertaken for specific countries and particular product categories (Baughn and Yaprak, 1993). On the managerial front, the study has the potential to influence marketing strategies across national borders by Indian companies, which in turn will promote the much needed south-south economic cooperation and integration. On the public policy front, the study equally has the potential to draw the attention of national governments, particularly Nigeria and India to the harmful effects flouting trade laws can have on national competitiveness. From the developmental perspective, the study has the enormous potential to foster development among emerging economies in the South. Given the leading roles Nigeria and India play in their respective regions, any attempt at fostering vibrant trade relation between the two countries would certainly have serious implications for development in the regions.

FAKE AND COUNTERFEIT DRUGS IN NIGERIA: A CONTEXTUALISATION

The incidence of fake, sub-standard and counterfeit drugs has for long been a serious health issue, not just in the developing countries but the world over. Accordingly, marketing of these categories of products has continued to pose a serious challenge to international marketing organisations and, in particular, to national governments. The case in Nigeria deserves special consideration because apart from the fact that Nigeria is the most populous market in Africa, it serves as gateway and indeed source of survival for some of the countries in sub-Saharan Africa. Accordingly, whatever affects Nigeria, sooner than later affects some of the countries in the sub-region. Although it may be difficult to estimate the volume of fake and counterfeit drugs in Nigeria as in other developing countries due largely to "poor communication, the non-existence or ineffectiveness of drug regulatory authorities, poor drug procurement practices, low literacy levels, low awareness of the existence of fake and counterfeit drugs, political instability, and high level of smuggling of pharmaceutical products in the region"(www.nafdacnigeria.org), yet various estimates put it between 25% and 54%. Even though the level of fake and counterfeit drugs has been declining steadily since 2001[1] when NAFDAC intensified efforts to eradicate the nefarious activities of fake drug distribution in Nigeria, the matter is still a national issue.

Of particular interest is the fact that many sources point to India as the major supplier of these unwholesome products. For instance, the March 23 issue of *bmj.com* carried the news that "it is believed that imported fake and substandard drugs in Nigeria come mainly from India, China, Pakistan, Egypt, and Indonesia". The same source described India as "one of the largest exporters of fake and substandard drugs to Nigeria". Expectedly, India tops the list of blacklisted pharmaceutical exporters to Nigeria. With this picture, and the accompanying possible image built-up on the psyche of Nigerian consumers, the flourishing international trade link existing between Nigeria and India may be challenged if nothing concrete is done, and in a timely manner.

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[1] A baseline study by NAFDAC in 2002 showed that 67.95% of drugs were not registered. A repeat of the study in 2003 indicated an 80% reduction. By 2005 the percentage of fake drugs in circulation had dropped to 10 percent.

BRIEF REVIEW OF THE LITERATURE

Following the established tradition of investigating the effect of COO on purchase behaviour in international marketing, an increasing number of conceptualisations have been identified. The perspective of Wang and Lamb (1983) particularly describes it as part of market entry barriers in which consumers form a certain kind of negative bias against goods imported from foreign markets. Without prejudice to this perspective, COO need not necessarily be negative; indeed, studies have shown that it can as well be positive, which makes it a critical component of strategic decision areas in cross-border marketing (Niss, 1996).

Typically, goods imported from developing countries are evaluated to be of lower quality than those made in the developed countries. This bias manifests itself in various ways. For instance, studies (see: Morello, 1984; Schooler, 1963) have shown an obvious preference for products from developed countries over those imported from less developed countries. In another instance, other studies (for example: Lumpkin and Crawford, 1985) indicate that consumers in less developed countries tend to value imported products from developed countries more than those from the domestic market. Product quality has been cited as one of the explanations for this bias (Han and Terpstra, 1988; Niss, 1996).

Interestingly, country image has been identified as an important determinant of consumers' perceptions of product image. For instance, studies (Morello, 1984; Wang, 1978; Niss, 1996) have demonstrated that the image of a country can be transferred or be approximated to that of products from such country. Accordingly, if a country has a negative or a positive image, consumers in another domestic market are most likely to consider products imported from such other country from the perspective of the image of the exporting country.

Quite a number of studies have linked country images and stereotypes and product categories (Khana, 1986). One interesting thing about the COO effect is its product specific emphasis; a perspective that can be explained with theories of international competitiveness (Niss, 1996). Niss (1996) further drew the following pertinent conclusions from his review on COO:

- Consumers from developed countries have a general preference for domestic products, but foreign products which enjoy a favourable brand image internationally or which are sold through prestigious retailers may be able to alter consumers' preferences in favour of the imported product. Also, more extensive guarantees and improved after-sales service may help eliminate negative country of origin biases.

- Consumers do not use the country of origin as an isolated evaluation criterion, but evaluate the product and its extrinsic and intrinsic attributes within the overall purchasing context (product category, knowledge of the brand or the manufacturer, knowledge of and beliefs about the manufacturing country, etc.). Furthermore, country of origin is used as an evaluation criterion in conjunction with actual product attributes (functionality, price, packaging, guarantees, after-sales service, etc.). Attempts to disguise a poor-quality product behind a favourable "made in" label is therefore unlikely to be successful in the long run. Such marketing could be very

deceptive for consumers and could eventually have the effect of lowering the credibility of the manufacturing company significantly.

- The influence of country of origin stereotypes on product evaluations tends to be stronger when the consumer is unfamiliar with the product or the manufacturing company. In such a situation the country of origin serves as a variable that facilitates evaluation in the absence of other information cues. For companies originating from countries which elicit strong national images abroad, use of the national image as a positioning tool may therefore be an effective strategy to adopt in the introductory stages of their export marketing.

- The symbolic attributes that are linked to brands and national images often form consistent patterns in which one attribute validates another. Hence, when a manufacturer introduces a new product on a foreign market, starting from scratch without an established brand image, there is a potential for intentional diffusion of favourable images based on the country of origin image, provided the country of origin enjoys an image which contains relevant image features, suitable for the specific type of product and the targeted national segments.

METHODOLOGY

Data was collected from a convenient sample of actual final and intermediate buyers of pharmaceutical products. Questionnaires served as the main data collection instrument, and this was supplemented with a personal interview. Data collections were mainly a test to ascertain the extent to which the country of origin effect affected the purchase of Made-in-India pharmaceutical products among Nigerians, and to consider the possible strengths of these products in the light of the increasing association of Indian firms with the importation of unwholesome products into Nigeria.

Respondents were asked in a Likert kind of question to rate countries according to their purchase of such countries' pharmaceutical products. An open-ended question followed, which sought to determine the reasons for the responses regarding the ratings. Two categories of Made-in-India pharmaceuticals are relevant for the present study, namely, wholly made in and marketed from India (WMI thereafter). WMI is used to represent products that are manufactured and exported from India without any other non-Indian foreign firm associated with the product. The second is products that are manufactured in India and marketed by a Nigerian firm (MII hereafter).

ANALYSIS AND PRELIMINARY RESULTS

Preliminary results from in-depth interviews indicate an increasing preference for Made-in-India drugs if such drugs are marketed by a Nigerian firm and have NAFDAC statutory information.

Again, respondents in the low-income categories, who in most cases have limited formal education, are the ones who hardly discriminate against country of origin. For this class of buyers, price is the major determinant of their buying decision and they frequently buy from unauthorized outlets.

An increasing numbers of Nigerians are becoming aware of the NAFDAC registration as a mark of quality assurance. This is consistent with the increasing popularity of the NAFDAC in the country and even beyond. Recently, some countries in the sub-region started implementing the agency's model to the extent that they blacklisted the companies already blacklisted by NAFDAC.

Detailed analysis and discussion are reserved for the full paper.

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Globalization and Its Side Effects: The Role of Outsourcing

Srinivas Durvasula and Steven Lysonski

INTRODUCTION

The dawn of the 21st century has witnessed the tearing down of protectionist trade barriers of the past, culminating in a new economic paradigm called globalization. The creation of huge trading blocks (e.g., NAFTA, European Union), along with liberalized trade regimes in former Soviet block countries, has opened great market opportunities for multi-national corporations to reach out to consumers in a more or less borderless world. According to some estimates, the volume of world trade has grown at a faster rate during the last decade than ever before (Bateman and Snell, 2007). At the same time, increasing competition, both domestic and foreign, means that contemporary organizations are under greater pressure to deliver their products and services efficiently.

One avenue for streamlining business operations and cutting expenses is offshore outsourcing (offshoring). Offshoring refers to the practice of contracting with an overseas party to produce one or more of an organization's products or services. Frequently, offshoring is done to take advantage of labor arbitrage. For example, educated workers in countries such as India and China work for a much lower wage than do similarly educated workers in developed countries (Drezner, 2004). To take advantage of this wage differential, organizations in developed countries transfer some of their operations such as IT services and call center management to overseas service providers.

Critics of offshoring argue that offshoring has resulted in job losses in the developed countries. Much of the criticism against offshoring is driven by ominous sounding statistics. For example, the McKinsey Global Institute estimates that offshoring will increase by as much as 40% in the next five years. And, Forrester Research projects that 3.3 million white-collar jobs in the United States will move overseas by 2015.

Perceived job losses due to outsourcing have enraged trade unions, generated public discussion in the media, and prompted passionate debates in the legislative branches of the government in many western countries such as the United States. In fact, when the Chief Economic Advisor to the U.S. President Bush observed in 2004 that "outsourcing is just a new way of doing international trade" and that it is a "good thing", it generated a political firestorm. The Speaker of the U.S. House of Representatives went to the extent of warning that "outsourcing can be a problem for American workers and the American economy" (Drezner 2004).

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Proponents of offshoring, however, draw attention to how outsourcing is benefiting the economies of both developed and developing countries (Sturgeon 2004). For example, new jobs are created in developed countries, which are higher up the economic value scale than those jobs which migrated to countries such as India. As suggested by Nigel Holloway, director of executive services at the Economist Intelligence Unit, while some individuals may have been negatively affected, overall, outsourcing has brought about a positive change to the workforces and economies in developed countries (Sturgeon 2004). Others suggest that when we keep in perspective the overall U.S. employment of 130 million and the projected creation of 22 million new jobs by 2010, the job loss due to outsourcing would affect only .2% of the U.S. workforce (Drezner 2004).

Lost in this passionate debate about the pros and cons of offshore outsourcing is an understanding of the consumers' mindset. If consumers have a negative disposition towards outsourcing, then it would certainly affect their patronage of firms that outsource their services. Unfortunately, there is no clear evidence as to whether all consumers, irrespective of their mindset, share similar perceptions toward outsourcing. Also, we do not know what factors influence consumers' outsourcing attitudes? The absence of consumer studies on outsourcing compels us to conduct this investigation.

STUDY OBJECTIVES

Our study objectives are as follows. **First**, our study examines whether psychological tendencies such as consumer ethnocentrism (i.e., beliefs held by consumers about the appropriateness and morality of buying foreign products) play a significant role in influencing outsourcing attitudes. Crawford and Lamb (1981) were among the first to observe the emotional implications consumers confront in purchasing foreign products (or services) because of the threat they pose to domestic industries. Following this study, consumer ethnocentrism emerged as a critical factor in understanding why consumers reject foreign brands. Research conducted on country of origin (COO) has also shown that consumers tend to have a prejudice towards domestic products (or services) referred to as "domestic country bias" (Elliot and Cameron, 1994; Sharma, Shimp, and Shin, 1995). The consumer ethnocentrism concept has been used to explain this bias (Acharya and Elliot, 2003; Balabanis and Diamantopoulos, 2004).

Consumers who have ethnocentric tendencies are more likely to feel threatened by the prospect of offshoring of service activities because of their perceived impact on domestic jobs. With the spread of globalization, this fear is only likely to increase. Specifically, consumers who have a high perception that foreign competitors can hurt them personally and/or their domestic economy are more likely to oppose offshoring versus those who do not feel this threat.

Second, do consumers' concerns about the threat that foreign competitors pose to them personally or to their domestic economy (i.e., economic threat) affect outsourcing attitudes? Evidence suggests that when a country is considered to be under attack or when domestic economy is threatened by foreign competition, nationalism and ethnocentrism are likely to increase (Roesenblatt 1964), thereby influencing consumer reaction to outsourcing. Sharma, Shimp and Shin (1995) pro-

vided support for this link by showing that economic threat significantly influences consumer attitude toward imports.

Third, what are consumers' beliefs about the quality of services provided by offshore firms? Do these beliefs shape their outsourcing attitudes? Hersche (1992) presented the idea that "quality perceptions of products (or services) coming from source countries" could possibly explain how consumer ethnocentrism may impact purchase behavior. Crawford and Lamb (1981) also found that consumers were more willing to buy products from source countries that were more similar to their own in terms of social, political and economic dimensions. Such a finding, could be due to superior quality perceptions of products originating from foreign countries.

Chakrabarty and Conrad (1995) examined the impact of quality perceptions for a number of products. When quality perceptions of domestic brands were higher, consumers had a relatively lower intention to purchase foreign products. In contrast, Wang and Chen (2004) found that the impact of ethnocentrism on purchasing domestic products tends to be weaker when consumers judge them as being of inferior quality.

Collectively, this stream of research suggests that consumers' beliefs about the quality of services provided by offshore firms is likely to impact their outsourcing attitudes.

Fourth, what would be the impact on consumers' outsourcing attitudes, ethnocentrism perceptions, and economic threat perceptions, when people close to them lost their job due to outsourcing.

ABOUT THE SURVEY AND THE SAMPLE

Data were collected from young adults with business education background. A total of 176 people participated in the study. While the sample size could be larger, it compares favorably with typical sample sizes employed by others whose findings are published in major marketing journals. Since our study is based on a sample of young adults only, future studies on this topic should examine whether our study findings apply to other population groups.

The survey consisted of either established scales or measures that are derived from established scales (cf. Sharma, Shimp and Shin 1995; Durvasula, Andrews, and Netemeyer 1997). The survey measures include the 17-item consumer ethnocentrism scale, a 5-item economic threat perceptions scale, a 4-item scale measuring beliefs about the quality of service provided by offshore businesses, and a 7-item scale to measure attitude towards outsourcing. All items are measured using 7-point rating scales.

The psychometric properties (i.e., dimensionality and reliability) of survey measures were established using confirmatory factor analysis. The consumer ethnocentrism scale, economic threat perceptions scale, and the scales measuring attitude towards outsourcing and beliefs about the quality of service provided by offshore firms all have acceptable reliability (i.e., above .7). With the exception of the attitude towards outsourcing scale that we developed specifically for this study, the other scales have also been validated by other studies (cf. Durvasula and Lysonski 2006; Durvasula, Andrews, and Netemeyer 1997; Netemeyer, Durvasula and Lichtenstein 1991).

RESULTS AND IMPLICATIONS

In order to address the study objectives we performed path analyses and independent sample t-tests. Subjects in our sample are relatively less consumer ethnocentric and do not perceive economic threat from foreign competition. These consumers have relatively favorable attitudes toward offshoring. However, even for this consumer group, offshoring attitudes are significantly affected by consumer ethnocentrism and economic threat. Consumers who exhibit higher levels of ethnocentrism and greater economic threat are likely to show less favorable attitudes towards offshoring.

Results also reveal that economic threat perceptions increase when close relatives or associates have lost jobs due to outsourcing. In turn, high perceived economic threat, when coupled with ethnocentric tendencies, may have made outsourcing attitudes negative for some consumers. But, the good news is that consumers generally have favorable beliefs about the quality of service provided by offshore businesses. Such type of service provided by offshore firms is considered to be technically advanced, a good value for the money, and reliable. Perhaps such favorable disposition towards the quality of outsourced services may have moderated consumers' negative attitudes toward outsourcing. This may explain why consumers' overall mean attitudes toward outsourcing are favorable.

The implications of these results for offshore businesses and US firms that outsource their business to overseas service providers will be presented in our paper. In the end, our study will show that outsourcing is not really the bogeyman that it is made out to be.

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Did Research in Marketing Keep Pace with the Growing Internationalization?

A.D. Madhavi

Internationalization of firms is a key trend of globalization and, research in marketing needs to integrate this phenomenon. This paper attempts to address the question – "Did research in marketing keep pace with the growing internationalization?" - based on a review of articles published during the last twenty five years (1980-2005) in the Journal of Marketing, the number one journal in marketing, based on citations. The author examines the frequently researched topics and nature and context of studies – single country versus multiple country; and studies relating to developed country markets versus emerging market economies. The paper also identifies the gaps in research, constraints in conducting empirical studies in international marketing and puts forth a likely agenda for future research and suggestions to augment studies in this area.

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The Impact of Supervisee Trust on Sales Performance and the Role of Supervisory Behaviour, Supervisory Feedback and Sales Control: A Few Propositions

Ramendra Singh

ABSTRACT

Trust in marketing literature is often treated without any qualifiers as a key predictor of sales performance, probably because of its positive normative bias and a high intuitive appeal. But recent research carried out on the role of trust in dyads in a sales context (like supervisee-supervisor relationships) has found it to be contingent on many factors. The role of trust and the moderating influence of sales control, supervisory behaviour and supervisory feedback have been explored in the paper through a series of propositions.

Though no universally acceptable definition of trust exists yet, a few of the widely accepted ones are, "undertaking of a risky course of action based on the confident expectation that all persons involved in the action will act competently and dutifully" (Lewis & Weigert, 1985) and, "expectations, assumptions or beliefs about likelihood that another's future actions will be beneficial…to one's interests" (Robinson, 1996). According to Hardin (1992), the rational choice perspective views trust, as consisting of two elements: knowledge to trust another person and the incentives for the trustee to fulfil that trust.

Trust has been found to have a benign effect on performance (Anderson and Weitz, 1989; Mc Allister, 1995 and others).In the sales context, the relationship of supervisor and salesperson thrives on the former's trust of the latter to perform and meet organizational goals and the latter's trust of the former to, in turn, exhibit consideration and fairness in providing support, performance appraisal and overall welfare. Rich (1997) reports a positive relationship between supervisee trust and overall job performance and not just sales performance.

In general the salesperson's performance has been found to be related to his/her characteristics and role perceptions (Bagozzi,1980a, Churchill, Ford and Walker, 1976 and others), the task characteristics (Becherer et al,1982 and others) and supervisory behaviours (Kohli,1985 and others)

Kohli (1989) has provided a conceptual framework for supervisory behaviour. the *Initiation of structure* - clarification of supervisor and supervisee roles, procedures and tasks (Gibson et all, 1973 and supported by Churchill et al, 1976; Teas, 1983) and *Consideration* – the degree to which the supervisor develops a climate of trust, respect and friendliness (Gibson et all 1973), which have a benign effect on the *Sales person's responses like Job satisfaction and Role clarity*. This direct

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relationship is moderated by individual differences in salespersons, like specific self esteem, the need for clarity, experience and self perceived performance. The model is shown below:
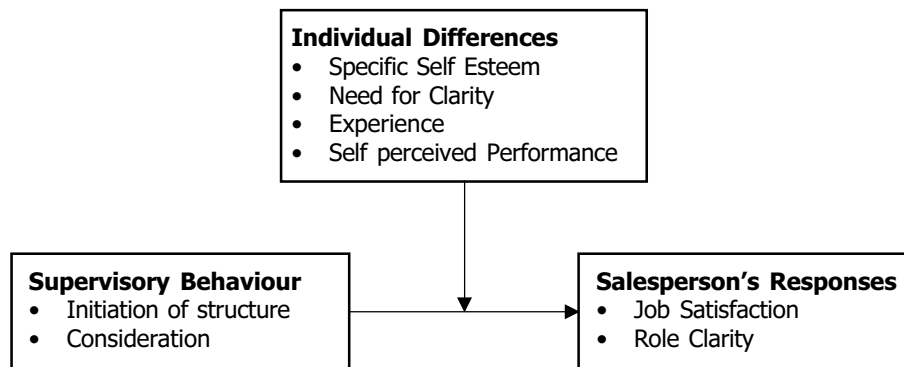
Similarly, in another sales context, Rich (1997) provided a model linking role modelling by a leader with Trust in a Sales Manager, (a high correlation of 0.82) leading to two outcomes: Overall performance and job satisfaction. The model is illustrated below:

From the above model it is clear that a Sales Manager who is trusted by his/her sales people (or sales team) would be able to enhance their job satisfaction and overall performance.

According to Rich (1997) the dyadic relationship between a salesperson and his/her sales manager is similar to that between a selling and a buying firm - both are characterized by an exchange process. Trust in the manager is defined as, 'the extent to which a salesperson has confidence in the manager's reliability and integrity'. The exchange process is characterized by the sales manager providing direction, rewards or punishments and advice in exchange for the salesperson's efforts and performance. Hence for the salesperson trust is a matter of choice and the sales manager is an exchange partner.

Rotter (1967) has similarly argued that trust is a generalized expectancy about the reliability of someone's word. Moorman (1992) says that for trust to exist, belief and behavioural intention must be present. Hence it follows that belief and behavioural intention are antecedents to trust. Rich(1997) has further argued that trust and loyalty go hand in hand and even in his model, the construct of 'trust in sales manager' has been labelled as, ' trust in/loyalty towards the manager'.

This leads us to our first three propositions:

Proposition 1: Supervisee trust precedes a display of traits like reliability and integrity by the Sales manager, which along with a display of behaviour like consideration builds belief in the supervisor.

Proposition 2: Once belief in the supervisor is built, the Supervisee enters into the dyadic relationship by choosing to trust the Supervisor (behavioural intention) which leads to building of loyalty towards him.

Proposition 3: Higher Supervisee trust and loyalty in the Sales Manager leads to improved sales performance. (Rather than job performance)

Some research in the extant literature also goes against the notion of the existence of a reasonable correlation between trust and (leading to) performance. (Dirks', 1999; Smith and Barclay, 1997; Dahlstrom and Nygaard, 1995).This ambivalence is overcome by Kwaku and Li (2002) by treating supervisee trust as, 'the degree to which a salesperson perceives the supervisor as benevolent and believes that the supervisor is genuinely interested in the salesperson's welfare and provides due care for his or her needs.' This particular definition of supervisee trust begets from the fact that trust is often seen to be fragile and prone to abuse (Elangovan and Shapiro, 1998; Granovetter, 1985 and others). In this sense, these authors have tried to seek a balance and put into perspective the normative bias towards trust and its effect on a salesperson's performance. Simultaneously, their definition of supervisee trust is closer to that of 'faith' which has been conceptualized as a deeper level of trust requiring emotional investments in the form of caring and attachment (Rempel, Holmes, and Zanna, 1985).

THE TRANSACTION COST ANALYSIS (TCA) PERSPECTIVE

From the TCA perspective, existence of trust is necessitated by the absence of high costs of controls and opportunistic behaviour. Hence, if trust exists there are no requirements of controls. Kwaku and Li (2002) argue that a salesperson gets the signal of positive or negative support intentions from his or her supervisor from the kind of sales controls in the organization, which affects his or her trust in the supervisor.

Opportunism is also viewed as a consequence of the degree to which the exchange environment allows. High risk of loss of reputation would lead to higher chances of trust building (Noteboom, 1996). Literature supports the result that more controls lead to more opportunistic behaviour and low trust (Ghoshal and Moran, 1996 and others).

This leads us to the next proposition:

Proposition 4: Greater controls in the exchange environment bring lower levels of trust in the Salesperson-Supervisor relationship resulting in lower sales performance.

SOCIAL EXCHANGE THEORY (SET) PERSPECTIVE

According to this theory, social interactions rather than only the economic exchanges explain the behaviour of the actors in the exchange relationship. (Blau 1964). Doney, Canon and Mullen (1998) argue that trust is built through a repeated interaction process involving some common goals and values.

This leads us to the next proposition:

Proposition 5: The Supervisee-Supervisor relationship trust has a high degree of affective component, based on a common feeling of connectedness that is a consequence of the relational exchange process.

SET predicts that trust may prevail even if opportunism is rationally expected. Granovetter (1985) argues that, even in the absence of controls against opportunistic behaviour, trust can be built as the result of interactions from the exchange relationship. This has been termed as 'moral control'. This leads us to the next proposition:

Proposition 6: Moral control has a greater role to play in trust building than bureaucratic controls in the Supervisee-Supervisor relationship.

Kwaku and Li (2002) have empirically proved that the antecedents of supervisee trust such as Sales controls (process controls and output controls) and Supervisory behaviour (supervisor accessibility, achievement orientation and role ambiguity) are best considered to have a moderating effect on sales performance. These antecedents of trust may have a positive or a negative effect on sales performance depending on national cultures. (Low trust and high trust culture societies) .Hence in low trust societies like in China, output controls rather than process controls positively affect sales performance (taken as the extent of achievement of sales objectives for the newly introduced product).

Achievement orientation in all societies builds trust and has a positive effect on sales performance. Setting high and challenging goals and expressing confidence in meeting those goals results in mutual gains for both supervisee and supervisor alike. Hence the interesting outcome of Kwaku and Li's (2002) findings is that sales performance can be increased despite its negative effect on supervisee trust. This results in a managerial dilemma of both building trust and sales performance, (termed as a 'paradox of trust'). Another, and the most important finding is that supervisee trust and sales performance are unrelated in the context of the Chinese and US markets studied indicating that this relationship may not be direct but mediated by other variables.

EFFECT OF SUPERVISORY FEEDBACK ON SALESPEOPLE'S PERFORMANCE

Supervisory feedback has been viewed as a controlling mechanism affecting salespeople's performance and can manifest as either output control or as process control. (Teas, 1983, Tyagi, 1985 and Jaworski, 1988).The output controls can be sales target achievements, profit attainment and so on, while the process controls can be selling strategies, procedures and policy implementation and so on.

Based on previous research, Jaworski and Kohli (1991) suggested a typology of the supervisory feedback on the two dimensions of Valence of Feedback (positive or negative) and Locus of feedback (output and behaviour). Hence there are 4 types of Feedback which a supervisor can give to his salespeople. They found that positive feedback can go a long way in affecting salespeople's performance, motivation and satisfaction, though positive behavioural feedback had a greater

effect on salespeople's satisfaction than positive output feedback. The probable reasons were given as something or factors which are in direct control of the salespeople.

Negative feedback on the other hand did not improve salespeople's motivation as much as positive feedback but lead to improving their role clarity to some extent. Also negative output feedback did not really lower the salespeople's satisfaction with their supervisors.

The drawbacks of this study were that it was based on sales people's perception of supervisory feedback rather than actual ones and also did not take into consideration the affect of repeated 'course corrections' by supervisors of the salespeople's behaviour and performance over time as their relationship matured. Also the feedback-satisfaction relationship and the feedback-performance relationship, we argue, must have a moderating effect on trust in the dyadic relationship. This leads us to our next proposition:

Proposition 7: Trust in the Supervisor-Supervisee dyadic relationship will moderate the effect of negative feedback on salespeople's satisfaction with their supervisor. The more the supervisee trust, the lesser would be the lowering effect of negative supervisor feedback on supervisee satisfaction

Proposition 8: Trust in the Supervisor-Supervisee dyadic relationship will moderate the effect of negative feedback on salespeople's performance. The more the supervisee trust, the lesser would be the lowering effect of negative supervisor feedback on supervisee's sales performance.

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Impact of Money Attitude on Compulsive Buying Behaviour: A Study of School Children Receiving Pocket Money in India

Richa Agrawal and Sanjaya S. Gaur

ABSTRACT

Pocket money, which may be described as the financial allowance given by parents to children, is meant to increase financial independence of the child and is usually provided as a fixed sum every week or month. The purpose behind giving pocket money to children is not only to increase children's individual liberty but also to inculcate prudent spending habits (Regt 2004). Indian children today increasingly have free and easy access to unearned money in their pockets. This easy access to pocket money is bound to influence their attitude towards money and impact their spending behaviour and consumption habits. Money attitude which varies from one individual to another is concerned with the affective, symbolic and behavioural components of money (Oleson 2004). The affective component of money is concerned with the fact that some individuals see money as good, important, valuable and attractive whereas others perceive it to be evil, shameless, useless and dishonest. Symbolically money has been found to be associated with- achievement and recognition, status and respect, freedom, and control and power. The behavioural component of money relates to actions concerned with saving and investing money. Given that money is perceived and treated differently by different people it may not be wrong to conclude that their attitude towards money would also vary.

School-going children today are getting pocket money ranging anywhere between less than Rs. 500 to more than Rs. 2,000 or in many cases as much as they need (as revealed by school-going children during the survey in our study). This gives them tremendous purchasing power as consumers in their own right. Regt (2004) has noted that with easy access to increased pocket money, children became consumers, especially of goods such as CDs, snacks, sweets, alcohol, cigarettes, and gifts. He therefore describes pocket money as a stimulus that leads to increased consumption and increased spending. Given that school going children are making purchase decisions and buying goods and services independently (purchases made from the money received as pocket money) it becomes imperative to understand the consumption behaviour and consumption tendencies of school-going children. What makes such a study even more important is that it helps in developing an understanding and appreciation of the consumption behaviour of school-going children, the influence these children exercise on their parents for spending money, and the con-

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sumption tendencies these children will display when they grow up, based on their current tendencies and behaviour.

While numerous studies focusing exclusively on children's consumption tendencies and behaviour have been undertaken in the U.S., Canada, Europe and the Pacific-Rim countries (McNeal and Yeh 1997), no such studies exploring consumption behaviour patterns and tendencies of school going children in India (to the best of our knowledge and resources) have been conducted till date.

With an objective of gaining an insight into this hitherto unexplored area, the present paper examines-

- Money attitude of school going children in India who receive pocket money.
- Impact of money attitude of these school going children on their compulsive buying behaviour and tendency.

The study investigates the impact of money attitudes such as power, prestige, price-sensitivity and anxiety on the compulsive buying behaviour of school going children receiving pocket money in the age group 14-17 years.

For the purpose of data collection, a self administered, structured questionnaire was developed using internationally accepted and standardized measures of money attitude (Yamauchi and Templer 1982) and compulsive buying behaviour (Faber and O'Guinn 1992). Several schools in the metropolitan city of Mumbai were contacted for the present study. A total of 400 responses were collected from various schools during the month of March. However, nearly 140 responses (nearly 35 percent) had to be rejected due to incomplete responses.

Analysis of the data revealed that school going children in India belonging to the age group of 14-17 years, who receive pocket money from their parents and/or grand-parents, differ in their attitude towards money and that their money attitude affects their compulsive buying behaviour A significant relationship was found to exist between money attitudes such as power, prestige, price sensitivity, and anxiety and compulsive buying behaviour of these children.

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Assessing Service Quality in the Retail Sector in Orissa

Arvind Tripathy and B.B. Mishra

ABSTRACT

The retail revolution has intensified into a full-fledged boom in India. Its impact can be seen not only in the metros but also in other smaller cities spread across the country. In this paper we are focusing on the retail boom in Bhubaneswar- the capital of Orissa and one of the fastest growing cities in the east. The paper assesses service quality especially in the retail sector, which is an important indicator of an efficient service design. An empirical study is carried out among retail shoppers to evaluate service quality on various dimensions. The SERVQUAL questionnaire developed by Parasuraman, Berry and Ziethaml, 1990 is used to assess the service quality dimensions. A set of 22 questions spread over five quality dimensions has been used to elicit responses from respondents. The respondent profile is any shopper purchasing from retail outlets on a regular basis. Demographic profiling is also done at the end to map the trend of different customer groups for analyzing the service quality dimensions.

INTRODUCTION

The organized retail sector is just 2% of the total retail market with an estimated value of Rs.180 billion. In the last year (2005-06) the burgeoning retail investment by most corporate giants like Reliance Retail Limited (Rs.25000cr), Pantaloons Retail, RPG, Trent Westside only indicates the state of hunger of these firms to get a bigger share of the retail pie in their respective product categories. Movement is primarily seen in consumer durables, food, clothing, music and bookstores. Initially, the retail boom was restricted to metros but in the last two years we have witnessed malls, supermarkets and retail chains coming up everywhere. The phenomenon has spread rapidly in places like Gurgaon, Noida etc. In the east the retail boom was restricted to Kolkata. However, now significant moves are also witnessed in places like Jamshedpur and Bhubaneswar. In Bhubaneswar, after Infosys, Satyam and other major software firms set up their offices, the lifestyle and consumer purchase patterns have seen dramatic changes. The cosmopolitan nature of the population has further fuelled such changes.

LITERATURE REVIEW

Services can be differentiated from products in five critical ways; namely higher intangibility, lack of ability to store them for future use, greater interaction between the customer and the service

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factory, greater variability among service customers' expectations and greater variability in service delivery. Retail services fall under the services with high experience and credence qualities (Ziethaml, Bitner). This throws up more problems to analyze the (perceived) customer expectations and actual delivered services. This is primarily due to the nature of services. The famous SERVQUAL tool (Parasuraman et. al) helps to identify the five dimensions often considered by consumers in assessing service quality. Earlier Parasuraman et.al identified ten criteria that consumers rely on while evaluating service quality. These include tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communications and degree of customer understanding. Later, they proposed that these ten criteria could be reduced to just five dimensions namely: tangibles, reliability, responsiveness, assurance and empathy.

METHODOLOGY

This is an empirical study undertaken to find the degree to which the SERVQUAL tool helps in measuring the consumer perceived service quality. A sample of 100 respondents has been considered for the study. The sample was randomly selected from visitors who visit and purchase from various shopping malls and supermarkets. Places like the Forum Mart, Satyam Shivam Sundaram and Kolkata Bazaar in Bhubaneswar have been particularly selected for our study as the traffic flow is high. Shopping Malls like Forum Mart boast of an average footfall of 25000-30000 per day. The respondents were asked to fill in the questionnaire while queuing or while taking refreshments in the cafeteria. Enough care has been taken to conduct the study in the intercept type situation. The SERVQUAL questionnaire of Parasuraman et.al containing 22 questions was used as standard tool for capturing responses from the respondents.

The questionnaires were finally collected and coded. A descriptive analysis was done on the demographic profiles of the respondents. Mean and standard deviation was calculated. A factor analysis was carried out on the remaining questions. A principal component analysis was adopted and a Varimax rotation was done. Five Factors were derived followed by further interpretation.

Rural Retailer Buyer Behaviour and Its Influence on the Structure of Distribution in Rural Areas

Rajesh K. Aithal

Understanding the structure of distribution has been acknowledged as an important step towards developing better distribution systems. The paper proposes that the rural retailer with his buying preferences influences the structure of distribution. The existing literature on retailer buyer behaviour and influence on structure has been reviewed and a set of hypotheses has been generated. A survey of over 600 retailers spread out in rural Karnataka and Gujarat was done to test these hypotheses. The findings and implications of the study are elaborated in the paper.

RURAL RETAILING

The marketing function depends heavily on the presence of intermediaries between the producer and the consumer. The retailer is perhaps the most important type of intermediary, who is in direct contact with customers (Seth and Sisiodia, 1997).According to Ingene & Lusch (1981), the actual structure of any line of retail trade is founded upon the behavioural patterns of consumers as well as the marketing actions of retailers.

Rural retailers are different from their urban counterparts in two distinct ways. Firstly, the number of retailers is very high and secondly, each of them has a small business .These two factors influence the structure of distribution. Bucklin, et al (1996) in their study, found these two variables, i.e. number of users and end-user buying in small quantities, having the largest marginal effect upon channel structure. The size of the customer in terms of product usage impacts the structure because of their higher service level requirement (Bucklin, 1966). And when there are many small players at the customer stage in a distribution chain, each requiring a small amount of the product at a time, intermediaries like distributors add value (Chopra S 2003).

The theoretical logic is that the greater the change in assortment structure between the producer and the end-user, which is Alderson's concept of discrepancy of assortments (Alderson, 1957, p. 211), the greater the relative efficiency of the indirect channel. The scale-economies paradigm has also received support in that the higher the sales volume of a product line or business, the more the firm relies on integrated channels (Klien et al 1990; Lilien 1979). In fact, the fundamental determinant of channel integration will, in all likelihood, be the average order size from individual customers. Small to moderate sized customers cannot be economically served by traditional direct channels because selling and operating cost will surpass the revenues (Frazier L Gary 1999).

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Other elements like shortage of working capital would also increase the dependence of retailers on semi-wholesalers which will have an influence on the structure. In the proposed conceptual framework, the choice of the end consumer has been included in the rural retailing itself. This means that the preference of the consumers is reflected in the assortment decisions taken by the retailer.

H1: With the reduction in the quantity purchased at one time by the retailer, his dependence on the indirect channel would increase.

H2: The increase in the frequency of purchase by the retailer would influence the channel length.

H3: The more the retailer's assortment needs, the more would be his dependence on wholesalers in the small town.

H4: The greater the support requirement of the retailer, the greater would be his dependence on the wholesaler.

METHODOLOGY ADOPTED FOR THE STUDY

The methodology adopted for the study was predominantly survey methodology. A structured questionnaire was administered to the respondents. The majority of the respondents were village retailers and a few of the other intermediaries involved in the distribution were also interviewed.

The hypotheses have been tested through the data collected and implications drawn for rural distribution planning.

A Consumer Perception on Retailing in India

Jogendra Kumar Nayak and Sujata Mangaraj

INTRODUCTION

In recent times, retailing has become one of the buzzwords. It has become an indispensable component of corporate India. But until recently in India, as well as many other countries, retail was looked upon as a petty merchant activity and a low priority area on policy agendas. Organized retailing was seen as a consumerist luxury. However, the truth is that retail not only has an economic effect but also a social one. The Docklands joint committee's strategic plan of 1976(U.K) states that "shopping is the one community activity which everybody joins in. Local shops have an important social role… In a new civic development, the close association of shops and other community services also mean that the new community has an active focus where people meet deliberately or by chance"

The importance of retailing can be envisaged by its immense size. It accounts for 30% of the GDP in U.S.A alone. Recently India has allowed 51% of FDI on single brand retail. The Business Standard, March 2006 states that 97% of India's retail trade is unorganized. The booming economy with a burgeoning middle class and rising disposable incomes in India has attracted some of the world's largest retail giants like Walmart, Tesco etc. It is estimated that worldwide retailing accounts for more than $7000 billion in annual revenues. Over its long history in response to the changing consumption pattern, demographic shifts, change in people's perception, and technological forces, such as electronic shopping, the retailing function has changed.

Some of the reasons for choosing this topic for research study are:

- In India 60 % of the food quality is lost in the supply chain from the farm to the final consumer and consumers end up paying 35% more due to a poor supply chain and multiple margins. The farmer receives 30% of what consumers pay at the retail store. On the other hand, in the U.S farmers get about 70% of the final price and the wastages are only around 4-6%. One can well understand the importance of organized retailing.
- According to census figures India has about 12 million retail outlets. It employs about 8% of the working population in the country. Retailing is also estimated to generate about Rs.13.5 trillion or more worth of spending.

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The retail revolution has set foot on Indian soil. It has created serious excitement among Indian consumers and entrepreneurs. Statistics reveal that the amount of FDI into the retail sector is huge and is expected to increase more. Every other day there is news of a new company investing in the retail sector in India. Retail stocks have become the darlings of the stock market.

METHODOLOGY

This paper reviewed existing literature to understand the factors affecting shopping behaviour in organized retail outlets. It also investigates the reasons for growth in the organized retail sector. Documentation method has been adopted for the said purpose.

Here an attempt has been made to find the important variables, which affect the consumer's mindset while choosing a retail outlet. There would be several factors but which of these are the most important ones are to be decided. Again, the reasons for growth of organized retailing in India have been studied. A comparative analysis has been made between two major groups: middle (age 25-40) and senior (age 41-60). It has been done to study the behaviour of these two groups and their reaction patterns. This age group was selected since it is the age where people earn money and stay independently. People under age 25 and above age 60 were not considered since either they are preparing to get a job or they are retired, since retirement generally occurs at this age in India.

The research is empirical in nature. A pilot study was conducted to find the validity of the study. A questionnaire was prepared which comprised of more than fifty questions. This questionnaire was sent to a number of academicians (12) in the field and some other corporate people (8). It was also sent to the managers (5) of one of the largest retail outlets in Bhubaneswar for pre testing and content validity. After pre-testing, the questions were reformed and some more variables were added. Questions were rearranged and restructured. The questionnaires used for pre testing were not used for the data analysis. The final questionnaire was administered to 200 respondents out of which 97 completely filled in the questionnaires. Out of these, 46 were from the 25-40 age group and the rest were from the 41-60 age group. But, to maintain symmetry we maintained 46 samples each from both the groups. Thus, the total sample size was 92.

RESEARCH QUESTION

The major research questions that were studied in this research were;

A. What are the major factors that a customer decides while choosing a retail outlet?
B. What has been the major reason behind the upsurge in the retail sector in India?

HYPOTHESES

During this research several hypotheses were developed and tested. Some of the hypotheses are:

H1: The frequency of shopping would be the same for both age groups?
H2: Income has no effect on the frequency of shopping
H3: Married people tend to go shopping more than unmarried ones?

ANALYSIS

A chi-square test was conducted to find the strength of association between the demographic variables and the frequency of purchasing. The hypotheses were tested under .05 level of significance. Mean and standard deviation was calculated to find the importance of several variables. Cronbach's alpha was measured to check the inter item reliability. KMO and Bartlett's test of sphericity was measured to find the suitability of factor analysis. Finally exploratory factor analysis with varimax rotation was done to reduce the data variables into a smaller set of factors.

The inference drawn was that the reasons for choosing a retail outlet were quite different with both groups. Income had a major impact on the frequency of shopping. But on the other hand the suggested reason for growth of the retail sector in India was nearly the same for the young as well as the middle age group people. Globalization had a tremendous effect on the growth of retailing. This paper would be useful for retail organizations to understand the consumer mindset and prepare themselves accordingly. They can devise their strategies separately for the younger generation as well as the senior ones.

Predicting Shopping Intention Based on Past Behaviour of Modern Retail Consumer

Hotniar Siringoringo and Anacostia Kowanda

ABSTRACT

Shopping intention is a key factor for a retailer. Knowing the consumer's intention is valuable information for a retailer to persuade a consumer to continue their intention if it brings profit, or to change that intention when it bring loss. Building or influencing intention can be done in a variety of ways, using a marketing mix, a promotion mix, etc. Whichever technique is used, the goal of a retailer is to predict the intention of the consumer.

Until now, intention was predicted using attitude toward behaviour, subjective norms and perceived behavioural control (Ajzen, 1991). Other researchers found that past behaviour adds independent explanatory power over and above attitude and subjective norms for predicting intention (Bagozzi, 1981, 1982) and over and above intention for predicting subsequent behaviour (Bagozzi, 1981, 1982). All these theories might be true for risky behaviour but not for non-risky ones such as consumer behaviour on deciding to buy convenience goods. Consumer shopping for convenience goods can be described as a daily activity without a great deal of thinking. When a mother finds a specific outlet that sells stuff cheaper than the other shops she will automatically go to the same outlet again. In this context shopping is a function of habit.

Habit which is frequently shown by past behaviour, is rarely used as a predictor for intention and subsequent behaviour. One of the few research papers on habit is by Bagozzi and Warshawa (1992) who found that past behaviour acts as an independent predictor of intentions and subsequent behavior. Ajzen (2002) stated that as long as the situation remains stable, a behaviour that has been performed frequently in the past is likely to be performed again. There is also general agreement that frequently performed behaviours can become habitual or routine and be enacted without much conscious attention. This is not to say, however, that the residual impact of prior on later behaviour must necessarily be attributed to habituation.

Our research was conducted to examine the Bagozzi and Warshawa findings. Past behaviour which was measured using frequency, the visited outlet and the amount spent was used to predict shopping intention. Shopping intention was compared to frequency of intention to act, the amount to be spent and outlet to be visited. The method for this research was a self administered questionnaire. The research respondents live and shop in the Jakarta, Bogor, Depok, Tangerang and Bekasi

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(JaBoDeTaBek) region. The hypothesis to be tested was whether past shopping behaviour can be used as a predictor of shopping intention. Correlation and regression were used to measure the strength of correlation of past behaviour and intention and to model the relationship.

More than 600 questionnaires were returned but only 301 were considered for analysis. Based on the amount spent on one shopping visit, the results showed that shopping intention is positively correlated to past behaviour. The strength correlation was also supported by the test significance. Shopping intention is significantly correlated with past behaviour. Based on the visit frequency, it was also found that shopping intention is significantly correlated with past behaviour.