Executive Summaries

Purchase Loyalty is Polarised into either *Repertoire* or *Subscription* Patterns

Byron Sharp, Malcolm Wright & Gerald Goodhardt

There are many consumer behaviour generalisations for fast moving consumer goods markets, but hardly any for markets such as banking, insurance, electricity, and telecommunications. Defection analysis and reduction programs are seen as important, but benchmarks are needed to assess these programs. This article reports a fundamental discovery that provides such benchmarks. It turns out that brand loyalty is polarised between *repertoire markets,* such as fmcg markets, and *subscription markets,* such as banking, insurance, electricity and telecommunications, and there seem to be no markets occupying the middle ground. Repertoire market consumers show polygamous loyalty and each brand satisfies a low share of its average buyer's category requirements. Subscription market consumers show high brand loyalty with each brand satisfying a high share of its average buyers' category requirements. Surprisingly, the famous Dirichlet model fits both types of markets, with radically different values for its loyalty parameter, S. This enables theory-based benchmarking of subscription market churn rates. So the difference between the two types of markets is not just a new taxonomy – it is a major empirical and theoretical distinction. This is very useful for both practitioners and academics. The distinction leads to many practical suggestions about marketing tactics in each type of market. It also provides a boundary condition under which marketing generalisations or techniques may fail. Consequently, one of the most fundamental questions about any market is whether it is repertoire, or subscription.

The Effect of Organisational Culture on Business-to-Business Relationship Management Practice and Performance

Denise Jarratt & Grant O'Neill

The objective of this research is to identify organisational cultural dimensions and moral integrity values that support successful relationship management practice, and lead to relationship outcomes of equality, satisfaction and performance.

Firstly, a qualitative investigation confirmed the role of culture in shaping business-to-business relationship behaviour, and the emphasis that organisations place on relationship performance and satisfaction.

Secondly, an empirical investigation captured cross-sectional data from business enterprises on cultural and relationship perceptions, practices, processes, controls and outcomes. It is shown that moral integrity values will directly and positively contribute to a communicative, flexible and innovative culture, and indirectly enhance relationship management practice reflecting collaboration, flexibility and constructive conflict resolution. Further, we confirm that relationship management practice will positively influence relationship outcomes of performance satisfaction and perceived equality.

This research highlights the importance of organisations looking inwards and evaluating their own culture(s) as a critical starting point for relationship development. Cultural value dimensions of innovation, flexibility, communication and consultation are shown to be critical to support relationship management practice. Shared assumptions underpinning these cultural value dimensions (such as 'organisational openness will strengthen the potential that can be realised through business-to-business relationships' and 'organisations are dependent on and impacted by their environment and must be willing to adjust to its demands'), are essential to the creation of the basic ingredients of relationship longevity, trust and commitment. Organisations must understand the value dimensions and assumptions driving their own culture, and assess the compatibility of that culture to that necessary to support effective and efficient relationship management practices.

Designing Vignette Studies in Marketing

Kelly D. Wason, Michael J. Polonsky & Michael R. Hyman

Researchers are increasingly undertaking studies in which people are asked to respond to hypothetical vignettes or scenarios of varying complexity. In numerous previous works, these researchers have offered some suggestions for developing or using vignettes. However, there is limited general discussion in the literature of these issues, which should be considered when developing or using vignettes. This article reviews the extensive vignette-based literature with the aim of integrating all of these suggestions into a comprehensive discussion of the critical issues.

Overall, this article identifies thirteen issues that should be considered when designing vignettes. These issues are: (1) select the appropriate vignette approach; (2) tailor questions to the specifics of the vignettes; (3) consider all relevant variables; (4) develop and use an adequate number of vignettes; (5) control for social desirability bias; (6) survey the appropriate respondent population; (7) make vignettes fit the respondent group; (8) apply conjoint analysis techniques when possible; (9) make vignettes believable; (10) make vignettes adequately but not overly detailed; (11) make the tone of the vignettes consistent with the research question(s); (12) make manipulated variable(s) obvious to study participants; and (13) eliminate framing effects.

Service Expectations and Consumer Ethnocentrism

Mark Speece & Krairoek Pinkaeo

The concept of consumer ethnocentrism is examined by looking at departures from the strong price/quality relationship perceived by consumers in many countries. To illustrate the argument, we examine service expectations toward life insurance and university international programs in Thailand. In evaluating country-of-origin for brand, design, and nationality of service contact personnel, consumers rated Thai services well above Thailand's objective place in the country-of-origin hierarchy, which is a common way of detecting ethnocentrism. This in itself, however, is not necessarily evidence of ethnocentrism, as consumers may believe that home country services are higher quality. Then, if they also believe that price relates strongly to quality, they should expect to pay prices consistent with the higher quality. However, Thai services depart from an otherwise strong perceived price/perceived quality relationship. Consumers do not expect prices for Thai services which are consistent with their expected quality.

The biggest impact of ethnocentrism is likely to come in mid-market, where consumers look not necessarily for top, but for good quality, and factor price into the decision (i.e., cases where there is a strong value orientation). For life insurance and education services, middle class consumers expect Thai services to offer fairly good quality, but they also expect low prices. This is exactly what value-oriented people want, which makes it difficult for foreign service providers to compete against Thai companies mid-market.

Connecting with Reality –the Contemporary Challenge to Research and Teaching in Marketing

Roger A. Layton

Abstract

In response to global concerns, marketing academics and professionals need to re-consider the emphasis and content of the discipline. Required is a willingness to revisit the basics or foundations of our discipline, searching for macro and micro insights into both under-developed and developed communities.

Keywords: Macro marketing, marketing environment, societal marketing

On September 11 in 2001 the world changed. After a morning that began with images from an Independence Day movie clip and which then turned into a horrifying reality, we left behind the growth and excitement of the 90's and began to face a different reality – one, that in the short term at least, was characterised by widespread uncertainty and insecurity. Over the months that followed some things changed for the better. The isolationism that was emerging in US policy through 2001 gave way to a cautious multilateralism, influenced by the success of the anti-terrorism coalition; stock markets after an initial drop have recovered and now seem to be factoring in the dot-com crash, the ENRON crisis and a changed globalism; energy costs have not changed dramatically and indeed in the case of oil have even decreased slightly; technology is still a driving force, particularly in information, communication and security related markets; and governments have shown a willingness to exercise choices in fiscal and monetary policy that are likely to minimise the short run effects of increased uncertainty on local and regional economies. However on the other side, the risk of economic recession which had been emerging as a global concern, has not diminished; the grinding poverty which characterises much of the less developed world and which is a major contributing factor to terrorism has not reduced; and the resulting flows of economic and political refugees washing around the developed nations, including Australia, is of increasing concern.

In Australia and New Zealand we have managed to add our own local worries to these global concerns. In late October 2001 I left for a visit to Asia and looking through the Australian Financial Review for the day, noted the Ansett crash, a freeze on Qantas staffing, the Fosters Group and Orica cutting back on expenditure, Merrill Lynch considering retrenching 650 Australian staff, early indications of an export slump to Asia, a continuing fall in computer chip exports from Taiwan hinting at recession in that market, an increasing interest in seeking protection for industry sectors using the Trade Practices Act, and the growing xenophobic vote that at the time seemed likely in the upcoming Australian election, reflecting the fears of many people confronting unwanted and unpredictable change in a period of global insecurity.

This brief environmental overview is not the kind of thing one writes about in Chapter 1 of a marketing textbook! And yet this is the reality with which we must deal if contemporary marketing theory, teaching and practice are to connect in a way that will lead not only to commercial success but also the betterment of human society. In the comments that follow I would like to reflect a little on the shifts in emphasis and content that we, as marketing academics and professionals, might consider in response to these changes.

If we are to rise to the challenges that are implicit in this new age that we are entering, we must from the outset be clear about the fundamentals of our discipline - the insights, concepts and theories that marketing contributes to an understanding of the world in which we now live. And here, with our limited focus on Western, highly developed, consumer and business markets, we may be in some danger of losing a wider relevance.

Consider some examples. What do we have to say that might help to alleviate the plight of those groups in society that are left behind by the changes that have occurred? There are many such groups – from the dispossessed throughout the Middle East, to the isolated peasants in Western China, from the elderly and the urban poor in our own communities, to the indigenous peoples in Central Australia and elsewhere. Not infrequently over the years it seems that rather than helping, the contribution of modern marketing has been to contribute to the exploitation of ignorance and isolation. The discontents of groups such as these, on a world stage, have been an important part of the causal chain that led to the September 11 tragedy.

An important element in these discontents is a perceived inequity in the distribution of the world's goods and services. The Mexican poet Octavio Paz, described the situation as one of "islands of abundance in an ocean of universal misery". Towards the end of 2001 a group of Nobel Laureates published a statement in which they said "the most profound danger to world peace in the coming years will stem not from the irrational acts of states or individuals but from the legitimate demands of the world's dispossessed". Not only do they feel unable to join in the glamour and appeal of the lifestyles that are widely promoted in the mass media, but also the pace of change in the world they experience threatens to leave them behind. Perceived injustice, fuelled by religious fervour, easily turns into violence.

Has marketing, in the popular sense of the word, contributed to this problem? I suspect it has, and if so, awkward questions emerge that demand answers. Have we a responsibility to understand and evaluate the macro impacts of marketing on our way of life? Social responsibility in a narrow sense is something that has received attention in the marketing literature and has been, for example, given expression in an exploration of marketing's role in addressing environmental concerns, in tackling a wide range of consumerism related issues, and in applications to non-profit sector enterprises of all kinds.

However this leaves the deeper issue as yet unresolved. Marketing, from one point of view, is a technology that has done much to shape the society we live in. As Paul Mazur put it many years ago, "the role of marketing is the creation and delivery of a standard of living". Philip Kotler, in what became the first edition of his famous text in 1967, spelt out in some detail the logic of the marketing concept and the benefits that would flow, urging management everywhere to follow the example of innovative American business leaders. Even Adam Smith was cited as a supporter in arguing that the end of production is consumption. Peter Drucker argued that marketing and innovation were the two essential elements of a contemporary business, whose success was essential to the well being of society. There is little doubt that at that point in time, some thirty years ago, we thought we were changing the world for the better – but were we?

Even at that time, another author, David Caplowitz, looking at retail distribution networks in the ghetto's of an inner city, asked the question "Do the poor pay more?" and wondered whether marketing was working the miracle that was expected. More generally, was the new marketing concept, with its emphasis on customer needs driving a management response, simply an accelerator of changes that were already occurring, or did it alter significantly the values and beliefs as well as the economics of development in most of the Western nations? Have we perhaps been too successful in the developed world and too little successful elsewhere?

I recently found myself in a discussion about food distribution systems in developing countries – something that Slater and his colleagues worked on extensively in the early 1960's. The particular problem centred on Ulan Bator in Mongolia where food markets were in a state of chaos. It appears that there were no modern wholesale markets, leading to major inefficiencies in distribution – in information, pricing, logistics. Similar issues have arisen in the development of effective distribution systems for the products of indigenous communities such as the aboriginal artists of Central Australia. Many years ago, marketing was synonymous with distribution – today a study of the detailed design and operation of distribution systems, including social institutions such as wholesale markets, is something that for most of us would fall outside our interests. Have we defined our interests and thus our relevance too narrowly?

The impact of marketing, seen as a management technology, on the evolution of societies beginning from different starting points and with differing factor endowments, seems to me to be one of those areas where insights from our discipline are lacking. The materialism identified with Western society influences and is influenced by the activities of marketing specialists. In the absence of insightful analysis informed by the discipline of marketing, the critics are likely to have a field day!

The analysis we need would draw for example on historical research, on sociology and economic anthropology and on economic growth theory, and would go beyond these to draw on concepts that marketing has made its own. Stephen Brown in his recent insightful and challenging assessments of contemporary marketing may have provided part of the answer.

In parallel with this work we need to explore again the ethics of marketing decisions, not just from the point of view of the individual manager but also from a societal perspective. A number of marketing scholars have written on the problems faced by the individual manager, seeking to guide managers in the choices they face. However it is the macro consequences of market related choices that also matter a great deal and which need to be addressed through social and economic policy choices, including regulation – and for this we need more than the narrow insights of the economists; we need sound macro marketing theory if the shaping of such policies is to lead on balance to benefit rather than cost for society as a whole.

The issues that concern me are attracting attention from marketing scholars and I am encouraged by the growing interest in journals such as the Journal of Public Policy and Marketing from the AMA. A recent call for papers from a new editor noted the focus of the journal as being on "marketing's broader impacts on competition, economic performance, and consumer welfare (e.g. prices paid, innovation, satisfaction, knowledge acquisition, time savings, privacy, environmental concerns, debt and health related issues) as well as on how the nation's regulatory system affects marketing." The Journal of Macromarketing has also played a major role in publishing work in these areas and in another critical field, that of economic development. The International Society of Marketing and Development provides a home for scholars working on these concerns.

I am highlighting this side of marketing for it is not a popular view of what marketing is or should be about. And yet, as I have argued, marketing has been a major factor in shaping our society, for better or for worse, and it is these impacts, that go far beyond a concern with individual decision makers that now demand careful research if we are to be relevant at the policy level.

So far my focus has been on the macro issues arising from the September 11 tragedy. However there are also micro issues that raise questions for marketing as a discipline. As we leave behind the growth and excitement of the 90's we face the sobering reality that the underlying recession in many countries may be more a product of a failure in demand than of a shortfall in supply and as such strengthened by the terrorist attacks. Decisions not to spend or to spend in different ways can have major consequences. John Maynard Keynes might not have used the appropriate marketing language but he had the right idea when he referred to 'animal spirits' as being decisive – frightened people may well choose not to spend.

An early challenge for us then is to explore patterns of consumer behaviour in adverse situations, and in particular to look closely at the decision-making processes of the most disadvantaged groups in our communities. Here I am again thinking of the elderly, the poor, the indigenous, the isolated – all of whom have distinctive needs that must be served by a combination of public and private policy initiatives, that in turn need to be informed by a careful understanding of individual behaviour patterns. Our theoretical and research insights into consumer behaviour could and should play a role.

Business decision makers are also of obvious interest. Our literature has focussed on growth, highlighting for example the role of networks and strategic alliances, the importance of innovation and the effects of disruptive technologies, the rewards flowing for example from participation in e-business opportunities and on the underlying decision processes. These clearly remain important, but so too are questions about managing in declining or recessionary markets, about such matters as the handling of pricing decisions, the preservation of relationships, the careful timing of innovation, about entry and exit strategies.

In all these ways, and in many others, the tragedy of September 11 has changed our world and now challenges us to think again about the relevance and significance of what we study and teach as marketing scholars. Perhaps more than anything it challenges us to think about the basics of our discipline. What is it that marketing stands for? What do we have to say that cannot be said equally well by related disciplines? Where, for example, is the boundary between strategic management and marketing, e-business research and marketing, applied economics and marketing, organisational change theory and marketing, between strategic value management and marketing? There are many other 'betweens' that I am sure you could add, each of them representing a challenge to the integrity of our discipline.

What then are the basics of our discipline? I suggest we could begin with a list of concepts or ideas that seem central to our work and which reflect the distinctive contribution we make. My initial list of such building blocks (and yours could well be different!) is as follows:

Environment

- Market
- Exchange, transaction
- Transvection
- Channel of distribution
- Intermediaries
- Marketing communication
- Network

Buyer decision process

- Benefit
- Offer
- Brand
- Product/service/experience
- Assortment
- Customer
- Relationship
- Share

Market orientation

- Differentiation
- Segmentation
- Positioning
- Competitive advantage
- Business model

Any list like this has to reflect the idiosyncrasies of the author and this is no exception. Those of you whose memories go back to the 1960's will recognise some terms that are unfamiliar today, such as transvection, but which were introduced by Alderson in 1965. When I became Professor of Marketing in 1967, Kotler had just published what became his first edition, and the literature was limited. Alderson's work was doubly attractive to me as he was writing at a theoretical level and drew heavily on ideas from economics – a link between cognate disciplines that I regret has weakened significantly over the years. The recent work of Hunt and his colleagues, especially in the area of resource-advantage theory, has been a shift back to an intellectual partnership in theory development that is very welcome.

You will also note the blend of macro and micro concepts. I cannot help but feel that our disinterest in macro work in marketing has been to our disadvantage in the world of policy ideas.

I have not the space to comment on each of these foundational concepts, and so I will focus on a few that seem to be of particular relevance. Let me begin with environment. This is a concept that seems to have advanced little beyond the construction of taxonomies – typically lists of factors that managers need to consider in decision-making. And yet the structure and dynamics of the environments that decision makers (both buyers and sellers) confront are of importance. The additional uncertainty and turbulence brought about post September 11 is an example. Issues of power, complexity and market structure together with exit and entry issues (in the economist's sense), the presence or absence of information, regulatory restrictions, the role of technology, should all be part of a marketing analysis of the concept of environment. This of course is one of the areas of conceptual work that is in danger of becoming part of the field of strategic management. Hitt et al. in a recent issue of the Strategic Management Journal illustrate my concern; they noted that the age of progress is over and the age of revolution has begun. Change is no longer additive nor does it move in a straight line. Rather it is 'discontinuous, abrupt, seditious'. They go on to discuss the new economy landscape, driven by technology and globalisation, characterised by increasing uncertainty, within which opportunities arise for those with entrepreneurial skills. Their interest is in strategic entrepreneurship as Editors of a special issue.

Perhaps it does not really matter who does the work, as long as the ideas and concepts are developed, tested and built on subsequently. However, the logic of a market orientation, which is the starting point for much of our teaching and research, has the environment as its object. The ideas of Hitt et al. are clearly relevant to marketing and go well beyond the simple taxonomies we have often contented ourselves with in the past. In the growing literature on market orientation there is a welcome return in our discipline to a careful analysis of this basic concept.

Market is another word that needs careful consideration. While not unique to marketing it is clearly a concept that we need to explore. One (hopefully) well known textbook describes a market as consisting of people or organizations with needs to satisfy, money to spend and the willingness to spend. While useful, this hardly begins to touch the complexity of the social and economic institution of the market. From the earliest times until now markets have been part of the everyday life of most people. The Agora in Athens was an example, as are today the countless peasant markets found throughout the developing world. Financial markets have evolved from a need to work with credit instruments in the Middle Ages in Europe to becoming highly sophisticated exchanges supporting global trading. The rise of the Internet has opened up yet another major round of innovation, based on fast anywhere, any time access to the web. Within a very short time, innovators such as e-Bay showed what could be done and proved the power implicit in network effects. Based on the economics of many-to-many network linkages, new markets in B2B and B2C have been tested (and many have failed); despite the difficulties the future of trading networks, meta-markets and many other yet untried market concepts seems assured.

If this is the case, should not marketing as a discipline have something to contribute? The marketing literature is not replete with theory or research developing and testing concepts that might throw light on the evolution and widespread use of markets. Arguably, we need to link content (the value propositions that underpin transactions), context (including information flows in the market and relationship patterns), and the support provided by the market in the form of trading facilities, delivery and after-sales service and supply chain management. We need to consider markets both in the concrete and the abstract sense, borrowing from areas such as economics and social anthropology, to create our own models of markets at work.

A third fundamental is of course the idea of exchange. This is common to many disciplines and again the question must be asked – what can marketing contribute? Our insights into the parties to the exchange process, the decision-making involved, the concept of value that is the subject of the exchange, insights into the social context are all important and need to be systematically developed. The central element in an exchange is a transaction leading naturally into the linked sequences of transactions that Alderson identified as a transvection – an idea that never gained acceptance. And of course it is an aggregation of transvections that defines one of the unique ideas contributed by marketing – that of a channel of distribution.

Transactions in turn raise questions about bargaining and negotiation, about power and information asymmetries, about single and repeat dealings, about the number and role of participants, that should be at the centre of marketing theory. The work on business to business markets and the insights into business networks of the IMP Group and other scholars illustrate the needed research. I am reminded of the early work of Cassady on negotiation tactics, of Fisk and others on transaction flows, and note in passing that as a discipline we perhaps need to learn from the past rather more than we are often disposed to do.

I could go on to highlight the marketing insights into buyer decision processes; our insistence on benefit; the idea that an offer has dimensionality, not only from the customer's point of view, but also from that of the manager; the importance of brand as an intangible asset; the extension of the idea of a product to encompass services and experiences; the role of assortment, a powerful idea that is only now being given the consideration it deserves; and our emphasis on customer relationships. Underlying much of this work is a stream of research on matters such as repeat buying, customer loyalty, and in today's language, stickiness in web site visits. These ideas in turn are leading to a renewed interest in the financial modelling of marketing decisions, both in the short and the longer term.

Before leaving this very brief and incomplete overview I would like to touch on the last concept mentioned in my list of ideas – that of a business model. This term is coming into widespread use but lacks a clear definition. In the new world of changing environments, markets and participants, new forms of business are emerging that have little to do with the traditional hierarchical structures of the past. This it seems to me should be an important part of marketing's contribution to insights into the future of business.

I began with the events of September 11, which as I write are still very much on the minds of people in many parts of the globe, from Australia to China, New York to Calcutta. There is an awareness that somehow life has changed, both for individuals and for nations, and that fresh insights are needed if we are to find our way successfully into the future. I believe that marketing as a discipline should and could play an important role in this process. This however is only likely to occur if we are willing to revisit the basics or foundations of our discipline, searching for macro and micro insights into both under-developed and developed communities. As Amartya Sen noted in his recent book entitled Development as Freedom, "The freedom to participate in economic interchange has a basic role in social living". It is this freedom that lies at the heart of marketing, giving our discipline a standing and role that we must strive to uphold in an uncertain world.

Biography

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Barriers to Deep Learning in Student Marketing Teams

Steven M. Kates

Abstract

This article reports on a qualitative study of marketing students working in teams over a single semester. The literature on higher education is introduced, and its focus on deep approaches to and outcomes of learning is emphasized. Findings provide descriptions of the struggle for control in student teams, the ineffective ways that social loafers are dealt with, the problems students experience in giving honest feedback to group members, and the possibilities for developing deep level understanding. Recommendations are made for teaching practice in marketing education.

Keywords: Marketing education, student teams, learning approaches, qualitative methods

1. Introduction

> Hell is other people.
> *(Jean-Paul Sartre, "No Exit," 1949)*

Co-operative teamwork among undergraduate and graduate students is increasingly common in marketing education. Research on this topic has been valuable in identifying problems that students experience, describing the ways that groups perform on various constructs of general interest and in recommending ways to help students overcome common team problems (see Batra et al. 1997). Yet, in order to further knowledge about the ways that students work in their groups, different questions should also be asked, and another research approach taken. We acknowledge that specialization, social loafing, and scheduling problems may all affect student performance and learning outcomes. Yet, one basic questions remains: what are the meanings of working in student teams? For example, how do students approach working in teams? What are their expectations? What do they really do while they are in the team, over the semester? How do they organize and perform their tasks? How do they feel about working in student teams? Critically, do students achieve a deeper understanding of course material from their engagement with team activity (see Marton et al. 1993, Ramsden 1992)?

This study proposes to examine students' approaches to teamwork in marketing subjects in a very detailed, close, and systematic manner and in so doing, achieve a deeper, richer understanding of what it means to work in such a context. The following benefits are realized by such a study:

- A rich source of information has been obtained, describing the ways that students approach their collective project;
- Marketing educators will have the opportunity to understand what students think and feel about working in groups, what they do in them to complete tasks, and to consider recommended ways that facilitate and correct the processes and approaches involved.
- Problems that inhibit deep level learning outcomes (i.e., understanding and application of marketing concepts) are identified and explored.

2. Background Literature

It is widely recognized in the marketing education literature that using team projects as part of student evaluation may promote a critical set of support skills: teamwork, leadership skills, presentation skills, and so on (Bacon et al. 1998, 1999, McCorkle et al. 1999). Further, many lecturers teaching subjects in marketing make frequent use of team-based projects (e.g., Graeff 1997). Yet, despite the recognized value of students' working groups solving practical marketing problems, there is considerable debate as to the ways that students benefit.

Moreover, there is growing concern that students may not realize the full experiential benefits of working in teams. For example, in a very recent study, McCorkle et al. (1999) argue that students "specialize" when dividing up the tasks for marketing assignments, and such delegation of responsibility may result in students not developing the full range of skills and understandings desired. Further, as one might expect, the "social loafing" phenomenon has been widely noted, and students themselves acknowledge that working in larger groups often leads to a lessening of effort among themselves or others in the group (Bacon et al. 1998, 1999, McCorkle et al. 1999). Further, social loafing is often expected and tolerated in student groups. Finally, the outcomes of peer evaluation – i.e., allowing students to evaluate each other's performances and divide up the grade according to relative contribution and effort - may be mixed and unpredictable (Clark 1989, Conway et al. 1993, Goldfinch 1994). At best, peer evaluations may promote desirable and equitable grade outcomes; however, they do not necessarily guarantee learning outcomes for all marketing team members or motivate students to confront underperforming social loafers.

The key purposes of this article are (1) to introduce the usefulness and richness of perspective of the literature on higher education to the marketing education literature; and (2) to integrate higher education literature with original empirical findings from a study of marketing students working in teams. The literature on higher education, largely overlooked by past research in marketing education, has considerable potential to offer insights into learning outcomes and approaches to learning in a university setting. It is argued here that it is about time that these two academic discourses began "talking" to one another. Much research in higher education adopts a distinctly phenomenographic orientation. In other words, many works seek an understanding of learners' own qualitatively distinct experiences of learning as they perform various tasks, attempt to grasp the meanings of pedagogical material (e.g., Dahlgren 1997, Laurillard 1993), and change their conceptions of subject material. As such, learning is explicitly conceptualized as the construction of and change in meaning at the emic, phenomenological level of the student himself or herself (see Marton 1992, Prosser and Trigwell 1999).

In this broad discourse about the ways that students learn, a central issue has emerged: the distinction between "surface" vs. "deep" approaches to and outcomes of learning. Deep approaches to learning require students to extract personal meaning from the situation (Biggs 1991, Laurillard 1993, Ramsden 1992, Van Rossum and Schenk 1984). In such learning contexts, students actively engage with material, focusing on the author's central argument or point and relate new knowledge to previous knowledge and everyday experience. By contrast, surface approaches are far more superficial and less desirable. They involve students memorizing details, sentences, and "facts" without incorporating them into a relational schema or theoretical framework. Students who adopt a surface approach distort or fail to "get the point" of subject material, do not relate new concepts to existing knowledge, and do not attempt to contextualize these concepts in everyday life examples. Arguably, in this framework, we hope that our marketing students adopt deep approaches to learning so that they may achieve the deep learning outcome of understanding. As Ramsden (1992) asserts:

Deep approaches are connected with qualitatively superior outcomes whichwe associate with understanding a subject: the making of an argument, the novel application of a concept, an elegant solution to a design problem, an interplay between basic science knowledge and professional application, mastery of relevant detail, relating evidence correctly to conclusions (p. 61).

Deep approaches to learning and the following outcomes are associated with the application of concepts, understanding of material, viewing phenomena in different ways, and attaining change as a person (Marton et al. 1993). Students who employ deep approaches endeavor to construct personal meaning as related to the subject matter, rather than take the more strategic approach of seeking to pass examinations and other forms of assessment (Laurillard 1993). Further, previous work in the educational field has demonstrated that deep approaches to learning have some extremely interesting effects. Quite curiously and surprisingly, a few studies have argued that some students attain "expertlike" status as learners, and their applications of knowledge and solutions of problems closely resemble those of experienced experts in a given field (Bereiter and Scardamalia 1993). Given that we commonly conceptualize expertise as a final stage after considerable practice, progression, and experience in a profession or field of endeavor, this phenomenon should not be observed! But it is. Such exceptional students are thought to forge their own personal learning agendas, progressively straining their competencies to match the task at hand, rather than the other way around.

In marketing education, it is arguable that the work assigned for group projects provides an almost ideal "testing ground" for the development of deeper understanding of marketing concepts and theory, given the practical and managerial bent of the field (e.g., Graeff 1997, Murphy 1998). Application of concepts and understanding of material is a must for business students, many of whom will ultimately assume intellectually demanding positions of responsibility in consulting, market research, advertising, or brand management. Students who perform marketing research studies, investigate industries, and advise small businesses must divide up and perform a series of complex tasks, find information, analyze data, interpret and evaluate data, and integrate findings (both qualitative and quantitative) into a coherent, informed, and useful management report. This type of work by its very demanding intellectual nature requires that students go well beyond the rote memorization skills that characterize surface approaches and outcomes and develop deeper research, analytical, interpretation, and writing skills. As such, we reasonably should expect that students advance their understandings of the marketing discipline when working in student teams on practical marketing assignments.

But is this necessarily so? The present study contributes to the marketing education literature by exploring the problems that marketing students experience in completing these assignments and advancing their own knowledge and skill. Theoretically, team projects should promote the development of complex understanding, the application of concepts, and perhaps even the achievement of expertlike status. As many marketing educators know almost instinctively, however, the dynamics of working in a team mitigate these desirable outcomes – and not necessarily for the better! This article provides us with insights of how and why this happens and what we can do for our students to promote desirable practical pedagogical outcomes of teamwork.

3. Method

Detailed and rich qualitative data are required in order to penetrate students' "lifeworlds" as experienced in marketing work teams. The fundamental assumption of this phenomenological view of human experience is that human beings are inextricably related to the contexts in which they live and work (see Pollio et al. 1997 for a summary). Pragmatically, phenomenological, long in-depth interviews provide the best means of finding out about students' experiences in teams (see McCracken 1988). During semester two in an undergraduate marketing program, six students were interviewed. These students came from three different kinds of work teams – a final year subject in Marketing Strategy, a final year subject in Marketing Research, and from a second year subject in Contemporary Retailing (with a minority of first-year students in it). The teams were working on industry analyses, market research reports, and retailing plans of actual retail businesses, respectively. It is also important to note that students were required to evaluate their peers' performance at the end of the semester, dividing up the grade according to perceived quality and quantity of members' performances. Specifically, students were asked to allocate one hundred points among all of the students in their groups – except themselves – hopefully reflecting a fair representation of effort and quality of work. Initial interviewing took place during the middle of the semester when students were at work on their projects. Second and final "debriefings" took place at the end of the term once the projects were completed. Further, students were asked to keep special "team diaries," recording the detailed events occurring in their groups: meetings, work sessions, library visits, writing, etc. Overall, six students were interviewed, and all of them maintained journals over the semester. In addition, four more students maintained journals, in case some students dropped out of the study or if their data were unusable. Three students were male, three female, of those interviewed. Ages were between 19 and 24. Unlike quantitative research, qualitative (or interpretive) research does not rely on large samples for representativeness. Instead, it tries to provide 'theoretical saturation' (Strauss and Corbin 1998) in order to meet the goals of the research. In theory, I could have interviewed just one student if that would have been sufficient to discover the barriers to deep learning among students. As it turned out, six were sufficient, along with the meetings with the groups, and diaries to provide insights into the barriers to learning. McCracken (1988) recommends eight informants. Six informants, along with the other data, are sufficient to cast light on this context and provide insight into the investigation's research objectives.

This study also adopts one other methodological technique common in the higher education literature: action research or providing explicit interventions of students' work and drawing theoretical findings from it. Action research has a long and accepted tradition in various fields including nursing, education, and management (see Argyris 1993, Edmondson 1996). Action research seeks to improve practice in the real world by providing interventions from researchers or educators. Consistent with its interpretivist epistemology, it denies that there can be any separation between researchers and the phenomenon studied. As well as improving real-world practice, action research attempts to develop theoretical knowledge about change in organizations, education, or everyday professional practice. In this study, when I attended one group's student meetings, I provided them with constructive feedback of the worthwhile findings they achieved, as well as criticisms on the areas where improvement was needed, encouraging them to be reflexive of their work and processes; this intervention is fully consistent with past action research practice in education (see Graeff 1997, Prosser and Trigwell 1999, Ramsden 1992).

During the long interviews, students were asked about past participation in marketing project teams (necessitating retrospective accounts), activities in current teams, their expectations, their thoughts and feelings about their current groups, problems in groups, ways of resolving conflict, and about the ways they approach the tasks at hand. Further, the approaches and experienced outcomes of teamwork were also explored. Interviews lasted approximately one hour and were transcribed in full. Additionally, the course lecturer met with groups throughout the semester, engaging in briefer meetings. In addition, diaries were used as a manner of finding out, as closely as one can, what happens in teams. During the semester, the same group of students were asked to record the events that occurred in their teams. In addition, students were asked to record their feelings, thoughts, and interpretations relating to their teams. For example, what happens at students' meetings? How is the work divided up? Who participates in the various processes and tasks?

Once the data were collected, it was transcribed in full, read over several times, grouped into meaningful themes and categories and interpreted for useful, practical insights into students' experiences (Strauss and Corbin 1990). After transcription, the body of data was analyzed by an iterative process of constant comparison, employing the technique of open coding (Strauss and Corbin 1990) in order to classify data into meaningful themes and categories. Starting from the data in one interview, a sense of the whole body of data was gained by relating one's themes and patterns to the rest. Subsequently, readings of the data were integrated with literature outside the marketing education field, particularly in the discipline of higher education studies (e.g, Laurillard 1993, Marton and Säljö 1997, Ramsden 1992). Thus, the interpretations elaborated below are informed by the data and prior theory (see Spiggle 1994), constituting a view of one aspect of student learning and working in project teams. It should be noted that action research is an interpretive methodology that does not provide for generalisability and external validity. However, findings discussed below might transfer to other similar educational contexts, but these questions may be addressed in future research. It should also be noted that the findings of this study apply to the present context, and perhaps apply to similar educational contexts, but future research is needed to ascertain this fact.

Multiple judges were not used. However, I did discuss the findings with students. Researchers do not arrive at the 'correct' interpretation, given that data can be interpreted from multiple perspectives. Data is interpreted explicitly in view of research goals, and the researcher reflexively reveals his or her intellectual stance. Further, insights provided are grounded in the literature (Strauss and Corbin 1998) and demonstrated in the account below.

4. Findings: Barriers to Deep Learning in Student Teams

Ideally, as instructors, we would like all of our students to acquire deeper levels of understanding of the marketing material. Yet, the findings of this study indicate that students encounter a number of problems that might easily defeat this objective if they are not explicitly addressed. First, students engage in various activities that characterize a struggle for control within their groups. Also, students do not deal effectively – and in some cases, not at all – with social loafers. Nor do they effectively and constructively share critical feedback with other group members. Finally, despite pervasive and serious problems, some exciting possibilities exist for the sharing of learning and skills that take place in groups.

4.1 The Struggle for Control

Potentially one of the most dysfunctional activities that may take place in students' groups is the possibility that one or more students may "hijack" the work agenda, taking over the assignment but not performing satisfactorily:

Or another time when a member offered to do everything when the other members – another girl and myself – didn't want this member to do everything. They took all the info and we kept asking them what they had done, and the day before it was due, we realized they hadn't done anything. So there was a mad rush to get everything in on the very final day it was due. It was a bit hard… (f 20, interview data).

Although previous literature has identified the problems in dealing with social loafers, it has not identified and considered its associated problems and implications with equal attention (cf. McCorkle et al. 1999, Strong and Anderson 1990). The above student describes a situation in which another student lied about having performed work and temporarily deceived the other members, an ethical pitfall. It is particularly concerning, for not only does it obstruct the completion of the marketing tasks, but also, it effectively precludes any possibility for the development of deeper understanding of various key aspects of the course material. This student's account raises another important but overlooked insight: working in a group is a highly ethical project, and there exist issues of personal and collective accountability. Such concerns are neither abstract nor academic: misrepresentation to group members, when it goes virtually unchallenged and unpunished in the context of student groups, gives tacit approval to unethical acts and further wrongdoing. Such students may be unaware that working in a group requires a basic deontological duty of care and an assumption of a social contract among members (see Dunfee et al. 1999).

Other manifestations of the struggle for control are relatively less serious:

…it was last year so it was quite recent. We had six people in [the group]. And there was a guy in it who wanted to dictate every single thing…we relied on him…So it ended up…there was a lot of tension there between him and the rest of us. But we never said anything. (m 24, interview data)

I won't like to work with — again…he talks too much, is independent and opinionated which is not a bad thing, but it will be difficult for group cohesiveness as he wants his own way all the time. (f 21, diary entry).

…the problem with that guy is…I'm not sure, I think he likes to hear his own voice. He has to sound like he knows a lot, because he doesn't. We've only had him in the group for a couple of weeks, and we haven't sat him down and discussed just what we were actually doing. He pretty much shat on everything we did and we told him it was no good without giving us any input of his own. And none of the group like him. (f22, interview data).

Usually, struggles for control manifest in everyday group interaction with some members attempting to dominate conversation and others resenting it. Such perceived breaches of group etiquette usually go on unhindered, and the majority of the informants expressed a strong reluctance to confront others. One informant noted that although she would like to be friends with all of her present group members (she liked them personally), she would not prefer to work with a certain male member in her group because she found him "opinionated" and "independent." Yet, this same male member was also interviewed for the study and (without knowing what this fellow group member thought about him) expressed a sincere desire to "get the conversation rolling" by talking himself. This yields the finding that some students enter groups with a strong desire to contribute and engage with other students, but may not have the sensitivity to gauge that other students may perceive their enthusiasm (and even their willingness to engage with others) as intimidating and off-putting. At the same time, those who complain of others' efforts to "dominate" the group process may be misinterpreting the laudatory intentions of these behaviors. Overall, misunderstandings may abound among group members, and may subsequently promote and inspire a struggle for control.

To compound students' difficulties, most informants stated a strong reluctance to openly confront members with their negative feelings toward such behaviors. This seems to be indicative of a more widespread group norm of not taking the time to address proactively group process and dynamics along with task demands. Unfortunately, the most expedient solution to these types of problems seems to be capitulation:

She [a group member] wouldn't work here at the [university] Her father's rich as…three computers at home. I felt uncomfortable working there, for starters. Everything I wrote, she changed. I was never right. She was always right. Her father would always proofread and would always take her side. We would get the lecturer's opinion, and then she would take her father's opinion over the lecturer's opinion. That was extremely infuriating. But in the end, I just changed the way I worked and did what she wanted me to do, because I couldn't get her to take my point of view or input without changing it around to her point of view. (m 22, interview data).

The facts of the situation outlined above are impossible to verify because the other student in question has not been interviewed. What is more relevant, however, is that these pervasive perceptions of "controlling behavior" by certain students exist and are allowed to persist for the entire semester without any attempt to seriously and effectively address them. Further, an opportunity for deeper learning is missed here, for students, by addressing such group issues, may begin to embody skills such as negotiation, compromise, and effective communication.

Underlying this struggle for control by group members is fear of being disappointed by them and then being held accountable for their work:

I hate relying on other people. Why it didn't work out is…well, for group assignments, I was let down by tutorial group members in an assignment. I was disappointed the way they worded their part of the assignment and the assumption. It was unfair to the rest of the group. I was let out by the way they didn't care. And in true life, you get let down by other people. It's just better to do it myself rather than be let down by other people. (f 22)

That's the problem I have with working in groups. So many times group members have said they'll do something, and they end up not even attempting the task (m 24, diary entry).

Yet, paradoxically, deeper understanding did develop from the following manifestation of conflict in a particular group, when certain members attempted to "work around" this conundrum:

It was a marketing plan part of the entire assignment. They [another group member] had things mistaken in terms of promotion and budgeting. They were overbudgeting for a smaller business that couldn't afford certain advertising expenses…their part was just to outline the marketing plan and what they would think of what this business should do. That was their part of the plan. [I: What do you do with work that you disagree with or is really bad like that?] We told them what was wrong with it. But they wouldn't listen to us and wouldn't let us change it. So we worked around that person, got together secretly so they didn't see that part of the final report, and we ended up handing it in. We had the majority and we didn't want to be penalized because of that person's misinformation...When we got it handed back, they really weren't too pleased with it, but we just told them that we probably would have gotten a worse mark if they handed it in. And we talked to the tutor about it and he said we did the right thing. (f 20, diary entry).

In the above passage, the struggle for control over the contents of the final report entailed both a deeper understanding of the position of the business and even critical thinking. In order to avoid the probable negative outcome of an ostensibly flawed report, the majority of students covertly arranged for a rewrite. What is particularly interesting here (aside from the ethics of the situation) is that the conflict was not resolved openly and that the majority of students, while arguing their point and engaging in debate, felt they had to avoid further open conflict and resolved the issue "privately."

4.2 Dealing with Freeloaders/Social Loafers

The following passages from two students are fairly typical of the other students interviewed, when discussing the ways that underperforming group members are dealt with:

They just played around, on the Internet, when we were in discussion. Played with their mobile phones and just basically were there but weren't there at all. Didn't really contribute. We gave them projects, but sure enough, they did them half heartedly…I don't think they looked at it and address the purpose of the assignment and assess why they were doing what they were doing. Do the formulas and that's it. With one guy, I said something to him, and he just kind of laughed it off. It got to the stage where the assignment was so damn big, I just thought, "let's do it." Three of us. We just did the assignment. When we handed it in, I sat them down and said, "I had to do all of your work." They said, "which parts?" "All of it, redoing all your stuff." I told them it wasn't much fun having them in the group and I didn't think it was fair. [I: Did you have the option of failing them?] No. We had the option…we wrote who did what. But we didn't have a rating system. It was just pretty much who did what and when. I did mine, and all of the other group members did theirs. I know that the teacher would have read them but…No, I don't feel bad about that at all because in the long run, when they get out of [university] they'll have to find a job. I don't really care whether they're not working in the group because these are the kind of people I will have to go up against to get a job, right? And if they're not working hard in uni, and they don't know what they're talking about, I'll get a job and I won't have to worry about them. (f 22, interview dat).

…in the end, I'm competing with that person in the business world. … I'm not here to wipe someone else's nose. I'm here to look after myself and to help other people if they want to help themselves. In the end, it's going to be me against them in the marketplace. So hopefully I'll get the job over them. (m 22, interview data).

Again, students display the strong unwillingness to address group dynamic issues (such as social loafing) during the semester. Their focus is entirely task oriented, perhaps due to the time pressures of multiple deadlines. Instead, students adopt strategies of "working around" social loafers. Informants reported that they fully expected some students to loaf. They also noted instances of doing others' work when disappointed and even organizing meetings without informing underperforming group members. (Social loafing is largely a matter of perception of the nature of the task, the quality of performance, and the ways a task must be done. Quite understandably, the majority of informants claimed that they did not engage in this practice themselves, and they supported this claim with evidence of the tasks they performed in present and past groups. Additionally, I verified some of the claims by comparing the quality of group work with their independent assignments and midterms for these exams).

What is perhaps even more illuminating is the common rationalization that students give for not confronting social loafers: that social loafers do not learn and will not succeed in the job market. Although this last point's veracity is somewhat debatable, it points to an important impediment to deeper understanding that occurs in student teams. Those students who loaf get no opportunity to develop understanding of course material. Further, the students who do (or redo) their work may not deepen or broaden their understanding due to the time pressures from immediate deadlines (cf. Williams et al. 1991). Finally, permitting this type of behaviour may reinforce and perpetuate dysfunctional norms in the context of a business school community.

The following quote nicely summarizes these students' dilemma:

…every week, he said, "I've got really good stuff this week, doing this and that." When it came to that, all he brought in was all the cutouts from the journal articles. This is the lit review. And we said, "no. The lit review is actually reading through it and coming up with some points." So that screwed that around, and we had to redo that process. [I: The rest of the group did it? What do you do then?] You accept the fact that you're not going to get anything. And you just scrap it…they're not keen. Or they've got no idea or they're willing to put in the extra work, and you take the extra load because you're willing to do that to get a better mark. [I: What do you do with people who don't make a significant contribution?] Nothing. I used to get really pissed off. But nothing is said. You usually say, "thanks but no thanks, but we'll finish it." Do I have to come to the meeting? No. [I: Why?] Because all you've basically done is plagiarized other people's work and given no original thought to it. To avoid the conflict, the actual fact that having to say to someone, "you've done nothing." To stay away from that. (m 22, interview data).

The above passage effectively summarizes students' orientation to completing the task at hand and avoiding any kind of open interpersonal conflict in team projects. First, it reflects students' belief that loafing is inevitable. Further, the task becomes a thoroughly instrumental exercise, and social loafing is a challenge to be avoided and "worked around," not constructively confronted and successfully overcome (see Strong and Anderson 1990). It also illustrates the inattention to group process issues and the missed opportunities for deepening skills such as interpersonal communication and co-operation.

It should be noted that none of the students interviewed or who provided diaries admitted to loafing – except one. This informant admitted that she was not as involved in the project as she would like, for she was very busy that semester, her last one. She strategically decided that it was overall better for her to accept a lower grade during the evaluation phase than spend more time on the project, given her workload. Thus, the means of splitting up the grade according to effort may not ensure that students achieve deep learning from a particular project, if they are willing to suffer moderate consequences.

4.3 Giving Criticism and the Learning of Skills

Despite some very real problems working in groups, there is evidence that students do acquire skills and deepen their knowledge about various marketing concepts while working in a group setting:

In first year, in Marketing Management [i.e., the Introduction to Marketing course], working on marketing plans. We had to do five assignments. It was a bit helpful because some people knew how to do marketing plans already and whereas some of us didn't know how to do it at all. Which was helpful. We learned how to organize it and about product lifecycle, and some people knew about that. And how to set it up. How to use various info databases. We had to use…databases for an assignment, and I didn't know how to use it, but the other member of my group did, so he showed me how to use it. So it was helpful. (f 20, interview data).

I've learnt most…a lot out of this current assignment for [Marketing Research]. How to ask questions. I think I will…I'll learn how to ask something exactly and correctly. And how to do a survey…We don't argue about questions. It's more like a debate about questions, the wording. The specific wording. We're trying to determine satisfaction with food and meals at a food outlet. Meals…do we say meals, dinner, or food? We had a debate over the question 'where do you purchase most of your food on campus? Should it be food? Meals? Dinner?' We had debates over that. [I: Which one did you choose?] It varied. It was food or dinner or both. Snacks as well. (m 24, interview data).

As one might expect, groups are sometimes the sites for the direct transmission of skills and knowledge. In the first passage above, a female student relates the ways her group shared knowledge and the way some members instructed others on the use of particular databases. In contrast, in the second passage, another student describes the more problematic "debate" about the wording and structure of a marketing research questionnaire. According to this informant, debates were socially risky occurrences (and consequently, were to be avoided) for they introduce the possibility of dysfunctional conflict and "lack of synergy" into the group's dynamic. Below, he elaborates:

I learnt this semester…Don't argue with other group members, because it never improves the situation. I argued with one member of my other group about how his written analysis was so bad! I thought he was joking when he handed me such a shitty write-up. After that argument, he pretty much doesn't like me. By me trying to tell him what he'd done wrong, he took it as offence, when all I was trying to do was teach the guy how to write proper assignments! (He's only 19 years old.) What I said to him was actually an experiment - to determine his reaction - something I needed to know, perhaps for the future. Therefore, rather than argue, I debated with members of my group, bringing humour into it. It works. (m 24, diary entry).

Learning and taking explicit instruction from others in the context of groups is a socially threatening undertaking. Although some students are eager to master certain skills and disciplines, others appear reluctant to have the quality of their work or their ideas constructively critiqued by others. Some students simply did not view group members' criticism as opportunities to correct misconceptions about course content and deepen their understanding of marketing. Thus, creative possibilities for deeper understanding and critical thinking may be curtailed. Along the same lines, productive debate in which group members openly disagree is viewed as dysfunctional conflict — annoying at best, destructive at worst — but not as productive, generative, and potentially creative tension. However, debate and reconciliation of differences are also golden opportunities for students to deepen understanding.

Nonetheless, the group leader quoted above found a way to put a positive spin on conflict, interjecting humour into the situation, building a rapport among members:

Fortunately, all group members had a sense of humour. As we got to know each other, we were able to make jokes of one another. Humour also extended into a lot of other topics. Because we all knew each other, a joke could be said anytime, no matter what we were doing. If I felt there needed to be something funny to be said to ease the situation, then away I'd go…A lot of the humour occurred naturally. I am always saying funny things. Perhaps the jokes were always 'flying' because we felt like friends. (m 24, diary entry).

Interestingly, the above informant had complained that his group — originally strangers to one another — was quiet and uncommunicative during the beginning of the semester. He also found it unfair that he felt obligated to begin discussions and initiate tasks. Yet, over the semester, the group began to "feel like friends" and were able to communicate in both a candid and good-natured way to one another – even about problems with the work. However, among informants' reports, this approach is unique, for some groups do not arrive at such a level of familiarity and comfort. Other informants reported incidents of either "hanging back" (i.e., not giving constructive criticism or providing ideas during meetings) or being annoyed by "opinionated" group members who actually did break the unspoken norm of keeping the peace.

4.4 The Possibility for Deeper Understanding of Marketing Concepts

Yet, in spite of these several problems, the possibility for deep level learning in students' groups does exist. During an interview with one first year group member and a meeting with his group, the following group learning situation was discussed:

…we did a positioning graph of where everybody is, high price, high quality, high service, and we were distinguishing where each bike shop is. But also, a lot of the [stores]…are very high in service and very high in price…whereas this shop is extremely high service, medium price, and they're basically all by themselves which we think is why they're so successful. (m 19, interview data).

Later during the personal interview and a following group meeting, the students in the group discussed the implications of this unique positioning for both competitive threats and a potentially expanded trading area of the store. In so doing, some of the students exhibited one of the key elements of deeper understanding: its relational character in linking important concepts – and prior and new discoveries - together into a coherent, logical narrative (Bereiter and Scardamalia 1993, Biggs 1991, Dahlgren 1997, Marton and Säljö 1997, Ramsden 1992, Svensson 1997). Two group members had investigated the bicycle store together and were in the process of transforming first-order, commonsensical, experiential knowledge (i.e., “people will travel longer to get to a better bike store”) into a more discursive and abstract theoretical understanding of the retailing scenario (i.e., “the store’s unique positioning may motivate consumers to travel further specifically to the bike store, and this implies we should develop a larger trading area with our proposed marketing tactics”). Such an abstract formulation is useful and complex, for it promotes relational thinking and understanding; it also reflects students’ understanding that positioning and marketing mix elements should be congruent. In action research terms, the meeting I held with students was an intervention. It consisted of asking them questions about their project, discovering the problems and successes, and then providing them with constructive feedback about their approaches to the tasks and their interim outcomes.

However (and most perplexingly), despite the students’ understanding of the relationship between the store’s unique positioning and the implications for developing the trading area and other important marketing mix elements (which they discussed during interviews), these crucial points were not written up in the group’s final report. This failed learning outcome seems sharply contrary to the progress the group was making earlier during the semester. Debriefing interviews yielded the following possible explanations. First, the group began to “fall apart” during the last few weeks when many of the members were unable to meet for some crucial meetings and participate fully in the writing of the final report. This was further confirmed by the awarding of two members higher grades through the peer review system. The writing of the final report fell largely to two particular students in the group. Second, it appears that the two students in question – both in first year – did not understand the educational value or managerial relevance of explicitly connecting marketing concepts (and prior and new knowledge) within the context of writing a practical, managerially focused final report. In other words, there was no important and significant relational link made between first order, tangible experience (i.e., the facts of the retailing scenario) and the second order, abstract conceptualizations (i.e., a unique positioning that fits with pricing, store location, etc.) that marketing education seeks to develop in students (see Prosser and Trigwell 1999, Svennson 1997). Thus, the students “missed the point” in the end. From my own perspective, the interventions I provided were ineffective. Reflecting on how I could have improved my own practice, I believe that I should have repeated the advice about deep versus surface learning approaches and outcomes with the group and the class, asking them repeatedly and explicitly to provide me with written examples of surface and deep instances, in writing, throughout the semester.

5. Discussion: Student Groups and Implications for Teaching Practice

Failure is often instructive. This paper offers a significant contribution to marketing education theory and practice by identifying the context specific problems that marketing students experience in developing deeper understanding of material when they work in teams. Despite the very real potential that deeper understanding can develop when students work together, this potential may go unrealized. First, some of the students studied in this investigation engaged in an unacknowledged struggle for control of the group and its tasks, particularly in light of the fact that they are being held responsible for the work of other students. Second, students are often reluctant to engage in any open form of confrontation in groups, and this reluctance may result in the ineffective treatment of social loafers and the non-communication of honest feedback and criticism of others’ work. Finally, students may not explicitly recognize the value and relevance of abstract marketing concepts to the solution of their more tangibly focused marketing problems.

5.1 Overall Interpretations of the Data

One interpretation is that these problems, when they occur, appear to be a combination of dysfunctional team norms developing early on during the semester or carried over among different semesters. However, another interpretation is that students never really undergo a full and effective “storming” stage of group development (see McShane 1995, Tuckman and Jensen 1997). Too apprehensive and reluctant to disturb “group cohesiveness” or “synergy” (or more likely, the illusion that the group is harmonious and conflict free), students may not openly confront each other about problems and differing goals while establishing positive norms that will guide future interactions and work related activities.

There is another viable interpretation of this data. During the semester, the team project is framed as arduous work, instrumental in achieving a grade (i.e., a tangible, desired goal), but not as for learning in itself or the necessary background and practice for a future job. Students’ time horizons become shortened, particularly in light of pressures from other subjects, disagreeable team members, and nearing deadlines. Thus, the intrinsic interest in the project as a learning experience wanes (if it was ever there in first place), and an expedient surface approach to learning adopted – the "dumping" of facts of a project without the necessary relational and critical thought or analysis performed (see Svensson 1997).

5.2 Implications for Teaching Practice in Marketing

This study has implications for teaching marketing, and certain helpful exercises are suggested.

- One of the key findings is that students engage in an unarticulated struggle for control over group tasks and processes, and this problem must be addressed. For the most part, participants in this study indicated an unwillingness to address interpersonal problems and group dynamics. During class time, it may be very helpful for marketing educators to introduce the topic of group dynamics and inform students of the common problems that occur and the ways they can be resolved. In particular, students should be informed that misunderstandings and fear of being held accountable for the work of others may result in dysfunctional conflict that must be proactively addressed. Certain "stereotypes" of group behaviours may be humorously explored in such discussions: "the silent type," "the control freak," "the loudmouth" etc. Students must be informed that all groups have problems, and such problematic behaviours are not necessarily indicative of unwillingness to work or of an intention to control the group. Conflict should be introduced as a normal occurrence in groups, not something to be actively avoided. Indeed, conflict may be presented as a positive, constructive phenomenon that gets students thinking about objectives and tasks, not as a negative, destructive thing. Indeed, it can be stressed that conflict in interpersonal situations can lead to the deepening of relationships and the positive facilitation of a worthwhile goal.
- Lecturers may choose to incorporate a component of the grade for group process concerns. Students may be given deadlines for progress reports during the semester and asked to detail team projects that have arisen and the ways that they were constructively handled (see Batra et al. 1997). Marks may be allocated for innovative, constructive solutions to team conflicts as described in interim progress reports. This suggestion is related to the finding that implicit struggles for control occur among students, along with a failure to expose and discipline social loafers. Ongoing grades related to process may have the effect of exposing loafers and 'control freaks,' modifying their behaviours. This ongoing monitoring may also have the effect of modifying the involvement and productivity of 'strategic loafers' who do enough work to pass, but do less than their fellow team members. If the penalty is high enough, and if the workings of the group are exposed on an ongoing fashion, these loafers may decide that the grade and social consequences are not worth the risks.
- Detailed assignment descriptions that include suggested headings and subheadings (cf. Batra et al. 1997) are a useful means of communicating assignment objectives and requirements. Yet, at the same time, students may be tempted to simply "slot in" data under these headings, adopting a surface approach to the project, leaving topics unconnected (e.g. positioning as it affects advertising objectives and tactics, etc. in a marketing plan). Caution must be exercised in providing "grids" or "templates" for student use, for the assignment may be transformed into a simple "cut and paste" exercise. This suggestion is linked to students' tendency to reduce assignments to simple surface learning exercises (e.g., with little application, theoretical knowledge development, but much 'dumping' of facts). Group reports may explicitly request instances of deep learning approaches and outcomes, and students' explanations of these examples.
- "Seeing" marketing concepts in real life business practice (i.e, abstracting from concrete, tangible experience or actual contexts), applying concepts, and relevantly connecting marketing concepts are key aspects of deeper understanding and learning the marketing discipline. Yet, in the present study, students experienced difficulty in abstracting from actual contexts and writing a report that reflected this relational, theoretical understanding. Undergraduate students, as beginning learners in the university environment, bring preconceptions to learning that may not serve them well (Laurillard 1993). One of these preconceptions is that university learning consists of first-order experience, leading them to believe that marketing is just "good common sense." Lecturers may wish to emphasize understanding and relational thinking in applying marketing concepts; students may be explicitly informed that marketing concepts (such as positioning, pricing theory, etc.) must be explicitly employed in reports and connected in relevant ways. Further, instructors may wish to encourage reflection and "metacognition" (i.e., thinking about thinking) and make the process of deepening understanding more transparent and explicit.

- As one informant demonstrated, developing a rapport with group members – sometimes through the use of humour - plays an instrumental and valuable role in establishing familiarity and candidness in student groups. It may be socially risky and uncomfortable to criticize a stranger's work or performance, but "friends" (even temporary ones, as characterizes many relationships in business school) cut some slack for one another. Early in the semester, lecturers and tutors may conduct exercises that allow students to "break the ice," helping strangers build rapport. Laughter appears to be a great equalizer, and during tense periods as deadlines loom ahead, students may require a continuing source of goodwill that humour can sustain.

6. Conclusion

This paper has presented findings from an original qualitative study of students' perception of working in marketing teams. Deeper understanding and application of marketing concepts and theory are worthwhile goals in marketing education. Yet, these objectives are impeded by teams' problems. By explicitly addressing the goal of achieving deeper understanding and the related dynamics of groups, it is hoped that marketing educators may assist their students in getting the greatest benefit from team projects.

The higher education literature suggests much productive further research on student teams. For example, what specific pedagogical techniques are most effective in promoting deep approaches to and outcomes of learning? Are certain techniques more appropriate for first year undergraduate students versus senior year students? Are certain marketing concepts best learned and applied in teams or by individual learners? Future research in marketing education may be enriched and furthered by addressing these kinds of questions and by a phenomenographic perspective.

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Understanding Consumer-Service Brand Relationships: A Case Study Approach

Jillian C. Sweeney & Macy Chew

Abstract

Despite widespread recognition and application of the relationship marketing principle, little empirical work has been done in terms of adopting the relational metaphor at the consumer-brand level. A notable exception is a study by Fournier (1998) in the context of consumer goods. To our knowledge, however, no research has been conducted based on relationship marketing at the consumer-brand level in the service domain. This study seeks to address this limitation by examining the relational phenomena between consumers and service brands. Specifically, the study develops a typology of different relationship types.

Keywords: Relationship marketing, service brands

1. Introduction

A brand can be defined as "a name, term, sign, symbol, or design or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Kotler et al. 1994, p269). However, the brand is much more than a source of identity or differentiation, witness the substantial literature on brand image and brand equity in recent times. DeChernatony and Dall'Olmo Riley (1997, p47) take the brand concept one step further. Based on interviews with 20 leading brand consultants they propose "a brand is the link between firms' marketing activities and consumers' perceptions of functional and emotional elements in their experience with the product and the way it is presented". We suggest that this link can be viewed in terms of a relationship between consumers and brands and that understanding consumer-brand bonds in terms of relationship marketing principles will assist marketers in enhancing brand value.

Indeed, despite the occasional sceptic (Marketing 1995), the concept of a relationship between consumers and their brands is widely recognised among practitioners such as brand managers and advertisers (Marketing News 1992, 1996, Langer 1997, Marketing 2000). Brand relationships are thought critical to maintain the relevance of the brand and, in association, the customer base, in an increasingly competitive and fast moving market place (Marketing 2000). Brand relationships have been recognised as leading to increased market share and profits, providing a competitive edge, improving marketing decisions such as product positioning and advertising, attitude reinforcement, a higher volume of purchases and repeat business (Marketing News 1992, 1996, Blackston 1992, deChernatony and Dall'Olmo Riley 1998). A consumer-brand relationship also serves several functions from the consumer viewpoint: reassuring consumers about the consistency of the product quality, enabling consumers to express themselves emotionally, and also socially, for example making a statement to other people (Langer 1997, Dall'Olmo Riley and deChernatony 2000). Despite this recognition, both conceptual and empirical research on the topic of consumer-brand relationships is limited.

The work of Fournier (e.g. Fournier and Yao 1997, Fournier 1994, 1998) is a significant exception. Fournier's (1998) work introduces the interpersonal relationship metaphor to describe the many aspects of the consumer-brand interaction in the context of (largely) supermarket goods. However, the consumer-service brand relationship has not been examined at all. Consumer-brand relationships may be particularly relevant in services for three main reasons. First, services are mostly produced and consumed simultaneously, hence consumers often come into contact with the service provider, leading to the opportunity for an inter-personal relationship (Lovelock et al. 2001). Further, consumer services often involve multiple service encounters, that occur over a period of time, requiring an ongoing relationship of some kind with the consumer (e.g. hairdressing, auto repair) and in some cases require an ongoing membership (e.g. banking, insurance) (Lovelock et al. 2001). Finally, services are known for their intangibility and associated perceived risk compared to goods (Zeithaml 1981). The risk associated with services arises not only before the purchase (e.g. Murray 1991) but continues after the service. The after-service risk occurs because of a degree of uncertainty following purchase, evoked through a difficulty in comparing alternative services, and the fact that a portion of the service itself (i.e. the functional service component), although already experienced, remains intangible. This risk may be reduced through consumers seeking relationships with the service provider, whether the individual or the firm that they represent (Benapudi and Berry 1997).

It is recognised in services marketing that not all customers of a service firm want a relationship with it or its employees (Benapudi and Berry 1997). Since, the focus of most research in relationship marketing has been on long-term relationships which evolve over a period of time (e.g. Dwyer et al. 1987) the inference here is that not all customers want a long-term committed type of relationship. This is colourfully illustrated by Fournier, Dobscha and Mick (1998 p.43):

"Companies may delight in learning more about their customers than ever before and in providing features and services to please every possible palate. But customers delight in neither. Customers cope. They tolerate sales clerks who hound them with questions every time they buy a battery…. They juggle the flood of invitations to participate in frequent buyer rewards programs".

Marketers need to be more versatile and to see relationships from the customer viewpoint. Otherwise a customer may well be irritated by the attention from the organisation especially if it is clear to them that considerable time and resources have been invested (Blois 1996). Relationships do not need to be long-term and committed. Broadening the concept to the interpersonal relationship domain, we can also describe relationships as negative, private, voluntary etc. (e.g. Wright 1974).

The typology developed by Fournier (1998) identifies a rich variety of relationships that differ in terms of interpersonal relationship descriptors: whether they are voluntary or involuntary, positive or negative, intense or superficial, enduring or short-term, public or private, formal or informal and symmetric or asymmetric. Given the generic base of relationship types in Fournier's typology (i.e. interpersonal relationship descriptors) and the inseparability of production and consumption in services giving rise to a high level of interpersonal contact between customer and service provider, we argue that Fournier's typology is likely to be highly appropriate in the service context. Our research objective then concerns enriching our understanding of the variety of possible consumer-brand relationship types in the service context.

Further, the simultaneous production and consumption in most services suggests that in most cases the relationship is with the service provider (i.e. staff), rather than with the service organisation itself. Essentially, service employees are the service. They are the organisation in the customer's eyes (Zeithaml and Bitner 2000). Nonetheless, given the wide variety of service industries, the consumer's relationship partner may not always be with the individuals themselves, but rather may be with a wider set of employees all of whom in combination personify the firm from the customer viewpoint. It is likely that the relationship is with the individual service provider in high contact services, i.e. those that are high in tangibility, and where the customer him or herself is the recipient of the service (e.g. health care, hairdressing, physiotherapy) (see Bove and Johnson 2002). The relationship is also likely to be with the service provider rather than the service organisation in the context of professional services, since in this case the services are highly customised, for example dentists, doctors, accountants and lawyers.

Specifically, then, it is proposed that a) Fournier's typology of relationships is appropriate in the service domain and b) that the relationship with the service brand is primarily with the service provider rather than the organisation in the case of consumer services, especially in the context of professional services and high contact services.

In the following sections, we first argue for the legitimacy of the service brand as an active relationship partner in the consumer-brand context, and second we investigate the consumer-service brand relationship domain.

2. The service brand as a relationship partner

The notion of "the brand as a relationship partner" extends the understanding of brand dynamics beyond existing concepts of brand attitude, satisfaction, loyalty, and brand personality (Fournier 1994). The aim is to consider the brand, more specifically the service brand, as a contributing relationship partner of the consumer in a relationship dyad. Can brands be humanised to assume the role of a relationship partner, at least in the metaphorical sense? Can brands be an active contributing relationship partner in the brand-consumer dyad? Do brands reach out to consumers in a personal sense and vice versa?

Consumer researchers have introduced the theories of animism in understanding advertisers' attempts to humanise and anthropomorphise brands. Brands are described, for example, as having friendly or exciting personalities, that is we label brands with descriptive attributes. However, a relationship in a person-to-person sense takes these perceptions a step further in that a relationship requires interaction and results in qualified statements about how the other person's personality interacts with our own. Based on this premise, why not have a relationship with a brand? Essentially, Blackston (1992, 2000) conceptualises the brand as a person with whom the consumer may choose to have a relationship. Not only is the consumer active by inferring the personality of the brand and developing attitudes to the brand, but also the brand is argued as having an attitude towards its target market, which iteratively affects consumers' attitudes towards it (Dall'Olmo Riley and deChernatony 2000).

Specifically, the marketing actions, which incorporate a set of behaviours of the brand, can be considered as the role played by the brand in the relationship (Fournier 1998, Dall'Olmo Riley and deChernatony 2000). Such inferences suggest that not only do consumers' view themselves as active in the consumer-brand relationship, that is through what they receive from the brand, but also form a perception of a role played by a brand. The active role of the brand through the firm's marketing actions forms a key conceptual point in this study to provide support to the notion that brands may contribute as vital partners in consumer-brand relationships.

However, it is clear that the brand is inanimate and despite being imbued with perceived human-like traits, cannot truly reciprocate on an individual basis in a relationship with a consumer. Nevertheless, we argue that the traits inferred by the consumer in assessing the brand (i.e. brand personality) are a result of observed behaviours of the brand, as operationalised by the brand manager. Brand behaviours do not necessarily have to be physical or identical to human behaviours. Rather, brands 'behave' through the actions of the people who manage or execute the marketing plans and tactics on the part of the brand. Thus consumers' observations of these behaviours lead to a perception not only of the brand's personality but also, more holistically, the role played by the brand in the relationship dyad (Fournier 1998).

3. The consumer-service brand relationship domain

Studying consumer-brand relationships in the context of consumer goods, Fournier (1998) proposed seven dimensions (or descriptors) of brand relationships, identified through a text-based analysis of data. Namely:

- voluntary versus involuntary;
- positive versus negative;
- intense versus superficial;
- enduring (long-term) versus short-term;
- public versus private;
- formal (role-or task-oriented) versus informal (personal); and
- symmetric versus asymmetric.

These seven dimensions describe the many relationship forms that exist between the consumers and their brands in the domain of consumer goods. The dimensions considered together characterise the property space of consumer-brand relationship forms. Fournier (1998) subsequently identified fifteen different types or forms of brand relationships that pertain to the bonds between consumer and their brands of (largely supermarket) goods. Each type was described in terms of the dimensions discussed. We propose in the present study, to identify the appropriateness of these seven dimensions, as well as the 15 relationship forms in the domain of consumer services.

For the purposes of the present research, Fournier's fifteen types of brand relationships, described in terms of the seven dimensions mentioned above, will be used for classifying the possible relationships between consumers and their service brands. These fifteen relationship types cover a diverse range of relationships, ranging from arranged marriages and casual friendships to enmities.

4. Method

4.1 Approach

In keeping with the exploratory objectives of the study, we adopted a phenomenological interviewing procedure, in which consumers' brand stories were generated. This approach offered a less structured approach to investigation, permitting an understanding of the subjective meaning of consumers' experiences with brands.

4.2 Case study informants

Case studies were conducted with six adult females (Laurie, Louise, Jenni, Doreen, Rachel and Amy). While similar research based on the case study approach has used three informants (Fournier 1994, 1998, Mick and Buhl 1992), six was considered more in line with McCracken's (1988) suggestion of 'no more than eight' for the long interview approach.

Female informants were specifically selected in anticipation of gender variation in levels of brand involvement, overall relationship orientations, and interaction styles (Guest 1964, Hendrick et al. 1984, Sherrod 1989). Studies have found that women generally exhibit more and stronger interpersonal relationships and brand involvements (Guest 1964, Sherrod 1989). Similarly, Meyers-Levy (1989) and Thompson (1996) found that female identities are also more structured by themes of identification, connectedness, and forming relationships. Therefore, they are most likely to experience some kind of bonding with their service brands. Hence, the selection of only female informants helped to control the effects of gender variation and also strengthened the possibility of finding inter-brand relationships.

4.3 Procedure

Four weeks before the actual interviews, the respondents were each mailed a booklet, termed the 'service diary', in which they were asked to write down details of the services which they used or purchased over the course of a seven day period. Respondents were requested to return the completed diaries in a prepaid envelope by a certain date so that there was ample time for the researcher to prepare notes on the relevant services (as prompts) before the first round of the interviews. Therefore, there were retrospective notes that pertained to each individual for prompts during the interviews. Along with the diaries, respondents were also mailed a small gift in appreciation of their participation.

Prior to the interview phase, a pre-test was conducted to familiarise the researcher conducting the data collection (one of the authors) with this type of research method and to examine the appropriateness of questions and prompts (McCracken 1988). The subsequent interview phase took place. This phase was designed to yield a first-person description of the respondent's brand usage history. Based on the principles of the long interview identified by McCracken (1988), three distinct interviewing phases were conducted as suggested by Lincoln and Guba (1985). The first phase was to understand and determine salient attributes of the brand relationships. This phase was the "orientation and overview" phase. Questions were largely "grand tour" in style (Spradley 1979, Lincoln and Guba 1985, McCracken 1988). The diary information was used to prompt informants to discuss services that they had used recently although our research investigated brands used over the respondent's life history.

The second phase, known as the "focussed exploration" phase (Lincoln and Guba 1985), was conducted after sufficient time had been given to develop more structured interview protocols to obtain more in-depth information about elements considered salient in phase one. In this round of interviews, respondents were also asked to provide more information on certain brands or services, which they had briefly discussed in the first interview. It is important to note that brand stories emerged during the course of the interviews both in phase one and phase two.

Finally, in the third round of interviews, known as the "member check" phase (Lincoln and Guba 1985), informants were each given a draft report of their case study and asked to critique it and comment on it or request amendments. The purpose of this process was to confirm that the report has captured the information (e.g. the interpreted data) as constructed by themselves, or if not, to correct, amend, or extend it. That is, we wished to establish the credibility of the case from the viewpoint of the respondent.

All interviews were also audio-recorded and brief notes were taken during the interviews. At the same time, the interviewer noted comments relating to the respondents' behaviour, verbal expression as well as meaningful prompts to assist the researcher's thoughts and report writing after the interviews. Respondents were also guaranteed anonymity and freedom to withdraw at any stage.

4.4 Validity and reliability

As with all studies, the credibility of the study depends on the quality of the research design. Four types of tests were conducted to establish reliability and validity as suggested by Kidder (1981): construct validity, internal validity, external validity and reliability. The tactics used in the current study to address these validity and reliability concerns are listed in Table 1.

5. Results

5.1 Data analysis

Stories of consumer-brand relationships that existed within the context of the individual as a whole person were identified. Some were eliminated due to having insufficient supporting evidence of a relationship, being inconsistent with other aspects of the case study findings, or the informant failing to provide sufficient evidence to support the truth or validity of the issue or story. In total, the informants generated over 150 brand stories for analysis. Key constructs and themes emerged through the aid of Microsoft Word and QSR Nud*ist 4.0 (Non-numerical, Unstructured Data Indexing, Searching, and Theorising) for organising, indexing and categorising the interview information for later analyses (Wellman 1990).

The literature review performed prior to data collection was used to organise and code the relevant themes. The basic coding schemes included issues such as relationship descriptors (e.g. length of the relationship, frequency of interaction, strength and type of association), provisions of the relationship (e.g. interdependence, temporality, and attachment), relationship stage (e.g. initiation, growth, dissolution), and relationship bond

Table 1:
Case Study Tactics for Four Design Tests

Test	Case-study tactic	How the tactic was fulfilled
Construct Validity	Use multiple sources of evidence	Combining brand usage and relationship information with other sources of information - attitudes, diary (Phase 1).
	Establish chain of evidence	Consistency of stories – as above, also use of ad-hoc information such as phone bills, bank statements (Phase 1).
	Member check	Have key informants review draft case study report (Phase 3).
Internal Validity	Pattern matching	Check to see if inferences made by researcher are airtight, via member check (Phase 3).
External Validity	Replication logic in multiple case studies	Although only 6 case studies are conducted in the present study, results are either consistent or if different, are so for predictable reasons.
Reliability	Use case study protocol	Well documented procedures including a journal of the steps and measures taken. In addition, all ideas and analytical thoughts pertinent to the study were noted for review and revision if necessary.
	Develop case study data base	Differentiation between documented data and the report of the investigator. The case study database consisted of case study notes, other materials such as the diary and bills and the interview transcriptions.

Table 2:
Support for 7 dimensions

Dimension	Example of relationship forms that differ on this dimension (see Table 3 for full details)
Voluntary versus involuntary	Courtships versus arranged marriages
Positive versus negative	Casual friends versus emnities
Intense versus superficial	Dependencies versus marriage of convenience
Enduring (long-term) versus short-term	Committed partnerships versus flings
Public versus private	Kinships versus secret affairs
Formal (role-or task-oriented) versus informal (personal)	Arranged marriages versus flings
Symmetric versus asymmetric	Committed partnerships versus enslavements

(e.g. formal, voluntary, private versus public) (Hinde 1979, Levinger 1983, Fournier 1994). Such recording and coding also included respondents' interpersonal relationship analogies (e.g. "I don't like Coles," "I really like Action").

At the same time, the analysis included the researcher's interpretation of the respondents' behavioural actions and attitudes towards the service brands. Principal emergent themes in the data were identified (Schouten 1991). During this stage, typologies of brand relationship forms, and processes were also identified.

5.2 Results

The study supports the notion that the interpersonal relationship metaphor is valid within the domain of consumer services, and that consumers can and do form relationships with service brands.

Through a review of the relationship literature and a text-based analysis of the case data, the seven dimensions of brand relationships proposed by Fournier (1998) were supported in the present study (Table 2). Collectively, these dimensions describe and characterise the consumer-brand relationship forms present within the case study data.

Within the present study, we also found two useful additional dimensions to the seven already identified by Fournier (1998). The two new dimensions were dominance versus subordination and friendly versus hostile. Evidence of consumer dominance from the interviews were: "I just don't like the way Channel 9 reports the weather, when it comes to the weather report, I will just switch the channel." In other brand relationships, the consumer adopts a more subordinate role: "I have no choice but to pay my bills at the post office because otherwise I have to go to each firm separately." These concepts are supported in the relationship marketing literature, for example Morgan and Hunt (1994) discuss the power concept, which results in increased conflict and acquiescence, resulting in hostility and bitterness. A second dimension was friendly versus hostile, which cannot be completely distinguished from the positive versus negative dimension. However, its addition seemed appropriate because it not only describes the direction of the association (e.g. positive or negative), but also describes the nature of association and the individual partner's emotion in the relationship (e.g. "I go to Myer because I don't like Aherns", "we don't see eye to eye any more", "I think he (Channel 7) needs to be taught a lesson"). This dimension is well supported in previous literature (Iacobucci and Ostrom 1996). Hence, a total of nine relationship dimensions or descriptors (i.e.

Fournier's original seven plus the two added in this study: dominance/subordination and friendly/hostile) are proposed in the context of consumer-brand relationships in the domain of consumer services.

Finally, we developed a typology of brand relationship forms (Table 3). These nine dimensions describe relationship types or forms. For example, a 'marriage of convenience' form of relationship is usually characterised by a long-term committed partnership often initiated by environmental factors.

The fifteen relationship forms derived by Fournier (1998) were also supported. A review of the service brand stories by the informants suggests the fifteen relationship forms developed by Fournier (1998) in the context of consumer goods also apply in the service context. However, due to the emergence the friendly -hostile relationship dimension as well as the revelation that consumers often engage in brand relationships with simultaneous positive and negative affect, a new relationship form was also proposed: love-hate relationship. Thus, this relationship forms the sixteenth relationship form in the typology. The sixteen relationship forms and some examples of each, derived from the interviews, are shown in Table 3. Examples from Fournier's research in the context of supermarket goods are also given for comparison.

Examining the results, it seems that the relationship is with the person, rather than the organisation in specific contexts, including professional services (architect, vet, doctor, computer help desk) as well as tangible services directed at people (e.g. hairdresser, restaurant) or their possessions (e.g. household cleaning, auto mechanic). In

Table 3:
Typology of Consumer-Brand Relationship Forms

Relationship form and definition	Case examples (services)	Examples from Fournier (1998) (goods)
Arranged Marriages Non-voluntary union imposed by preferences of third party. Intended for long-term, exclusive commitment, although at low levels of affective attachment. Characterised by consumer playing subordinate role.	"We found when we were building that when they say 'go and pick your tiles' that they don't mean that. You can't pick the tile shop you want, you have to go to the tile shops that they have a deal with." (Amy) "I was a 7 addict but under the influence of Tim, I began to move away because he has a great hatred of 7. I watch 9 instead of 7 now." (Louise) "I started going to Bunnings with my husband, I trust that he knows best." (Doreen)	"Mop and Glo? That was my ex-husband Jim. I never really did like that…Palmolive? That was Jim…The Dove started with him… Mayonnaise? I just brought the brand Jim told me…Cereals? I just buy what is demanded of me." (Karen)
Casual friends/buddies Friendships low in affect and intimacy; characterised by infrequent or sporadic engagement, and few expectations for reciprocity or reward.	"Target is near to my house, and I go there when there is the 15% discount. Besides, it's near to Woolworths, and other shops, so besides going to just Target I can go to other shops to browse or look for other things." (Doreen) "Singapore Airlines provides good service and if everything is the same I will go for them." (Louise)	"I used to always buy Tide. To get the kid dirt out. But now I'll use Tide, Cheer, Surf. Whatever is on sale. The big brands are all alike." (Karen)

Table 3: *continued*
Typology of Consumer-Brand Relationship Forms

Relationship form and definition	Case examples (services)	Examples from Fournier (1998) (goods)
Marriages of Convenience Long-term, committed relationship precipitated by environmental influence versus deliberate choice.	"I have stuck with Challenge Bank because of collecting points, it is nothing meaningful to me." (Laurie) "National Bank are flexible and have good service. They are accessible. Also when I manage my Dad's business when they are away, they are at the same bank which makes it easier." (Rachel) "I always go to the same optician in the Bullcreek shopping centre. Even though they have changed owner so many times I cannot remember who is who but my record is with them so I just stick with them." (Jenni)	"When we moved (here), it really bothered me that they didn't sell B&M Bake Beans. They had Friends, whatever the hell that is. So I buy those, but I miss B&M." (Vicki)
Committed Partnerships Long-term, voluntarily imposed; socially supported union high in love, intimacy, trust, and a commitment to stay together despite adverse circumstances. Adherence to exclusivity rules expected.	"I have got to know the vet over time, it is the individual – him that is important. He has records of the animals – their checkups and progress. If I wanted an appointment at a certain time and he couldn't see me then, I would be flexible." (Rachel) "We used this removalist company to move our furniture around because it is big and well established and I know that in the event of a problem that they will fix it. They now know the house and how difficult the stairs are. I will use them next time, I would not risk using anyone else." (Amy)	"Pastene tomatoes, I always buy those, they are the best. They make the best sauce. You can tell the difference … Electrolux is the best vacuum. It's expensive, yeah, but…" (Jean) "Now I drink Gatorade all the time. I have it every morning after I come in from my run. I drink it after I clean the house. I always have a glass of it in my hand. That's me. I am very loyal to Gatorade." (Karen)
Best Friendships Voluntary union based on reciprocity principal, the endurance of which is ensured through the continued provision of positive rewards. Characterised by revelation of true self,	"The business librarian is very proactive. She recognises my needs and makes suggestions. She would call me up if she thought something wasn't working well. I would consult her before setting up a course." (Rachel) "Coles and I are harmonious." (Louise) "I consider this friend (96FM radio) and I as one because we share things and are happy	"I went through a stage once where I used Ivory everything. Ivory soap, Ivory shampoo, Ivory conditioner. I was the biggest Ivory girl that could have possibly been walking." (Vicki)

Table 3: *continued*
Typology of Consumer-Brand Relationship Forms

Relationship form and definition	Case examples (services)	Examples from Fournier (1998) (goods)
honesty, and intimacy. Congruity in partner images and personal interests common.	with each other. She will comfort me when I'm sad." (Laurie) "My cleaner is fabulous, you can eat off the floor after she has finished. I have recommended her to friends and they all say great things about her." (Amy)	
Compartmentalised Friendships Highly specialised, situationally confined, enduring friendships characterised by lower intimacy than other friendship forms but higher socio-emotional rewards and interdependence. Easy entry and exit attained.	"I occasionally listen to 97.7 Classic FM, if I don't like something on 92.1FM or Radio National. If I have a headache, 97.7 is soothing." (Rachel) "We go to him (dentist) because he is always very nice to my children." (Laurie) "Our doctor saved his old text books for my husband. He is nice but we are not friends. We don't see him socially, only if we are sick." (Amy)	"Me, I have different perfumers that I have, like different labels for them for when I want to wear them. They say different things about me. You know, like, I wear Opium, it is my night-time seductive scent. And my friendly everyday Vicki scent is Intimate Musk." (Vicki)
Kinships Long-term, non-voluntary union with lineage ties.	"My in-laws liked the place (Thai restaurant) and my father-in-law got to know the manager. We used to go along just with them but now we go there often ourselves, we now share the fruits." (Amy) "I guess it's like it started off when Mum asked us to buy something like paint and she told us to go to Bunnings. Somehow we didn't ask why but we just went there. I guess its like a part of our family's life." (Louise) "When we migrated here we were living with my sister at her house and she was with Telstra, so that is how we started using Telstra." (Doreen) "He (mechanic) was really good. As we grew up the whole family took their cars to him. We trusted him. We got to know him through my sister. He took time to explain things." (Rachel)	"This is the first box of tea bags that I have ever bought on my own. That was a dilemma! I bought Tetley. Those were the kind that my mother had sent me originally that I had just finished." (Vicki)

Table 3: *continued*
Typology of Consumer-Brand Relationship Forms

Relationship form and definition	Case examples (services)	Examples from Fournier (1998) (goods)
Rebounds/avoidance-driven relationships Union precipitated by desire to move away from prior or available partner, as opposed to attraction to chosen partner per se. Consumer plays dominant role.	"I found with Telstra the service went down. It took ages to get through to them and when my mobile phone got stolen one person gave me this advice and another gave me that advice. There were lots of things I did not like." (Rachel) "My husband found a cockroach in his rice, it just crawled out. The waiter said 'are you sure' it was from the rice?' The waiter offered to replace the dish, but my husband said 'no'. When he left they still charged him $2 for the Coke he drank." (Amy)	"Well we were using the Hellman's because that was the brand Jim wanted. He hated the Miracle Whip. It seems people usually like one and hate the other. Anyway, I didn't care much but now that I am alone, we're back with the Miracle Whip. No more Hellman's" (Karen)
Childhood Friendships Infrequently engaged, affectively laden relation reminiscent of earlier times. Yields comfort and security of past self.	"We always take watches to a particular shop back home (Singapore), because the shop belongs to a friend, and we trust him as well as wanted him to have our business. Well, my watch has now run out of battery. I will just hang on, until perhaps one fine day when I go back home, and I will go back to the same old place to get it done there." (Louise) "Now and then I will have the soles of my shoes replaced, or have them tacked, and I always go back to the same cobbler. The cobbler that I go to is near the home I grew up in, in Singapore." (Laurie) "When I go to Barrett's bakery the pastries reminded me of home. Even just having coffee there reminds me of home." (Rachel)	"My aunt's daughter, Paula, gave me some Estée Lauder for Christmas one year after my mother passed away, oh that was so bad, and I thought 'Oh!'. It reminded me of her so much. I kept that bottle and have been buying it ever since" (Jean) When we moved (here), …No more Friendly's (ice-cream)! Its like I had to abandon them! I felt really bad. I go to Friendly's every time I go back. I love that place." (Vicki)
Rebounds/avoidance-driven relationships Union precipitated by desire to move away from prior or available partner, as opposed	"I found with Telstra the service went down. It took ages to get through to them and when my mobile phone got stolen one person gave me this advice and another gave me that advice. There were lots of things I did not like." (Rachel)	"Well we were using the Hellman's because that was the brand Jim wanted. He hated the Miracle Whip. It seems people usually like one and hate the other. Anyway, I didn't care

Table 3: *continued*
Typology of Consumer-Brand Relationship Forms

Relationship form and definition	Case examples (services)	Examples from Fournier (1998) (goods)
to attraction to chosen partner per se. Consumer plays dominant role.	"My husband found a cockroach in his rice, it just crawled out. The waiter said 'are you sure' it was from the rice?' The waiter offered to replace the dish, but my husband said 'no'. When he left they still charged him $2 for the Coke he drank." (Amy)	much but now that I am alone, we're back with the Miracle Whip. No more Hellman's." (Karen)
Courtships Interim relationship starts on the road to committed partnership contract.	"So, when we first moved in, we were game to try the local medical centre and give them some support." (Laurie) "We tried the foreign movies with Foxtel, although we won't subscribe anymore. We thought we would have had more time to watch the movies, but even when we did my husband would have to watch the subtitles. It was exciting at the beginning but we only watched one movie every two months." (Rachel) "At the Commonwealth bank the service was fantastic, in terms of financial advice, it's obligation free. The questions she asked about risk, how much money I should save, what sort of investments I was comfortable in – this showed me that she'd done her homework and made my business her business." (Jenni)	After a lot of thinking and looking around I decided I wanted to wear musk. So for Christmas, we went looking for musk scent, me and my Mom. So we went and tried on so many. And the ones that were nicest were the Intimate Musk by Revlon and the Jordache Love Musk and I remember that year they bought me a bottle of each. And eventually Intimate Musk became the absolute favorite and I have gotten that every year since." (Vicki)
Dependencies Obsessive, highly emotional, selfish attractions cemented by feeling that the other is irreplaceable. Separation from other yields anxiety. High tolerance of other's transgressions results.	"The architect is very professional and friendly, I trust what he says. When something comes up I give him a call, we have a structural guarantee on the house with him." (Amy) "I feel that I cannot live without it (my ISP), it's bad." (Laurie) "I would definitely have to see Roger when I have to set up WebCT for an educational program that I am running. He is very approachable and professional. He is the technical brain behind it all. When students have	"I use Mary Kay everything. Makeup, lipstick, moisturizer, toner. I think Mary Kay is responsible for how my skin looks now." (Karen) "…. The night before my speech for the junior high vice-president position. I slept over (at a friend's) house the night before and left my Soft 'n Dry there so I didn't have it a at school. Did I

Table 3: *continued*
Typology of Consumer-Brand Relationship Forms

Relationship form and definition	Case examples (services)	Examples from Fournier (1998) (goods)
	problems I rely on being able to contact him." (Rachel) "It's the issue of trust, I could not trust anyone to cut my hair before her. Now that I found her, it's a relief, it's an issue for me, cutting hair, I just can't have a bad hair cut, it makes me feel horrible." (Jenni)	freak! She brought it to school for me in a brown paper bag. I had to have it. I thought I would die without it." (Vicki)
Flings Short-term, time-bounded engagements of high emotional reward, but devoid of commitment and reciprocity demands.	"Our travel agent is small and she doesn't always get the best packages. She has a limited number of seats. So I have used this other travel agent from time to time to get these kinds of deals. I always go back to (the original one)." (Amy) "In terms of customer service they (Telstra) are really friendly, I would rate them top compared to other phone companies. But now, with so many other companies, Telstra has pushed me away to consider other options. When there are new telephone companies, I will look them up." (Louise)	"Look in my shower here. Look! Seven bottles of shampoo and six conditioners and I use them all! And in here (the closet); this whole box is full of trial sizes that I pull from. Why? Because each one is different. It depends on my mood and what kind of a person I want to be." (Vicki)
Enmities Intensely involving relationship characterised by hostility and desire to avoid or inflict pain on the other.	"In Furniture Spot they look at us with those kind of eyes like 'oh you are not going to buy so it's a waste of my time." (Doreen) "We wanted to build a 20-metre non-chlorinated and heated lap pool and decided to use a landscape gardener. The consultant gave us a quote of $50,000, which included digging the pool. Half way through the job he walked out and said 'see you later'. He said he had underquoted." (Laurie) "I made an appointment with several banks for free consultation for your financial planning, for example, managed funds, like invest your money. The first stop was ANZ. I went to make appointment but the staff told me that there's	"They said, 'Buy the Kohler stainless steel sink, it is the best.' So I did. But I hate it. Never buy a stainless steel sink, it's too hard to keep clean…" (Jean) "I think that I am one of the last people that still drinks Coke. Everyone I know wants a Diet Coke all the time. It's always diet something. Everyone knows I drink regular Coke." (Karen)

Table 3: *continued*
Typology of Consumer-Brand Relationship Forms

Relationship form and definition	Case examples (services)	Examples from Fournier (1998) (goods)
	no need, they would call me, but they didn't and I am not going to go back there and remind them to call me. If they are not interested in my business, I can go elsewhere. There are so many other banks or organisations that do these kinds of managed funds…" (Jenni)	
Secret Affairs Highly emotive, privately held relationship considered risky if exposed to others.	"When I listen to those songs, slow songs, it brings back memories. At night, I just lie down on the sofa and just listen to songs, but sometimes when I listen to it, tears can just flow down, and emotions flow. Yeah, that's why I say 94.5." (Louise) "I watched Big Brother. It is weak, but I just enjoyed it, I don't know why, they are not doing anything clever or interesting. My husband didn't watch it or know that I enjoyed it so much." (Doreen)	Karen sneaks Tootsie Pops to work (no quote available).
Enslavements Non-voluntary union governed entirely by desires of the relationship partner. Involves negative feelings but persists because of circumstances. Consumer plays subordinate role.	"When I think of the Department of Immigration I think of stress and queues and the TV showing children's shows with no volume. I am resigned to the bureaucracy. Expect the worst and it happens. Nothing is ever straightforward." (Amy) "Sometimes, I just can't explain but it's a personal feeling and I didn't like it (service at the post office) at all. But I still have to use it, as I have to pay my agent bills there. Before I could go through an agent but now I have to pay it through the post office." (Louise) "Previously, Telstra was the dominant provider, there's no choice, you just had to use them unless you can live without the phone." (Doreen) "With the RAC they charge a certain amount, you think mmm …. I wonder if they would	Karen uses Southern Bell and Cable Vision because she has no other choice. (Note that this was the example given, despite it not relating to supermarket goods. No quote available).

Table 3: *continued*
Typology of Consumer-Brand Relationship Forms

Relationship form and definition	Case examples (services)	Examples from Fournier (1998) (goods)
	charge that much if there were other services. I do not have a choice." (Rachel) "I bought this mobile phone from B, Clear and Simple. They offered me the best deal at that time for my mobile phone but their service it was terrible, the Sim card did not work and neither did the replacement. Optus did not connect me when they should and when I phoned B back they had all gone home. They also charged me twice on the same statement and when I called the person who picked up the phone, he was really rude. I was put through to the credit manager who was pretty casual about it too and that made me angry. I had a choice I could return the phone to them or rather not have any phone at all. But I have already signed the contract." (Jenni)	
Love-Hate Relationships Voluntary union. Emotionally intense; characterised by positive and negative affect towards the other. Maintained due to reciprocity or reward benefits. May be a friendly or hostile association.	"Going to the gym is hard work when you are there, I want to do it and I don't want to do it. It is easy to find excuses not to go, yet I really want to go." (Rachel) "Usually, I am not very fussy about food but at least I will consider the health aspects. For example, when I buy KFC, I don't really want to because I know that if I buy it the children will eat but if they eat it all the time, then they will have a heart attack." (Doreen) "I use the computer help desk in our firm they can solve a problem that you have struggled with for 2 hours in 3 minutes. Last time I had to ask 5 times and wait 45 minutes to get them to help me with this blank screen. They kept telling me to do this and that and not coming to the computer to see the problem." (Amy)	Not applicable – relationship form developed in current research.

contrast the relationship is with the organisation when the consumer is likely to deal with different employees on different occasions, usually in a large organisation (e.g. retail outlets, banks, airlines, government departments), when there is little or no contact with service personnel (e.g. telecoms, television, radio) or when the service is largely self-service (e.g. gym, service station).

6. Discussion

The study supports the concept of the consumer brand relationship and the legitimacy of the service brand as an active relationship partner in the consumer-brand context. In the life stories, consumers tell of their interaction and association with brands, often as though such behaviours are between two human beings. Service brands can indeed provide more than functional benefits to the individual above the level of simple preference in the consumer-brand context (Fournier 1994). Apart from satisfying a consumer need, service brands aFlso imbue meanings to the consumers' lives. The case interviews showed that it is not unusual for an individual to refer to brands while incorporating relationship constructs into their brand story descriptions: "I just love the salami at Action;" "I hate Coles;" "I used to be a Seven addict, but I think it has changed so much that I can't relate to it anymore;" "94.5 FM plays sentimental songs, which is at my frequency." Informants also provided verbal evidence of ways in which consumers identify their brand associations in terms of interpersonal relationships: "I see Channel 7 and myself as a married couple;" "96FM is a very good female friend;" "I won't even consider Shell as my friend, just somebody who services my car". At thisFsurface level, it illustrates how people form connections or associate with certain brands in ways that imbue meanings to their lives, beyond the functional.

We identified nine dimensions of the relationships that characterise and describe each relationship form. Within the case study data, brand relationships were described in terms of the seven dimensions discussed by Fournier (1998), plus two additional dimensions, friendly/hostile and dominant/subordinate. The former is a more specific form of positive-negative, while the latter adds an important component of relationships, that of power (Huston 1983, Morgan and Hunt 1994). Collectively, these dimensions describe and characterise the consumer-brand relationship forms present within the case study data (e.g. marriage, friendship and so on). A total of fifteen brand relationship forms, proposed by Fournier (1998) were supported in the context of consumer service brands. Table 3 offers a detailed description of the brand relationship forms. From the research data, it was appropriate to introduce a new category known as "love-hate" relationships, resulting in sixteen brand relationship forms in a service context. Thus we found that Fournier's typology of fifteen relationship forms is appropriate in the service setting with the addition of a sixteenth type, love-hate relationships. This latter type of relationship is equally likely in the context of goods, however. For example consumers' relationships with chocolate bars and other luxuries may well fall into this category. Thus we conclude that Fournier's (1998) consumer-brand relationship typology with the addition of one relationship form is equally appropriate in the service context to the goods context.

A second objective of the study was to identify whether the consumer viewed the relationship as with the service provider, that is the employee, or with the organisation itself. Results indicate that the relationship is most often with the individual rather than the organisation in the context of professional services (for example architect, vet, doctor, computer help desk) and other high contact services (e.g. hairdresser, restaurant) (as expected), but that the relationship is often also with the individual in the context of services which are directed at physical possessions (e.g. household cleaning, auto mechanic). This represents three of the four quadrants of service types suggested by Lovelock et al. (2001), namely services directed at people's bodies (quadrant 1), physical possessions (quadrant 2), and intangible assets (quadrant 4). Thus in three of the four quadrants the relationship is often with the individual. In the final quadrant, quadrant 3, services directed at people's minds (e.g. education, radio and television), the relationship is, in contrast, most often with the organisation rather than a single individual. However, there are many exceptions to this generalisation. For example, a consumer's relationship in the context of retail banking (quadrant 4, services directed at intangible assets) is with the bank (rather than the individual). A second example is that a consumer's relationship with a restaurant (quadrant 1, services directed at people's bodies) may be with a specific service provider such as the manager as in Amy's 'kinship" relationship with a Thai restaurant, or may be with the restaurant in general, as in the case of Amy's husband's "rebound" relationship. The latter is characterised by the use of the word "they". In sum, categorising the nature of the relationship, whether with the individual or with the organisation by organisational type, is not quite as simple as using the service classification suggested by Lovelock et al. (2001).

6.1 Limitations of the study and future research

Despite the contributions of the study there are also limitations some of which suggest areas for future research. The prime limitation is the question of reliability and validity often raised in the context of the case study method. The case study approach was justified on the basis of the need to explore and understand the phenomenon of consumer-brand relationships embedded in a socially-complex context. The modified life-history case study approach allowed us to obtain first-person descriptions of the brand relationship phenomena as well as the contextual details concerning the informant's life world. However, the reliability of the data is limited to the extent of the number of cases, which was six respondents.

As this research is discovery-oriented, the interpersonal relationship metaphor has within itself much potential for future research. Four of the most promising avenues for potential research are discussed here.

First, there is a need to replicate the study to determine whether the findings are generalizable to other specific demographic groups such as males. The empirical scope for future research could also focus on a particular service industry (category) such as financial institutions (Worthington and Horne 1996), or perhaps a broader category (e.g. services high in credence qualities). There is also potential to focus on service industries that are highly automated or delivered largely through the Internet, and to explore consumer-brand relationships in such environments. This could prove quite challenging due to fewer interactions between the service consumer and the service delivery personnel or the service provider. In this respect, since there is more information available in an online situation, the brand may assume a different role, one that is less obvious, in the consumer-brand association.

Second, while several relationship forms were identified, relationships could be further qualified in terms of brand strength, quality and depth and outcomes such as consumer preference, usage, and levels of trust and committment.

Third, the emphasis on consumer loyalty has been to maintain long-term relationships with customers, and reduce the rate of defection, in order to increase the profitability to a firm. It has been said that 20% of the customers provide 80% of the profits to a firm, and a 5% reduction in customer defections can improve a business' long-term profits by as much as 25% - 80% (Reichheld and Sasser 1990). Thus, it is not beneficial to a firm to lose their customers. At the same time, the cost of retaining customers may be lower than the cost of generating new customers. Therefore, it is also important for firms to understand the factors that cause deterioration of consumer-brand relationships. We suggest a more focussed exploration of the deterioration and dissolution of brand relationships and identifying how this varies across relationship types. For example, are 'arranged marriages' more likely to break up than 'best friendships'? What are the factors that lead to such break ups? An in-depth investigation could be designed to lay the foundation for understanding break-ups between consumers and brands.

Last, further research needs to be conducted on the partner in the relationship. The current study indicated that in some cases the relationship was with the employee and in other cases with the organisation. This needs further clarification. It is also important to consider whether the relationship partner (i.e. individuals or organisations) for various service types differs across different demographic groups (e.g. different ethnic groups, genders, age groups).

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What Caused the Bank's Products to Die?
A New Zealand Perspective

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Abstract

Many financial service organisations are loath to eliminate products that have long life cycles and where existing customers expect these products to remain available. Whilst previous research has identified factors that cast doubt over the viability of continuing to supply a product, the existence of these factors does not necessarily mean that they will automatically lead to elimination. This study looks at the factors triggering product elimination in the New Zealand banking sector. It outlines the type of triggers that cause elimination, and places them into seven broad clusters that relate to the product management activities or the strategic functions of the organisations. The paper considers how an organisation's response to the triggers influences the final decision on whether to eliminate, rejuvenate, or leave untouched the reviewed product. The study concludes that where an organisation takes a proactive stance in managing the end stages of the product life cycle, options, other than elimination, become possible.

Keywords: Financial services, product elimination, New Zealand banking, elimination triggers

1. Introduction

Products seldom live forever. The desirability of keeping a product in a market is strongly influenced by those factors which relate to the macro competitive environment and the organisation's own capabilities combined with their commercial aspirations. It is known is that these conditions are not constants. The changes they instigate are reflected in the type of products offered. Although predominantly seen as driving new product development and modification, these forces also drive the need for elimination (Avlonitis, 1986; Hart, 1988; Harness et al, 2000). A full understanding of the specific factors that lead to a questioning of an offering's existence is required if decision-makers are to manage the end stage of a product life more effectively. This paper seeks to considers the following issues:

- To explore what is known about the causes of product elimination.
- To outline specific causes of product elimination identified from the New Zealand banking sector.
- To discuss how an understanding of the causes of product elimination can be used to improve end-stage product management.

2. Identifiable Causes of Product Elimination

Why do products have to be eliminated? Writers such as Martin (1957), Alexander (1964), Kotler (1965), and Wind and Claycamp (1976) conceptualised that products reach the end of a life cycle because they cease to satisfy the needs of a significant number of customers or of the supplying organisation. The death of the product is an expected and natural part of its life and can be considered to be the end-stage of a "product life cycle". This concept, although useful in acknowledging the need for products to be culled, fails to identify the actual causes of a product's decline. For example, causes might range from product obsolescence to the loss of a raw materials supplier. Authors such as Hise (1977) and Avlonitis and James (1982) identified that products are eliminated at different stages of their life cycle due to a wide range of factors. Avlonitis (1986, 1993) classified these factors into a typology of 17 internal and external variables, which he termed "precipitating circumstances". Internal factors generated by the organisation included for example,

Table 1:
Factors that Drive Product Elimination in the UK's Financial Services Sector

Externally-led deletion	Strategically-led deletion	Operationally-led deletion	Customer-led deletion
Changes in interest rates	Customer retention	Product management – systems constraints	Response to demographic changes
Compliance of legislation	Re-segmentation	Cost reduction	Retention policies
Economic factors	New business activities	New product development	
Social changes	Distribution issues	Changes in risk profiles	
	Strategic objectives	Quality of management information	
		Increase effectiveness of sales function	

Source: Harness, Marr and Goy (1998)

changes in product line policy, and poor quality/design. External influences included for example, government regulations, and changes in exchange rates; these were considered to be out of the organisations control. A limitation on the usefulness of these precipitating circumstances is their orientation to physical goods without any consideration of service product issues.

Studies with a service product orientation have identified additional reasons why products become elimination candidates. Vyas (1993) and Saunders and Jobber (1994) identified that new product development can trigger an elimination event if sales and production capacity is fixed. This was seen in a service environment where production was based on fixed IT capacity, so that spare capacity could only be made by removing an existing product. Quelch and Kenny (1994) and Atuahene-Gima (1997) identified that the desire to increase sales efficiency drove organisations to remove products with complex features which might compromise sales efficiency. Brouwers and Stevels, (1997) highlighted the fact that the financial activity of a product and its contribution to the portfolio drove elimination if performance was below a set benchmark. Finally, Radharishnan and Srinidhi (1997) commented that product elimination occurred because products went into a "death spiral" as cost data was misinterpreted. However, these studies failed to take account of the production and consumption characteristics of service products.

3. The New Zealand Banking Sector

The banking sector in NZ has experienced many changes that are likely to have driven product elimination. The NZ retail banks operate within an environment created by government legislation, changes in taxation levels and regulations, interest rate fluctuations and the state of the economy. Each of these factors influence the potential risk and profitability of banking products; for example, legislation that enabled non-NZ-owned financial service organisations to enter the market through either new business start ups or via acquisitions/mergers (Everett 1996; Suanders and Walter 1996). This has focussed effort on cost control, as well as giving rise to a greater understanding of how to answer the needs of the customer. The increased awareness of the value of relationship marketing has emphasised the need to fully utilise the customer base (Rosa and Dacko 1995, Colgate et al. 1996). All of which have forced the banks to review their product ranges (Alexander and Colgate 2000). In addition, NZ banks have experienced an I.T. revolution in the provision of financial service products. New distribution channels have been developed simultaneously reducing the role of other channels. An example of this has been a reduction in the use of paper based money transactions in favour of EFTPOS (Prendergast and Marr 1996). These factors, taken collectively, have provided the impetus for changing existing product portfolios and, as a result, driven the need for elimination.

Evidence from the UK's financial service sector indicates that there may be other reasons why NZ banks may have to eliminate products. Research conducted in the UK's retail financial services sector identified that the causes of product elimination fell within one of four clusters (Harness et al. 1998). The four clusters were: externally led (e.g. changes in interest rates); strategically led (e.g. customer retention goals); operationally led (e.g. cost reduction); and customer led (e.g. a response to demographic changes). In total, 17 separate factors were seen as driving product elimination. The majority of these belonged to the "operationally led" cluster (see Table 1). This cluster reflects the day-to-day running of the business of producing the product, getting it to the customer, and servicing their needs. Whilst the other clusters' factors tend to influence future product policy.

The extent to which the UK derived triggers of elimination can be related to NZ's banking industry is unknown. It is possible that there will be similarities both in the type of triggers that exist and their importance as drivers of an elimination event. For example, both sets of organisations exist to make profit, deal with retail customers, offer similar types of products, and use the same forms of distribution systems and technologies. Differences are also likely to exist, e.g. in economic cycles, size of operations, level of technological development, government legislation and social factors. What the UK study does suggest is that financial service products are likely to be susceptible to a wide range of factors. This may also be true for the NZ banking industry. Therefore, the NZ study sought to answer the questions listed in Section 1: (1) what are the overall forces that drive product elimination in the NZ banking sector? (2) how can specific factors become elimination triggers?, and (3) can an understanding of the causes of elimination be used to improve end-stage product management?

4. Methodology

As the research was exploratory, a qualitative methodology was employed which sought to identify and examine the factors that caused products to be eliminated in the NZ banking sector.

Semi-structured interviews were chosen as the data collection method. In order to ensure robustness, an interview guide was constructed using information from three sources - themes identified in the literature; a previous study undertaken in the UK (Harness et al. 1998); and discussion with experts on NZ banking at Massy University. The interview guide contained questions relating to nine areas: product line planning policies; external product influences; internal product influences; organisational structure; elimination practices; barriers to elimination; causes of elimination; post elimination customer management; and success factors. Respondents were asked to identify and consider cases of elimination that had occurred within the preceding five years. This timescale was felt to be appropriate because they would have a clear memory of events over this time period. It was also expected that changes in IT systems would be a key driver of elimination, and most of this change had occurred within the preceding five years.

Once the interview guide had been constructed experts on NZ banking at Massy University provided valuable feedback and as a result amendments to the schedule were made. The schedule was also evaluated after the first interview and minor modifications were undertaken.

Interviews were conducted with senior product managers in the retail banks. Three of the sampled organisations gave access to two product managers from different offering areas. This meant that nine interviews were conducted overall, all of which were taped. The types of products discussed were: savings, money transmission, lending (short and structural), credit cards, and investments. Although additional interviews in each of the organisations would have been desirable, the timescale available for data collection was limited and coincided with the key holiday time in NZ. This made getting access to product managers with experience of product elimination difficult. It is possible that other elimination factors may exist, which as yet have not been identified. Despite this, the interviews were extensive, lasting between one and three hours and generating up to 35 pages of transcript. This provided a rich and valuable data set.

Three data reduction techniques were employed. According to Miles and Hubermann (1994), the process of creating codes should start from what is known. In line with this, the data was initially coded using the nine interview topic areas described above. Using researcher judgement the codes were applied to the interview transcripts. The process was repeated to ensure completeness. Each document was then deconstructed to leave only coded data.

Once the first stage had been completed it was identified that the data was rich in examples of why products had been eliminated. Each example of elimination was considered and grouped into different causes of elimination. To increase the reliability of the process it was decided to only include an elimination cause if it could be identified as existing in more then one retail bank. A total of 43 different causes of product elimination were identified. The process was repeated to increase validity and subjected to an independent review by an industry expert to ensure that each cause of elimination reflected the nature of business within the NZ banking sector.

The final stage of data reduction involved using researcher judgement to examine the 43 factors and cluster them into themes that reflected why products had been eliminated. From this it was identified there were seven discrete clusters that took account of all of the 43 variables. It is acknowledged that verification of the clusters and of the factors within them is required before they can be considered wholly safe as a method to describe why products are eliminated. This should form the basis of further research into this area.

The last stage of the analysis involved undertaking a limited comparison of the New Zealand data in relation to those studies which outlined UK financial services product elimination. The basis for comparison between the studies was twofold. Firstly, the data collection tool, based on a semi-structured interview, was a modified version of the one used for the UK study (Harness et al. 1998). The interview topic guide was modified to take account of the differences in technical language and the advances in technology that had occurred since the original study. Secondly, the data was explored using the same analysis processes. This enabled insights to be gained, but with the acknowledgement that further research into perceived similarities and differences needs to be conducted before the findings could be considered conclusive.

A number of steps were taken to increase the validity of the research process and to ensure that the drivers of elimination and clusters demonstrated honesty. Internal documentation was used to help place the elimination events within the wider operating context of the organisation. This documentation included minutes of product review meetings and procedures for conducting elimination actions. The collection, transcription and analysis of the data were conducted by the same person enabling a deeper understanding of the data to be gained. An indus-

Table 2:
Clusters of Variables that Initiate Eliminating Events in the New Zealand Financial Services Sector

Product Led	Triggers associated with the management of products as part of the overall portfolio.
Customer Led	Triggers associated with either the impact that the product has on the customer or in managing the customer.
Employee & IT Systems Led	Triggers associated with supporting the existence of the product.
Strategic Led	Triggers associated with the long-term survival of the business.
Externally Led	Triggers associated with events outside the control of the organisation that impact on the product's ability to survive.
Business Structure Led	Triggers associated with adapting the business function to meet changes in the competitive environment.
Cost & Profit Led	Triggers associated with controlling the cost of keeping the product, relative to overall contribution to profits.

try expert was consulted to ensure the coding practices employed and their subsequent interpretation reflected the operational realities faced by the NZ banking industry.

5. Findings and Discussion

It was identified that the use of clusters derived from the UK study on financial service product elimination failed to take account of all the distinct relationships that existed within the NZ data. This led to the removal of the "operationally led" cluster and the introduction of four new ones - "product led", " people and IT led", "cost and profit led", and "business structure led" (see Table 2). The "product led" cluster takes account of the role the product has as a key competitive tool for the organisation. The production and delivery of the product to the customer is linked to the capability of employees and the functionality of IT systems. The creation of the "cost and profit led" cluster relates to the advances identified in the NZ banking sector's ability to apportion both cost and contribution to a specific product and to the individual customer. The "business structure led" cluster reflects structural changes within the banking environment centred on new technology and a desire to remove expensive branch based product and service delivery. These clusters summarise the nature of the forces driving product elimination. For these clusters to be meaningful to product managers, the actual factors that form them need to be considered. From this, the overall influence of each cluster can be judged.

5.1 Triggers of Elimination

In total 43 triggers of elimination were identified and these were collapsed into nine distinct areas. This suggests that NZ banking products have been susceptible to a wide range of influences (see Table 3). The following section considers why these factors have arisen, and their relationship to each other.

5.1.1 Product Led

The NZ banking sector in the early 1990's experienced product proliferation based on the introduction of new technology, distribution channels, and different segmentation policies. Savings products manager: "We had a range of savings products which didn't have a personality of their own and were very similar in features and benefits to each other". The impact of this on the product line was to add complexity, increase costs and reduce sales effectiveness by creating confusion in the minds of the customers and sales staff.

In addition as the IT management systems improved the type and quality of product management information, it became apparent that older products could not sustain cross selling activity. This was due to the inability of old and new systems to interface with each other, thus preventing the sharing of customer information. It also highlighted the relative value of specific products as generators of profits or, in some cases, losses. This indicated that some of the older products needed large levels of cross subsidisation to make them viable. This did not fit into the product objectives of three of the banks that believed that products should be able to pay for themselves. Money transmission products manager: "People are not keen to see cross-subsidisation as a rationale to keep a product at market".

The institutions also began to face problems in servicing products that had been launched to satisfy a specialist need. For example, drought loans were a government inspired initiative aimed at the agricultural community. These loans had small sales volumes and could only be sold with government agreement, making the product very expensive to maintain. The situation was made more difficult for the organisations because the IT support systems had become obsolete, and the ability of staff to service the systems was rapidly diminishing as employees either left or retired from the organisation, taking their knowledge of the systems with them. Lending products manager: "once you cease to sell a product, the problem is that over time you can't service it because no one knows what it is about any more". Finally, due to changes in government policy the product could not be sold to any new customers, making it obsolete. These triggers reflect the business objective of improving the effectiveness of the individual product and the overall portfolios by making them function in line with commercial objectives. Money transmission products manager: "We have woken up recently and said we have lots of old dead products, with lots of manuals and computer systems - life would be easier if we tidied them up".

5.1.2 Customer Led

Products incapable of supporting customer retention objectives or offering little or no cross sales capacity were withdrawn. These included products that failed to fit a single defined customer need. Savings products manager: "The savings products we had did not really meet the needs of the customers as they had moved on". Other products had been incorrectly sold, or could not be serviced to a quality level equivalent to other product offerings. Savings products manager: "We had a savings

Table 3:
Drivers of New Zealand Financial Services Sector Product Elimination.

Product Led	Customer Led	Employee & IT Systems Led	Cost & Profit Led	Externally Led	Business Structure Led	Strategic Led
Remove duplication	Poor fit with customer needs	De-commission system	Poor profit levels at product level	Competitor activity	Increase reliance on IT	Maintain profitability
Removal of cross subsidisation	Poor service level	New IT systems	Poor profit at customer level	Changes in government legislation	Rationalisation of workforce	Control costs
Reduce risk levels	New segmentation policy	Capacity constraints	Identify high cost to low income ratios	Entry of Foreign players	Branch rationalisation	Remain competitive
Lack of Differentiation	In-operative account	High level of complexity in salesforce function		Poor PR from media	Independent host system	Make customers pay for what they use
Low sales	Sold wrong account	Enhanced data management facility		Health of the economy (domestic)		Survive in the market place
No cross sale opportunity	Lack of customer information	Enable new distribution channels		Health of the economy (global)		Change delivery network
Poor portfolio mix, high costs, low profit	Require different distribution systems	Enhance speed of product management				Capture benefits of IT
Knowledge loss for process & Servicing						
Obsolete						

account with instant access, customers were using it as a money transmission product rather than as a savings vehicle. The sales staff sold the product as a money transmission account rather than as a savings vehicle".

Not getting the right product to the customer was seen to be the result of having poor quality customer information. Inaccurate or missing customer records acted as an impediment to implementing segmentation policies or achieving cross sales. Investment products manager: "We sent a mail shot out to get customers to buy into a ten year investment bond. We got lots of returned envelopes marked deceased, or letters saying thank you but I am 90 years old!" The cost of updating the information was considered to be greater than the benefits associated with keeping the product, thus promoting the need for elimination.

5.1.3 Employee and IT Systems Led

Information technology and human systems (i.e. the staff who deal directly with customers) are capacity constrained. For example, new products cannot be created unless IT capacity is made available by removing another product from the system or creating a new IT system. It was also identified that as product variants became more numerous and complex, support staff found it harder to sell offerings they did not understand, or service the customers who purchased them. This reduced the overall effectiveness of the sales and servicing functions. Savings products manager: "We recognised that our branch staff have so many products to deal with - to learn and sell - that they are reaching overload". Money transmission manager: "We had a product that gave the over 55's extra benefits. We could not identify who these customers were due to missing dates of births and not having an IT system that automatically told us when these individuals qualified. What we found was that we had to rely on staff to find this out - which did not happen - and the result was that customers complained. We removed the product because it was simpler and cheaper than trying to get it to work".

The reliance on IT to manage and deliver the product to customers makes the products held on specific systems susceptible to new technologies. This was seen in a number of ways: the introduction of new host IT systems which led to the redundancy of old systems; the need for better customer information to maximise the information processing abilities of new IT systems; and the movement to new distribution systems (e.g. EFTPOS). Investment products manager: "We have an investment product with low usage on its own dedicated I.T. support system. At some point we will want to get it onto a standard system and close down its platform". Elimination occurred if it was perceived that the products supported by older systems could not be economically transferred onto the new systems. It also drove elimination by creating specific IT based products rather than changing earlier products that simply used IT to improve delivery.

5.1.4 Strategic Led

Unlike the other clusters this relates solely to the organisations' ability to create the impetus for product elimination by defining its long-term strategic goals. For example, strategies to survive the changes in the market place, or to increase efficiency and revenue in order to be in a position to take over other players, could all lead to product elimination. Essentially the cases of elimination reported as being driven by strategic reasons suggest two things. First, that there is an awareness amongst the NZ banking community that the elimination of a product can be used to achieve strategic gaols as well as short term gains such as a reduction in costs or the creation of spare I.T. processing capacity. Secondly, that product elimination is not an activity that should be conducted in isolation from other product management and business objectives. An example of this was the change in the balance of delivery systems. This change was driven by the need to control costs, compete with new and existing players and reduce a historical reliance on the branch network. Credit cards manager: "We charge 50 cents for a cheque, it costs us a dollar to process, so we want to push them into our remote banking operation". To facilitate the closure of branches, products had to be rationalised, and existing offerings simplified to increase saleability and ease the burden on service staff. Marketing manager: "We have about 450 branches and will be down to 260 in two years". The rapid growth in card technology and electronic delivery systems allowed the banks to use the network of post offices, retail outlets and gas stations plus ATMs to distribute cash. This was believed to have, in part, softened the impact of closing branches in small communities.

5.1.5 Externally Led

The six areas identified under this cluster relate the legal, social and competitive environment to the operating conditions of the organisations. These impact both at an operational level and have a significant influence on a company's future strategic direction. For example, the entry of foreign players who targeted high value customers and altered the profitability of specific types of products, such as credit cards and mortgages. In the short term this caused products to be withdrawn to control costs and to improve sales-force efficiency. In a structural sense it meant that the sector's overall level of competitive intensity was irreversibly changed, ensuring that proactivness in the product management function became essential for survival. For example, one bank supplied a petrol company with a jointly branded card, but the volume of sales achieved was too small to gain sufficient operating scale economies. The lack of success was due to competitors launching similar products that were perceived to be more attractive by customers. Credit cards manager: "We had a shared brand credit card with a petrol company, it ended up costing us so much money we decided to get out of it". The health of the global and domestic economies altered the risk levels associated with insurance, long-term lending and investment products. Lending products manager: "Because of the change in the financial environment, queuing for home loans disappeared, removing the demand for first home savings accounts".

5.1.6 Business Structure Led

The NZ banking sector is emerging as a highly responsive and dynamic industry out of the necessity to cope with the changes occurring in its competitive environment. The impact of this on products is concerned with altering the way products are delivered, e.g. using remote banking as a way to ease the burden on consumers when branches closed. It is also seen in the desire of the banks to reduce their workforce, partly via branch closures but also by reducing head office support functions through streamlining processing activities. For example, as one bank's product manager money transmission stated: "I suppose we are trying to get our cost to income ratio down at the moment, things like ATM's and EFTPOS, that type of thing is a lot cheaper, and saves you teller based transactions or manual transactions. Within a few years we will have half the branches we have now".

The desire by the banks to have their own host IT management systems, rather than keeping the original shared one has led to the introduction of their own dedicated processing and production platforms. This has resulted in an assessment of the viability of transferring products that were domiciled on the original shared system onto new platforms. This has led to elimination as the benefits of migrating the product to a new system were substantially less than the costs involved. For older passbook savings accounts and some money transmission products this led directly to their elimination. Lending products manager: "Our management realised that having all these products, just tied up resources which could be used elsewhere".

5.1.7 Cost and Profit Led

As NZ banks began to gain reliable cost and profit data, this enabled an assessment to made of the overall financial contribution of individual products. This facilitated product managers to identify which individual customer and customer groups were profitable or unprofitable. This impacts on the product line in two key ways. First, for money transmission and savings products, it drove the need to create activity based costing, whereby customers paid for what they used. Money transmission manager: "We were looking to introduce activity based pricing, products which we couldn't change to this we got rid of". Prior to this, a system of bundled costing was employed due to the inability to apportion specific costs. The second impact was to remove products that were considered to cost more then they contributed. Savings products manager: "It is not just falling volumes of sales or usage, it is also about the level of fee generation of each product". How product elimination was used as part of a general strategy to increase profitability can be seen in the following example. A savings product paying little or no credit interest but allowing customers to be entered into a prize draw with the chance of winning a car was launched as a way to generate higher profits. It was perceived that the gambling nature inherent within elements of the New Zealand population would make this type of account attractive. This indeed proved to be the case. It was used as a means to encourage customers to migrate out of traditional savings accounts, which were expensive for the banks to service, into accounts that provided a chance of winning a car but paid little or no interest on cash balances. This, in turn, greatly reduced total support costs.

6. Management Implications

Triggers generated from changes in government legislation, or competitor activity, may force product elimination. The nature of the majority of triggers, however, suggests that they occur without necessarily causing an elimination event. They are also the same influences that drive NPD activity, product enhancement, and changes in business practice. This is not altogether surprising given that the clusters and triggers deal with factors that enable a product to perform, as well as being issues that influence future performance. For example, product complexity may make it hard for a product to be sold, and thus prevent scale economies to be gained, further reducing the potential for profitability. It is likely that each organisation will create its own performance criteria with which to evaluate a product. This in itself is no guarantee that factors challenging a product's viability will be identified. The total number of factors, combined with extensive product ranges, would make a monitoring system capable of identifying all the causes of elimination highly complex and difficult to use. An additional problem is that the frequency and predictability with which elimination triggers arise is likely to be highly variable.

To help overcome these problems and enable product managers to focus their attention, triggers can be put into one of three categories. Category one - triggers initiated by the organisation which are both predictable in their outcome and controllable (e.g. branch rationalisation, removing an IT host system, and seeking to control costs). Category two - triggers that may arise with a level of predictability and are managed proactively (e.g. capacity constraints, removal of duplication, and new segmentation policy). Category three - triggers that take place infrequently, with a low level of predictability (e.g. entry of foreign players, competitor activity, and poor PR from the media). The capacity of the organisation to manage the occurrences of both predictable and unpredictable triggers relates to the proactivity of their product management function. A condition for proactivity must be that end-stage product management is perceived by the organisation as an important activity. For this to happen elimination has to be seen as an activity that can provide the organisation with benefits over and above the removal of a problematic product.

The consequence of failing to identify an elimination trigger is that the causal event continues to impact negatively on the organisation's objectives. Given the extensive range of triggers identified, it would appear that banks need to view end-stage product management as a critical function. This implies that resources should be directed towards monitoring systems and to planning how to manage elimination events. This provides the basis for becoming proactive in the function, and enables the organisation to respond more effectively to the occurrence of triggers. In addition, the product elimination function should link more fully to other stages of product management that aid the overall portfolio planning and customer management activity.

7. Conclusions

The usefulness of the actual NZ derived elimination triggers for product manages needs to be considered against whether the factors that caused them are constants. Organisations and the environment in which they operate seldom remain static. Changes are due to improvements in organisational capabilities. Once competitors modify their business practices, consumers become more sophisticated and often governments alter their policies accordingly. The triggers can therefore only be considered to be a snapshot in time of the factors that have driven elimination in the late 1990's. Although, it is likely that forces for change will continue to influence future product line policy, the extent to which they will drive elimination is open to speculation.

It is would be unsafe to conclude that there is a correlation between the number of triggers in each cluster and their overall influence on product policy. In part, this is because the importance of a cluster and specific triggers will be unique to an organisation based on their capabilities and overall business aspirations. It will also be determined by whether the trigger affects one product or a whole range of offerings. For example, removing duplication may result in the removal of a single product, whilst branch rationalisation may lead to a whole product category being eliminated. In addition, the clusters fail to show the relationship between each of the triggers. Yet triggers may exist and drive elimination in isolation, or combine with others to instigate an elimination process. For example, a change in government legislation is a single driver of elimination, whereas lack of customer information may lead to the wrong product being sold. Although this paper has only been able to conceptualise that these relationships exist, it is an area worthy of further investigation.

The NZ study of causes of elimination extends the findings of previously reported studies from the UK. Although it is not an objective of the paper to draw a direct comparison between these countries, there are number of observations that can be made. First, the addition of new clusters which reflect the operating conditions faced by the NZ banks, plus the additional numbers of specific triggers, would indicate that the UK studies need to be revisited. The case for this is based on the similarity of product types, distribution systems and the nature of business. Second, not all the clusters were mutually exclusive. The external, strategic, and customer led clusters contained many shared triggers (e.g. cost reduction, compliance to legislation, and customer retention). It would be premature to claim that these are universal factors until research that maps triggers across a number of business types has been conducted. The fact that clusters exist to describe the type of forces impacting on banking products in NZ and the UK is a start to this process.

There are a number of limitations of this study. The sample size was appropriate to conducting exploratory research, but insufficient to be able to claim that the results are definitive. This study has enabled a large number of causes of elimination to be identified, why they arise, and, to a limited extent, how they can be used to improve end-stage product management. The list of elimination triggers my not be exhaustive and additional factors might be identified if a larger sample was used.

The study has not identified the frequency with which a trigger arises or the overall importance of the factor as a driver of product elimination. It also has not considered the importance of each trigger relative to others. Research is also needed to explore whether specific product categories (savings, money transmission, investments, and lending products) are susceptible to different types of triggers.

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Examining the Internal-External Determinants of International Joint Venture (IJV) Marketing Performance in Thailand

Craig C. Julian & Aron O'Cass

Abstract

This study focuses on examining the influence of firm-specific and environmental characteristics on the marketing performance of International Joint Ventures (IJV) in Thailand. Studied is the influence of these characteristics on overall performance perceptions, economic performance and strategic marketing output performance objectives. The data for the study were collected from a self-administered mail survey in Thailand. The critical determinants of IJV marketing performance in Thailand were identified as the adaptation of marketing mix strategy, market characteristics and the IJV's market orientation.

Keywords: International joint ventures, marketing performance

1. Introduction

In the international business literature there have been studies conducted to identify determinants of International Joint Venture (IJV) performance in general (e.g. Cullen et al. 1995, Lee and Beamish 1995). There is also a body of marketing research that is largely focused on firms involved in direct or indirect exporting and their marketing performance (e.g. Cavusgil and Zou 1994, Chetty and Hamilton 1993, Dominguez and Sequeira 1993). However, the literature does not adequately cover the issues relating to the marketing performance of IJVs. To combat this Schaan (1983) suggested that, "More research is needed to identify other factors which may be important in explaining JV success" (p.344). Whilst this call was suggested in 1983 this is still a relevant comment today and one that drives this study. The study focuses on issues related to the determinants of IJV marketing performance and their relative significance.

2. International Joint Venture Developments

An IJV is defined as an equity sharing arrangement in which a foreign corporation and a local firm (either private or government owned) pool their resources, share risks and operational control to operate an independent business unit on a continuous basis for profit and/or to achieve other strategic objectives (Geringer and Hebert 1991). Interestingly, the IJV market entry mode represents two opposing trends, firstly, it is becoming increasingly popular as a mode of market entry and expansion (Makino and Beamish 1998, Vanhonacker and Pan 1997). In recent years an increasing number of global corporations have become involved in IJVs at home and overseas. The composition of firms adopting the IJV entry mode covers many sectors, industries, and product groups (Griffith et al. 2001). Secondly, for over a decade IJVs have been shown to be a fragile entity, where it has been repeatedly argued that the failure rate of IJVs is above thirty percent, and it is often markedly higher compared to other alternative forms of market entry and operation (Makino and Beamish 1998). The significance of a robust growth trend is somewhat overshadowed by the incidence of high failure (Makino and Beamish 1998, Yan 1998) and JV failure is often costly and extremely frustrating for both partners (Cullen et al. 1995).

3. Country Contexts for IJV Research

Given the growth in the use of IJV's and the accompanying academic interest in this area, one wonders why little research has been conducted on IJVs in South East Asia (with the exception of Makino 1995, and associates). That is, in the ASEAN Countries of Thailand, Singapore, The Philippines, Malaysia, Indonesia, Brunei, Vietnam, Laos and Myanmar. IJV's in South East Asia are an important dimension of contemporary business, for example, Thailand is important because of its: (i) strong economic growth, (ii) investment boom since 1980, and (iii) its importance as a future market for Australian companies (Stier and Mills 1994). Prior to the economic and political crisis of 1997 Thailand had seen economic growth rates averaging between 8% to 10% for the previous ten years and solid foreign investment, especially in the area of IJVs (Economist Intelligence Unit 1994). After the economic crisis of 1997, Thailand experienced a major recession with economic growth rates declining to 0.6% and 0.1% for 1997 and 1998 respectively (Far Eastern Economic Review 1998a and b). Since then Thailand has experienced marked improvement in the economy achieving growth rates of 4.0% and 6.6% for 1999 and 2000 respectively (Far Eastern Economic Review 2000) indicating the economy had a made significant recovery. A similar performance for the Thai economy is predicted for 2001 with economic growth of around 6.1% being predicted, indicating consumer confidence and foreign direct investment (FDI) was returning, especially after Thaksin Shinawatra's electoral win in 2001 which boosted the Thai Stock Exchange by 7% (Far Eastern Economic Review 2001a). The consequence of this positive investment environment is that it will provide an ideal economic climate for the future growth in IJV activity (Economist Intelligence Unit 1994).

For those companies considering foreign investment, Thailand still has all the ingredients to provide foreign investors with a strong and stable investment climate. Consequently, understanding the factors that influence the performance of IJVs in Thailand will be critical to the long-term future success of those relationships.

4. IJV Theory and Application

There are a number of overriding economic and political reasons for the rise in the popularity of IJVs. A number of researchers (Beamish and Inkpen 1995, Blodgett 1991, Tallman and Shenkar 1994) have identified a variety of reasons behind Multinational Corporations' (MNCs) decisions to enter into IJV agreements. These include the characteristics of foreign markets, such as, access to suitable distribution channels, sharing heightened economic and political risks in new business ventures, government pressure and technology transfer (Makino and Delios 1996, Johnson et al. 2001).

From a foreign corporation's perspective, an IJV offers the opportunity of entering promising new markets where other forms of market entry (e.g., as a wholly-owned subsidiary) may be barred. Other country markets may be characterised by less formal barriers to entry and foreign firms may find it difficult to penetrate these markets without local expertise. As such, a joint venture partner may provide the know-how or established local distribution channels through which to market the new product (Beamish 1993). Inaccessibility to distribution channels has been widely cited as a reason behind the failure of many IJVs (Makino and Delios 1996, Yan 1998). The use of the IJV as a foreign market entry mode has also helped in reducing the significant political and economic risks generally associated with foreign projects (Johnson et al. 2001).

Access to modern and up-to-date technology is widely recognised as the principal reason why local firms in developing countries enter into JV arrangements with corporations from developed countries (Beamish 1993, Beamish and Delios 1997). IJV's provide foreign partners with quick and easy access to new markets by leveraging the local partner's market knowledge and local networks that help reduce risks and increase revenue (Simonin 1999). In return, foreign partners bring technology and capital (Inkpen and Beamish 1997). Failure to deliver to the IJV the technology initially promised could cause the local partner not to provide all of the local market knowledge needed to succeed in the foreign market. Furthermore, according to Blodgett (1991), if the firms elect to form a joint venture, then the problems usually associated with markets are transferred inside the joint venture and confined to the participating firms instead of to the universe of market participants. As such, technology transfer or lack thereof, can be deemed a market characteristic because of the special relationship between participants in a specific market (Beamish and Delios 1997, Yan 1998).

Governments may not actually require joint venture participation by MNCs, but government pressure for local participation usually exists in some form via the choice of suppliers, the choice of markets, the repatriation of profits, etc. (Makino and Delios 1996, Osland 1994, Yan 1998). Government pressure is the direct or indirect imposition of restrictions on foreign investors by a host country government (Blodgett 1991). Indeed, one of the principal market characteristics frequently cited as influencing IJV performance is the policies of host country governments. Frequently, when a developing country is involved, government pressure may lead a foreign corporation to take on a local partner (Yan 1998, Yan and Gray 1994). The host country government may also exercise influence over the choice of suppliers and over marketing, once the venture is established (Osland 1994). Or it may impose exchange controls, which can have an important impact on an IJV's reinvestment, financing and repatriation decisions (Beamish 1993, Yan and Gray 1994). As a result, laws or pressure from the host government can play a significant role in the marketing performance of the IJV. Given the significance of markets and their nature it is hypothesised that:

H1a: The marketing performance of IJVs in Thailand will be negatively influenced by market characteristics.

Along with market characteristics, partner relationships or synergy is an important consideration in marketing performance. Organisational synergy is the match or congruency between partners in a JV. That is each firm in the venture offers and contributes complementary and congruent skills, abilities and resources. Organisational synergy in an IJV occurs when the conflict that has occurred between the partners as a result of each partner's desire for greater control over the IJV (Ding 1997) is harmonised through the relationship commitment of the partners (Lin and Germain 1999).

Harmonisation of conflict requires that parties reach satisfactory compromises when disagreements occur (Gundlach et al. 1995). A committed party is likely to give the goals of the relationship a higher priority than its own goals and forsake majority control. For example, when commitment is high, parties are more likely to work through difficult times together, show flexibility in accommodating each other, develop social bonds beyond singular commercial concerns, and search for mutually satisfactory solutions to emerging disagreements (Spekman et al. 1996).

Relationship commitment exists when an exchange partner believes that "an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it" (Morgan and Hunt 1994: p. 23). When parties are committed to the relationship, cooperation evolves from "commitment to cooperation in its own right" (Buckley and Casson 1988). Committed parties tend to reduce their opportunistic tendencies and there is less need by either party for majority control over the IJV (Sohn 1994). As such, a committed relationship is likely to be more effective, because the transaction costs associated with managing the relationship will be lower. Therefore, relationship commitment should have a positive effect on IJV performance (Sarkar et al. 1997).

JVs offer a unique opportunity of combining the distinctive competences and the complementary resources of participating firms. Such combinations provide a wide range of benefits - benefits that neither participant might be able to attain on their own (Makino and Delios 1996, Osland 1994). However, the benefits associated with IJVs are counterbalanced by a wide range of problems. The failure rate of IJVs, in general, is high (Makino and Beamish 1998, Yan 1998). The problems in IJVs are heightened when the partners are of different nationalities and cultures and when collaboration occurs at the base of each firm's competitive advantage (Geringer and Hebert 1991). More specifically, some of the main problems include desire for control, transfer pricing conflicts, commitment of the partners, differences between the partners concerning marketing and significant differences in the major goals of the parties (Ding 1997, Johnson et al. 2001). Hence it is hypothesised that:

H1b: The marketing performance of IJVs in Thailand will be positively influenced by the organisational synergy of the partners.

Another related area of difficulty for IJVs involves the differences between the partners on marketing-related issues (Ding 1997, Calantone and Zhao 2000). A JV between a foreign corporation and a local firm can fail because of differences between the parties about marketing policies and procedures (Ding 1997, Simonin 1999). Many highly market oriented foreign corporations try to avoid IJVs. However, when they do enter into them because of the requirements of host governments (Barkema and Vermeulen 1997, Vanhonacker and Pan 1997), they strive to adopt their own marketing systems, based upon product differentiation, aggressive promotion and emphasis upon trademarks and brand names (Cavusgil and Zou 1994). They consider control of the elements in the marketing mix in a JV crucial in their type of business (Calantone and Zhao 2000, Ding 1997). Having a dissimilar experience in their own country, the local partner may strive to adopt different marketing programs and procedures (Barkema and Vermeulen 1997). As a result, the partners may encounter serious conflicts in marketing management which result in stalemates in decision making and, ultimately, failure of the IJV (Lewis 1990). Therefore, the market orientation of senior management is a key ingredient impacting on IJV marketing performance and success and as such it is hypothesised that:

H1c: The marketing performance of IJVs in Thailand will be positively influenced by the market orientation of senior management.

The more internationally competent a firm is the more likely it is that standardisation alone will not lead to optimal results. A competent firm, because of its international experience knows the differences in environmental conditions and is more likely to select the most attractive market for the venture and adapt the marketing strategy to accommodate the specific needs of the market. An inexperienced firm seeks the closest match between its current offerings and foreign market conditions so that minimal adaptation is required (Douglas and Craig 1989). When a product can meet universal needs, a standardised strategy is facilitated (Cavusgil and Zou 1994), however, if a product only meets unique needs, greater adaptation of product and promotion will be required to meet customers' product use conditions (Cavusgil et al. 1993). Also, when a culture-specific product is exported to a foreign market, the cultural base on which the product is developed may not match the cultural base in the foreign market. To be viable, the product must be adapted to the cultural requirements of the foreign market (Cavusgil and Zou 1994). This suggests that an adaptation strategy is likely to lead to better marketing performance results than a standardised strategy and as such it is hypothesised that:

H1d: The marketing performance of IJVs in Thailand will be positively influenced by marketing mix strategy adaptation.

The measurement of IJV performance has been plagued by controversy with arguments that traditional financial indicators, such as profitability, sales and market share, may not adequately reflect the extent to which the IJV has achieved its strategic objectives (Yan and Gray 1994). The underlying belief in using the financial indicators of profitability, sales and market share to measure IJV performance is that the IJV organisation structure is an organisation structure like any other and should be evaluated accordingly, namely, in financial terms (Calantone and Zhao 2000).

Another means of conceptualising IJV performance is based on the achievement of strategic objectives. The main thrust here is that firms often have a set of strategic objectives, as well as financial goals, for establishing an IJV. This view holds that the attainment of strategic objectives such as product/service quality, being competitive or a strengthened strategic position should be considered an integral part of IJV performance (Ding 1997).

Still another conceptualisation of IJV performance advocates the use of perceptual measures of performance. The logic behind this conceptualisation is that being satisfied with the IJV's performance is a strong indication of success (Lin and Germain 1998). Perceptual measures of a parent firm's satisfaction with an IJV's performance have been used by many researchers (Ding 1997, Griffith et al. 2001, Lee and Beamish 1995, Lin and Germain 1998). As is evident, there are many ways to evaluate performance, and few indicators are widely accepted (Yan and Gray 1994). It is argued here that not all performance measures will be impacted to the same degree by internal organisational characteristics and external marketplace characteristics and as such we hypothesise that:

H2: Market characteristics, organisational synergy, the market orientation of senior management, and marketing mix strategy adaptation will differentially affect economic performance, strategic marketing performance and satisfaction with IJV performance.

The foreign corporation and the local partner in an IJV may have significant differences in their goals. These differences could be due to the size and type of companies involved; their particular business, industry, and products; their international and other experience, and other factors (Douglas and Craig 1989, Dymsza 1988, Geringer and Hebert 1991, Vanhonacker and Pan 1997). For example, a foreign corporation may desire to enter into a viable operation through an IJV that will yield a target rate of return on investment in the medium and long term. Therefore, it strives to reinvest a substantial portion of earnings in the venture in order to expand the operation and increase its return over this time horizon. The local partner, on the other hand, often enters into the IJV to earn a good immediate rate of return on its investment. Therefore, it strives for maximum pay-out of dividends. As a result of these differences, partners may experience a stalemate that could interfere with the successful management of the business (Dymsza 1988) and as such it is hypothesised that:

H3: Internal characteristics, perceptions of the environment, and performance indicators will differ across industry type and country of origin of the IJV partner.

The problems associated with IJVs are significant and contribute substantially to the frequent demise of such ventures. This study addresses this issue, identifying the key factors determining IJV marketing performance in a developing country.

5. Research Design

The study was based on the development and administration of a self-administered mail survey. The questionnaire was finalised after a pre test by personal interviews in 10 IJVs located in Thailand. The final questionnaire contained a list of statements relating to the factors influencing the marketing performance of IJVs in Thailand and a list of measures of marketing performance. To ensure valid and reliable measures, questionnaire development followed several steps. First, the relevant literature was reviewed to identify existing measures of the constructs. Second, to ensure content validity, several IJV experts reviewed the questionnaire and provided input for revision. Third, the questionnaire and covering letter were translated into Thai and then back-translated into English following the procedures outlined by Douglas and Craig (1983). The use of only two languages reduced the potential for errors resulting from multiple translations of the questionnaire. Minimising the diversity of languages also helped ensure construct equivalence and data comparability (Johnson et al. 2001). During these stages, the potential influence of Thai cultural tendencies on questionnaire responses was addressed. Fourth, the Thai and English versions of the questionnaire were pre tested by personal interviews with the Managing Directors of 10 IJVs located in Thailand. In the pre test, the measures performed consistently, suggesting only minor refinement for the final version of the questionnaire. A major emphasis in all steps was on ensuring that the constructs being investigated were culturally equivalent and not bound to any particular culture.

To reach the most knowledgeable key informants, the questionnaire was directed to the Managing Director of the IJV. From the results of the pre-test, it was expected that the Managing Director would be the person most knowledgeable about the organisation's marketing performance. In cases where the Managing Director was not directly responsible for the organisation's marketing function it was expected that the Managing Director, as Chief Executive Officer, would re-direct the questionnaire to the appropriate executive within the organisation.

The questionnaire (in English and Thai), together with a covering letter and instructions, was mailed to a sample of 831 IJVs selected at random from the list of IJVs provided by the Thai Board of Investment (BOI 1996). The IJVs studied came from a wide cross-section of industries, including agriculture, mining, light industries, metal working, electronic, chemical, and services. After a follow up with a second round mailing 161 questionnaires were returned, accounting for an effective response rate of 19% and considered to be adequate (Groves 1990). This rate compares favourably with others from similar studies – McDougall et al. (1994) with 11%; Zairi and Sinclair (1995) with 13%; and Koch and McGrath (1996) with 6.5%.

The next procedure was to check for non-response bias. An 'extrapolation procedure' was used to assess non-response bias. This assumes that the groupings of actual respondents by an identified criterion are similar to the 'theoretical' non-respondents (Armstrong and Overton 1977). Frequencies and independent t-tests were used to determine whether significant differences existed between the sample of 161 Thai-Foreign IJVs and the target population of 831 Thai-Foreign IJVs based on the classification criterion of equity participation of the principal foreign partner. With the exception of the equity participation grouping of "between 50% and 59%" no significant difference was identified between the sample and the target population for this classification variable.

5.1 Operationalising the Constructs

Marketing Performance of IJVs: The responses to the set of statements designed to measure the marketing performance of IJVs in Thailand were scored from 1 to 7 (extremely dissatisfied to extremely satisfied). Using the literature and the pre-tests of the research instrument, objectives for establishing an IJV were preset in the research instrument that corresponded with each of the measures of marketing performance. These objectives were designed to measure economic performance and strategic marketing output performance. Towards the end of the research instrument, respondents were asked to indicate the relative importance attached to each objective by allocating a constant-sum (100 points) to the individual objectives proportional to their importance. The extent to which the initial objectives were achieved were computed as the weighted sum of the importance of the initial objectives. The two indicators were summed into a composite scale for measuring the marketing performance of IJVs in Thailand. Economic performance was measured via respondents' satisfaction with sales and market share objectives. Strategic marketing output performance was measured via respondents' satisfaction with the achievement of strategic objectives such as product/service quality, technological superiority, price competitiveness and the satisfaction of customer expectations. Respondents also indicated their overall level of satisfaction with the marketing performance of the IJV on a 7-point rating scale (1 = extremely dissatisfied to 7 = extremely satisfied).

Market Characteristics: Statements were included in the questionnaire to measure specific market characteristics, such as the adequacy of the supply of capital resources and raw materials to develop the Thai market. There were effectively drawn from Beamish and Banks (1987), Osland (1994) and Yan (1998). The availability of distribution channels was also included in the questionnaire to contribute to the construct of market characteristics and was drawn from Jacque (1986), Makino and Delios (1996) and Beamish (1993). The knowledge of Thai business practices by at least one of the foreign partners was also included and this was adapted from Blodgett (1991) with further support by Osland (1994). The transference of much needed new technology was drawn from Lecraw (1984), the influence of host country government intervention came from Beamish (1984, 1993) and the influence of industry price competition was adapted from Cavusgil and Zou (1994). High scores implied lack of capital, resources etc and low scores implied such characteristics are present.

Organisational Synergy: Organisational synergy is a variable comprised of conflict, commitment and control. The theoretical perspective adopted here is that the greater the control by the foreign partner the higher the conflict between the partners and the lower their commitment to the IJV (Lin and Germain 1999). The conflict between a foreign corporation and a local partner to control major policies and decisions constitutes a major reason for the failure of certain IJVs (Ding 1997). From all of the literature, cooperation seems to be a core condition for success in a venture (Spekman et al. 1996). Lin and Germain (1999) argued that the greater the cooperation between the partners, the greater their commitment to the venture. Partner commitment to the venture reduces the foreign partners' need for majority control (Sohn 1994). By reducing their control through a reduction of equity in the venture the foreign partner is providing greater incentive for the local partner. Thereby, reducing the likelihood of conflict between the local and foreign partners over divergent goals (Ding 1997), with high scores implying high synergy and low scores implying less synergy.

Conflict: This was measured via statements that tapped the extent of manifest conflict between the IJV partners and was adapted from Habib (1987). The statements assessed the conflict between the partners over the roles and functions performed by each of the partners, the staffing policies for the IJV, and the terms and conditions of the IJV contract. *Commitment:* A construct measured via items adapted from Lee and Beamish (1995). These items measured the commitment to the IJV by the foreign parent and the IJV partners' capital and resource contributions. *Organisational Control:* This was measured via statements adapted from Dymsza (1988), tapping the control by one partner over the other partners in the IJV organisation. These statements measured transferring a large proportion of the IJV's outputs to a parent company and sourcing much of the input needs of the IJV from a parent company. *Managerial Control:* This measured the extent of managerial control exerted by one of the partner's over the IJV entity (see Yan 1998).

Marketing Mix Strategy Adaptation: The marketing mix strategy adaptation variable, as with organisational synergy, is a composite variable comprised of product characteristics, firm-specific characteristics and adapting to foreign market needs (see Cavusgil and Zou 1994). It was designed to incorporate the key aspects of the marketing mix strategy that had to be adapted to accommodate the peculiar requirements of the Thai market.

Product Characteristics: This measured specific product characteristics and were adapted from Cavusgil and Zou (1994). The product characteristics included the stage of the product life cycle the products/services are in, the level of product/service adaptation required; consumer familiarity with the IJV's products/services, promotional strategy standardisation and, the culture-specificity of the product/service. Adapting to Foreign Market Needs and Firm-Specific Characteristics: were borrowed from Cavusgil and Zov (1994).

Market Orientation: This was measured via statements concerning how regularly senior management contacts customers to determine their needs, how frequently the IJV conducts research among its customers and how regularly the IJV attempts to assess the impact that the prices of its products/services have on customer expectations. These statements were adapted from Pitt and Jeantrout (1994), with high scores implying strong market orientation and low scores implying weak orientation.

As all scales were sourced from the existing literature and validated in the pre-test they were considered to possess content and face validity (O'Cass 2001). To examine the psychometric properties of each construct an exploratory factor analysis with varimax rotation was conducted. All items loaded onto their appropriate factors and all factor loadings ranged between .5 and .8 for the factors (see Table 1). All constructs showed acceptable reliability, with Cronbach's Alpha of .6 or greater (Nunnally 1978). The analysis of the scales showed that all the multi-item measures factor loadings were > .5 and all loadings were found to be statistically significant at p < .05 and no cross loadings > than .4 were identified. Following this all items within each construct were then computed into composite variables to test the hypotheses. Mean factor scores were obtained for the composite variables, the factors and performance measures. To assess the discriminant validity we followed the arguments of Gaski (1984) which suggest that if the correlation between two composite constructs is not higher than their respective reliability estimate, then discriminant validity exists. The results indicated that using this criteria all reliability estimates (Cronbach's alpha) were greater than their correlation.

6. Results

Prior to analysing the data to test the hypotheses, examination of the characteristics of the IJV respondent firms of the sample was carried out. As indicated in Table 2 this is achieved by analysing the country of origin of the principal foreign partner, the equity percentage of the principal foreign partner, the year the IJV was formed and the industry classification of the IJV.

Analysis of these characteristics indicated that for country of origin of the principal foreign partner (see Table 2) the three largest contributors of IJVs in Thailand have been Japan, Western Europe, and the Newly Industrialised Economy (NIE) of Taiwan. This is consistent with trends in FDI during the same period (Julian 2001). Japan provided almost half of the principal foreign partners for the study. Examination of the data indicated that 64% of the foreign partners held less than 50% equity in the IJVs. The results also indicated that the majority (75%) of IJVs were implemented post 1985. This can be explained by economic growth rates in Thailand between 1986 and 1995 averaging between 8 to 10% annually. Furthermore, Thai Government policies were generally favourable towards the IJV form of FDI during this period (Stier and Mills 1994). In this period there were restrictions placed on FDI in Thailand (Baker and McKenzie 1993) and those wishing to participate in the booming Thai economy were restricted in the investment alternatives available and the IJV was the principal FDI alternative available to foreign investors.

Also the IJVs were found to be evenly spread across four industry groupings, including Agriculture (with 24%); Metal-Working Industries (with 21%); Chemical Industries (with 19%); and Electrical Industries (with 17%). These accounted for 80.7% of IJV activity in the sample. This is significant in that the results can only be applied to these industries.

Referring to Table 3, mean scores and standard deviations for all performance measures suggest that the respondents were satisfied with the economic and overall performance of their IJV together with the strategic outputs that were produced. However, the respondents were more satisfied with the overall performance of their IJV and the strategic outputs that were produced than they were with the economic performance of the IJV. The overall performance and strategic output measures had means and standard deviations of 4.9 and 1.3, and 4.8 and 0.9 respectively, the mean for economic performance (sales & market share) was 4.6 (SD – 1.4).

6.1 Testing of Hypotheses

To test hypothesis 1 a regression analysis was conducted to examine the effect on the overall marketing performance of IJVs by market characteristics, organisational synergy, market orientation, and marketing mix strategy adaptation. As indicated in Table 4 (Model 1), the results showed these four sets of variables were all significant ($p<.05$) and explained 15% of the variation in overall marketing performance. These results support hypotheses H1a, H1b, H1c and H1d.

Having identified the key factors influencing the marketing performance of IJVs the next step was to differentiate between the performance categories.

Hypothesis 2 focused on the belief that market characteristics, organisational synergy, the market orientation of senior management and marketing mix strategy adaptation will differentially affect economic performance, strategic marketing output performance and overall satisfaction with performance. To test this a regression analysis was conducted to examine the effect on economic performance (sales & market share) of the four sets of variables. The results presented in Table 4 (Model 2) account for 6% of the variation in the economic performance of the IJVs, with an F statistic of 2.44 (significant at $p < .05$) indicating that the independent variables explain a small amount of the variation in economic performance. The results also show that only market characteristics (significant at $p<.05$) had a significant influence on the economic performance (sales and market share achieved) of IJVs.

The final regression analysis conducted examined the effect on strategic outputs by market characteristics, organisational synergy, market orientation and market-

Table 1:
Summary of Exploratory Factor Analysis

Construct	% Variance Explained	Dominant Statements	Factor Loadings
Market Characteristics			
Market	19	Inaccessibility to suitable distribution channels.	0.73
Characteristics	eigenvalue – 6.13	Shortage in the supply of necessary capital resources.	0.71
Alpha = .82		Shortage in the supply of necessary raw materials.	0.70
		A lack of knowledge of Thai business practices.	0.65
		The intensity of price competition.	0.62
		Inadequate up-to-date technology in the market place.	0.58
		Thai Government intervention into the operation of the IJV.	0.56
Organisational Synergy (Alpha = .67)			
Conflict	33	Disagreements between the partners over the IJV contract.	0.88
Alpha = .87	eigenvalue – 4.55	Disagreements over attempts to change the IJV contract.	0.86
		Disagreements over the IJV's hiring policies.	0.78
		Disagreements over the roles to be performed by each partner.	0.75
		At least one of the IJV parents considered the contract unfair.	0.73
Organisational Control	37	A large proportion of the IJV's output were transferred to a parent company.	0.67
Alpha = .67	eigenvalue – 1.22	Much of the input needs of the IJV were sourced from a parent company.	0.53
Managerial Control	41 eigenvalue – 1.08	Lack of effective control over the IJV by any of the parents.	0.75
Commitment	48	The IJV parents were willing to commit key senior management people to the IJV.	0.80
Alpha = .82	eigenvalue – 2.48	The foreign parents were willing to find special skills required by the IJV in the foreign parent firm.	0.79
		The foreign parents were willing to regularly visit the IJV and offer assistance.	0.78
		The level of product/service adaptation required.	0.76
		Lack of familiarity by consumers to the IJV's products/services.	0.54

Table 1: *continued*
Summary of Exploratory Factor Analysis

Construct	% Variance Explained	Dominant Statements	Factor Loadings
Marketing Mix Strategy Adaptation (Alpha = .69)			
Product Characteristics	54	The level of promotion adaptation required.	0.70
Alpha = .70	eigenvalue – 1.62	The lack of familiarity by consumers to the IJV's products/services.	0.65
		The culture-specificity of the product/service.	0.57
		The age of the IJV's products/services.	0.53
		The foreign parents were committed to the IJV.	0.52
		The unit value of the IJV's products/services.	0.79
Firm-Specific Characteristics	58	The uniqueness of the IJV's products/services.	0.65
Alpha = .61	eigenvalue – 1.29	Customer expectations of the product/service are a measure against which the IJV evaluates its performance.	0.56
Adapting to Foreign Market Needs	61 eigenvalue – 1.05	The foreign parents of the IJV were willing to adapt the products/services of the IJV.	0.69
Market Orientation			
Market Orientation	64.7	The IJV frequently conducts research among its customers.	0.79
Alpha = .62	eigenvalue – 1.24	The IJV regularly contacts customers to determine their needs.	0.58
		The IJV regularly assesses the impact of the prices of its products/services on customer expectations.	0.51

ing mix strategy adaptation. Table 4 (Model 3) indicates that these variables together explained 12% of the variation in strategic outputs performance. The results also show that only market orientation (t-value 2.58, $p < .05$) and marketing mix strategy adaptation (t-value 2.56, $p < .05$) had a significant effect on the strategic output performance.

Table 5 provides a summary of the results of the three regression analyses undertaken for Hypotheses 1 and 2. This enables differential effects to be considered. As can be seen, the marketing performance of IJVs in Thailand is significantly influenced in a negative direction by market characteristics and organisational synergy. This indicates that the lack of distribution channels, capital resources, raw materials, knowledge of local business practices together with the intensity of competition, Thai Government intervention into the operation of the IJV and inadequate up-to-date technology all had a detrimental effect on the marketing performance of IJVs. Additionally, organisational synergy between the partners was not evident with conflict between the partners contributing to a lack of commitment and poor performance. The results also indicate that marketing performance was significantly and positively influenced by marketing mix strategy adaptation and market orienta-

Table 2:
Descriptive Statistics

(a) Country of Origin of the Principal Foreign Partner

Country of Origin of Principal Foreign Partner	Europe	North America	Japan	Taiwan	Korea	ASEAN	Hong Kong
%	20	6	50	12	5	6	1

(b) Equity Participation of the Principal Foreign Partner

Equity % of Principal Foreign Partner	5-9	10-19	20-29	30-39	40-49	50-59	60-69	70-95
%	2	8	9	9	35	13	5	18

(c) International Joint Venture (IJV) Formation by Year of Formation

IJV Formation By Year	1960 – 1970	1971 – 1980	1981 – 1985	1986 – 1990	1991 – 1995
%	5	9	11	54	22

(d) International Joint Venture (IJV) Formation by Industry Classification

Industry Classification of the IJV	Agriculture	Mining	Light Industries	Metal Industries	Electrical Industries	Chemical Industries	Services
%	24	4	10	21	17	19	5

Table 3:
Mean Factor Scores

Construct	Mean Score	Standard Deviation
Marketing Mix Strategy Adaptation	6.0	1.0
Market Orientation	5.4	1.2
Market Characteristics	4.0	1.5
Organisational Synergy	3.9	0.9
Overall Performance	4.9	1.3
Strategic Market Outputs	4.8	0.9
Economic Performance (Sales/Market Share)	4.6	1.4

Table 4:
Regression Results for Performance

Model 1	Overall Summary Performance		
	Beta	T-value	*p*
Marketing Mix Strategy Adaptation	.217	2.69	.01
Market Characteristics	-.210	-2.55	.05
Market Rrientation	.201	2.58	.05
Organisational Synergy	-.152	-1.96	.05
R^2 .145 F 6.62 p<.001			

Model 2	Economic Performance (Sales/Market Share)		
	Beta	T-value	*p*
Marketing Mix Strategy Adaptation	.126	1.48	ns
Market Characteristics	-.165	-2.00	.05
Market Orientation	.131	1.60	ns
Organisational Synergy	-.025	-.30	ns
R^2 .06 F 2.44 p<.05			

Model 3	Strategic Output Performance		
	Beta	T-value	*p*
Marketing Mix Strategy Adaptation	.210	2.56	.05
Market Characteristics	-.089	-1.11	ns
Market Orientation	2.04	2.58	.05
Organisational Synergy	.052	.64	ns
R^2 .12 F 5.20 p<.001			

tion. This was evident in that higher levels of adaptation of the IJV's strategy to accommodate the needs of the local market, and greater levels of market orientation by senior management, meant better levels of IJV marketing performance. Furthermore, these characteristics differentially affect overall performance, economic performance and strategic marketing output performance, although only directional support is evident.

Hypothesis 3 focused on the belief that internal characteristics, perceptions of the environment, and performance indicators differ across IJV industry type and country of origin of the IJV partner. To examine this a series of analysis of variances were computed using industry type, country of origin of the principal foreign partner, equity percentage of the principal foreign partner and year established as the independent variables, and market characteristics, marketing mix adaptation, market orientation, organisational synergy and performance indicators as the dependent variables. The results indicated no significant difference except for year established by economic performance and market characteristics by industry type.

Differences over time were found for the impact on IJVs on economic performance. The mean for economic performance for those established between 1986 to 1990 was 4.5 and for 1991 to 1995 was 3.6 (range 1 to 7), significant at .05. Also differences over time were found for the impact on market share/sales. The mean score for market share/sales for those IJVs established between 1971 to 1980 was 5.0 and those established between 1991 to 1995 was 3.6, significant at .05. Also differences were found on this variable for IJVs established between 1986 and 1990 with a mean of 4.8 and those established between 1991 to 1995 with a mean of 3.6, significant at .005. Differences were also found between industry type, for primary industry and manufacturing. The difference was found in market characteristics with market characteristics for primary industry IJVs having a mean score of 4.5 and for manufacturing IJVs market characteristics had a mean score of 3.7, (significant at .05).

Except for these differences the perceptions of internal, external and performance indicators did not differ for the year the IJVs were established, the equity percentage of the principal foreign partner, the country of origin of the principal foreign partner or the industry and, as such, H3 was only partially supported.

7. Discussion and Limitations

The study focused on examining market characteristics, organisational synergy, market orientation and marketing mix strategy adaptation as determinants of marketing performance. It is important for the management of any company to be aware of these factors when contemplating an IJV of any magnitude in a developing country. The results of the study indicate that it is important for managers of IJVs to be aware of the market characteristics of a foreign market that can influence a firm's marketing performance. Availability of capital resources, raw materials and distribution channels; transfer of up-to-date technology; knowledge of local business practices; and knowledge of industry competition are important for the successful marketing performance of IJVs at least in a Thai context. Companies intending to enter into an IJV arrangement in Thailand need to ensure the availability and existence of the above if they are to succeed in this market.

As far as organisational synergy is concerned, the results indicate that it is important for managers of IJVs to minimise the transference of the IJV's output to a parent company and to minimise the sourcing of the IJV's input needs from a parent company for marketing performance success. Furthermore, it is important for managers of IJVs to minimise the inter-organisational conflicts in order to improve the IJV's marketing performance. The compatibility and synergy between partners in an IJV is important and does effect overall performance. Joint

Table 5:
Summary of Regression Results for Performance

Dependent Variables	Model 1	Model 2	Model 3
Independent Variables	Overall Summary Performance β	Economic Performance (Sales/Market Share) β	Strategic Output Performance β
Marketing Mix Strategy Adaptation	.217*	.126	.210*
Market Characteristics	-.210*	-.165*	- .089
Market Orientation	.201*	.131	2.04*
Organisational Synergy	-.152*	-.025	.052

Model 1 R^2 .145*
Model 2 R^2 .06*
Model 3 R^2 .12*

* indicates significant @ p<.05

venture partners must make commitments of providing key senior management people, supplying special skills, visiting and offer assistance, furnishing additional equity or loan capital when needed and demonstrate a general commitment to the market for marketing performance success in Thailand.

In relation to market orientation, results show that market orientation must be with reference to senior management's knowledge of its customers. That is, for senior management to understand what its customers expect from its products and services and for senior management to be in regular contact with its customers. Senior management needs to be market oriented when operating in a foreign market to ensure successful marketing performance of their IJV. Finally, in relation to marketing mix strategy adaptation, the findings indicate that managers of IJVs should make efforts to adapt their products/services to meet the needs of the local Thai market, thus improving their chances of success. Specifically, product/service adaptation, promotion adaptation, consumer familiarity with the product/service, stage of the product life cycle, culture specificity of the product/service and product/service differentiation require management's attention. IJV managers must be aware of the importance of adapting the IJV's products /services to meet the needs of the local Thai market and refrain from opting for globally standardised options.

The major limitation of the study centred around single versus multiple respondents. The most basic issue in IJV performance evaluation is the question of whose performance to assess. Parents have their own objectives in creating IJVs, and obviously to measure a venture's performance against these objectives is relevant. But it is not the only basis for measuring results. Anderson (1990) argued that IJVs should be measured primarily as stand alone entities seeking to maximise their own performance, not the performance of parents. Further, encouraging the IJV to stand-alone promotes harmony among the partners and increases the chance of survival and prosperity (Geringer and Hebert 1991). Other researchers argue that using only the IJV entity to assess IJV performance represents an incomplete method for assessing performance (Lee and Beamish 1995, Yan and Gray 1994). Since IJVs are jointly owned, it is reasonable to examine whether both parties (local and foreign) are satisfied with performance.

A number of researchers also argue that more than one perspective on IJV performance is required to increase confidence in the findings and for an IJV to be considered successful it needs to be rated as being successful by more than one partner (Yan and Gray 1994). The theoretical perspective adopted in this study supports the view of Anderson (1990) that IJVs should be assessed as stand alone entities which is why overall assessment of performance, economic performance and strategic market outputs as a measure of performance were assessed separately (Yan and Gray 1994, Zou et al. 1998). However, as data in this study was only collected from senior management of the IJV entity itself and neither the local or foreign partner's perception of performance were considered, this represents a major limitation of the study.

8. Implications for future research

Several useful directions for future research can be suggested. Firstly, to test the stability of the factor structures developed here across other samples. Secondly, to study a more comprehensive sample from the service sector. Finally, to study the foreign partners' point of view. A logical extension of this research would be to test the stability of the factor structures developed in this study on the basis of a sample of IJVs based in other ASEAN Countries e.g., Indonesia, Malaysia, Singapore and The Philippines. A high similarity between the factor structures obtained from the replication study and those obtained from the present one would indicate that the factor structures of this study are stable across different national settings contributing to the establishment of reliable scales that can be used in more than one national setting. Furthermore, such a finding would encourage international researchers to use similar measurement instruments and compare findings across national settings leading to a more systematic development of international joint venture marketing performance theory.

The population of IJVs included in this study consists almost entirely of firms engaged in the agricultural, manufacturing, processing and extraction industries. Only 7 firms out of a total of 161 in the sample were from the service sector. It would be a useful contribution to the IJV literature if a similar study were conducted on a sample of IJVs engaged only in the service sector in Thailand. Service sector firms that enter into IJV agreements with some frequency in Thailand are banks, insurance companies, finance companies, travel agencies, airlines, hotels, and advertising agencies.

Finally, this study approached the issue of IJV marketing performance in Thailand from the IJV entity's point of view through the eyes of the Managing Director. It can only be anticipated that the salient factors identified here are versatile enough to remain stable if a similar study based on the responses from the foreign partners were conducted. Whether or not the factors are stable in this respect is an empirical question, and an important and interesting one. All of the items used in this questionnaire can be used in such a study and it is important to validate that the foreign partner's perception of marketing performance is similar to that of the IJV entity.

9. Conclusions

The primary objective of this study has been to furnish empirical evidence on four principal issues. Firstly, the key determinants of IJV marketing performance; secondly, their relative significance; thirdly, the measurement of marketing performance of IJVs as opposed to overall business performance; and finally, the importance of market orientation to IJV marketing performance. The study accomplishes all objectives with a reasonable measure of success. It makes both exploratory and confirmatory contributions to the IJV literature. It identifies a few variables that have previously remained, at least empirically, mostly obscure (e.g., market characteristics and market orientation). New evidence has been produced confirming the salience of previously identified constructs (e.g., organisational synergy – a composite variable comprised of conflict, commitment and control). This study, unlike many others in this area, seeks to identify and examine the relationships between the most salient variables and marketing performance in a single but comprehensive way.

This study cannot rule out the existence of other dominant variables. For example, the level of trust between the partners, partners' needs and partners' contributions (Fey 1996, Lee and Beamish 1995). It also cannot claim that the scales that have been developed here are stable across time or samples. The strength of a study of this type lies in the validity or substance of the variables measured through the survey and in uncovering some of the key variables that contribute to success.

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Marketing Research: An Applied Orientation

2nd Edition, Pearson Education, Australia

Naresh Malhotra, John Hall, Mike Shaw and Peter Oppenheim (2002)

One of the most important issues in marketing is the collection and analysis of market- related information, and the ability to use and to interpret it. The second edition of Marketing Research: An Applied Orientation claims to provide the knowledge and skills for doing so. It follows on from the success of initial editions in the United States and the related international and Spanish translations. Examples from Australia, New Zealand and Asia in this book allow readers to put theoretical perspectives into tangible local situations, thus increasing interest and understanding.

Content

The book is organized into seven parts with a total of twenty chapters. Considering this, the opening statement that the organization of the book is according to a conceptualisation of the marketing research process as a six-step framework, somewhat confuses the reader. However, the initial confusion quickly gives way to a full understanding when the framework is explained in Chapter 1 and the progression through the steps is highlighted on the framework at the commencement of each of the following chapters 2 - 20. This step-by-step consideration of the marketing research process makes perfect sense and favourably distinguishes this book from a number of similar publications that start belatedly with the research design and conclude prematurely after the data preparation and analysis step.

Part 1 of this book contains four chapters. They cover the first three steps in the marketing research process by providing an introduction to the topic, defining the marketing research problem, developing an approach (including the specification of research objectives), and discussing issues of research design and research proposal.

The following Parts 2, 3 and 4 then expand on the third step in the framework: the formulation of the research design. Corresponding chapters 5 - 10 describe research methodologies extensively. Exploratory, qualitative and quantitative research methods are being addressed in detail with thorough discussions of respective advantages and disadvantages. Not only are types of information presented that are commonly collected in marketing research but additionally the appropriate scales for obtaining them are covered in the individual chapters. Anyone involved in designing questionnaires will appreciate corresponding guidelines that the book provides as well as discussions of procedures, techniques and statistical considerations involved in sampling.

Covering data collection and data preparation issues, Part 5 corresponds to the fourth step in the marketing research process. The authors present a discussion of fieldwork and the preparation of data ready for analysis.

Actual data analysis, the fifth step, is covered in Part 6. Seven chapters introduce and discuss basic and advanced techniques in detail, including frequency distributions, cross- tabulations, hypotheses testing, analysis of variance, regression analysis, discriminant analysis, factor analysis, cluster analysis, multi-dimensional scaling and conjoint analysis. Emphasis is placed on a thorough explanation of procedures, interpretation of results and managerial implications, although with little attention given to alternative statistical approaches.

Part 7 deals with communicating the research project, constituting the sixth and final step in each marketing research process. Details and issues of report preparation and oral presentation are presented in the corresponding single chapter.

Changes from the First Edition

The strengths of this book remain its depth and breadth of coverage of the marketing research process. A distinct improvement compared to the first edition is that chapters have been reorganized and now provide an enhanced structure corresponding to the marketing research process. Accordingly, Chapter 1, introduction to marketing research, has been expanded.

Chapter 5, secondary data methods, has been supplemented by an extensive section on electronic and Internet research, now including coverage of “hot” issues like scanner data, computerized databases and the World Wide Web as an on-line source of secondary data.

Completely rewritten and also expanded, Chapter 6, qualitative research methods, in its updated form now provides a good coverage of related techniques and applications addressing focus groups, in-depth interviews, projective techniques and the analysis of qualitative data. Although not as extensive as the seven chapters on quantitative research, it now reflects the widespread and varied use of qualitative research. Few marketing research texts give adequate coverage to observation as a research technique. This chapter provides a rationale for using qualitative research, and lays out the procedures by which observational data can be systematically and objectively collected.

Upgrading the first edition’s one-colour printing to a two-colour layout (black and red) added to the ease of navigation in the second edition. Numerous figures, tables, pictures, illustrations and examples help explain the basic concepts. International and Internet examples have been added to most chapters making the book more appealing to a broader audience. The applicability of the book has been improved by inclusion of SPSS output examples along with guidelines on how to run SPSS in order to execute all statistical procedures. Although SPSS is clearly the software application preferred by the authors, marketing research data analysis procedures are illustrated along with other popular programs like SAS, BMDP, Minitab and Excel. The new edition also comes with a CD that includes a SPSS student version and data sets for various comprehensive case studies covered in the book. More and updated case studies are presented in a special section at the end of the book. Finally, a new Companion website ha been set up (www.prenhall.com/malhotra_au).

Suitability for Target Audiences

The purpose of this book goes beyond a mere familiarization of readers with a variety of popular techniques used in the collection and analysis of marketing research. It aims at developing an ability to collect, use and interpret marketing information. With the more balanced coverage of both qualitative and quantitative techniques, the content is comprehensive, practical and up to date. Among the beneficiaries of this book are research suppliers who will find the additional provision of extensive descriptions of research methodologies valuable. The “how-to” approach throughout the chapters certainly appeals to marketing research practitioners and the abundance of examples makes it easy to transfer the procedures to a particular task at hand. Moreover, the ways in which managers use marketing research findings to improve decisions are continually emphasized throughout the text. The inclusion of additional tools such as the research brief outline and the research proposal outline emphasizes the business and managerial orientation. Nevertheless, a familiarity with basic marketing concepts (e.g. positioning, loyalty, advertising effects) is desirable for using the book effectively. A sufficient number of indices and glossary terms at the end of the edition also make for easy use of the text as a reference book.

There is no doubt, that in addition to its value to marketing research practitioners, the book should be recommended for adoption as a textbook at both the undergraduate and postgraduate level. The depth and breadth of topics encompass both levels. The support package accompanying the text is impressive, including a Web site, an Instructor’s Manual, PowerPoint slides, exercises in marketing research, and a test bank. While the Web site (www.pearsoned.com.au/cw/) contains PowerPoint slides, the Instructor’s Manual - closely tied to the text - offers specific suggestions for teaching each chapter at the undergraduate and postgraduate levels. In addition, answers to all end-of-chapter exercises as well as a complete set of solutions to all cases are provided. The companion SPSS-CD-ROM contains a student version for SPSS 10.0, data files for selected case studies and two corresponding questionnaires. Structured by chapter, the test bank holds multiple response, true / false, and definitional questions as an input for designing exams or quizzes.

All the commonly used univariate and multivariate data analysis techniques are discussed extensively yet simply, making the book suitable not only for use in courses on marketing research but also in courses on research methods and marketing data analysis. I particularly liked the way in which statistics associated with various analyses (i.e. ANOVA, regression, discriminant, factor, cluster, conjoint analysis and MDS) are introduced at the very end of each data analysis chapter; these give a comprehensive overview and students can easily refer to the definitions. As appears to be almost mandatory for textbooks with a U.S. American background, the publication could serve as a role model for a didactically valuable structuring of the content: Each chapter unfolds according to the following sequence: objectives - overview - basic concept - specifics - summary - key terms and concepts - acronyms - exercises - internet and computer exercises - notes. Considering the layout, the newly introduced second (red) colour is used sparingly for emphasis, highlighting (e.g. headlines), figure components, and World Wide Web sections. This adds to a crisp and visually appealing layout. A problem of general nature, that is not restricted to this book, is that URLs listed under "Internet and computer exercises" do not stay current (e.g. www.depaul.edu/ethics).

Coverage of Research Objects

The new edition has been revised and upgraded with numerous real life examples offering instructors, students and research suppliers a very good coverage of objects and regions. Although with a geographical focus on the larger Asia-Pacific region, the range of international examples extends beyond Australia and New Zealand, covering cases from China, Japan, Saudi Arabia, Brazil, the U.S. and other countries around the world. Accordingly, cultural differences and their implications for different stages in the marketing research process are repeatedly emphasized, a refreshing wider perspective when compared with U.S.-only textbooks that sometimes seem to neglect the fact that there is a world outside the national borders. The range of objects covered by the "Australasian" edition contains the full spectrum of products and services that one may encounter when conducting marketing research: from consumer goods, to financial services, to tourism and hospitality marketing, to agricultural products, to governmental and non- profit marketing challenges.

Summary

Based on an original American text that is itself a valuable contribution to any marketing research subject, this "Australasian" perspective is a much improved and highly recommended edition. It draws on the strengths of the original and the authors seamlessly integrate material to reflect marketing research practice in the larger Asia-Pacific region. The regionalisation of the text is very well accomplished. The book achieves a comprehensive introduction to marketing research with a balanced coverage of both quantitative and qualitative techniques. Several significant changes have been made to make it more relevant to an audience in Australia, New Zealand, and Asia. This includes the addition of new practitioners' perspectives, examples, figures, technology updates, electronic and Internet marketing notes, and a revised and expanded chapter on qualitative research. Combining both easy reading with considerable depth of coverage, this is an excellent textbook for both undergraduate and postgraduate students, providing them with examples of current practice. Beyond its usefulness for students of modern marketing research, the text is also a valuable resource for managers who are either commissioning research or disseminating and operationalising its results.

However, the updates and additions come at a price. Counting over eight hundred pages, the book places itself among the heavyweight publications. Despite the recommended retail price of $89.95 AUS, the book is a highly recommended buy providing much more than just "an applied orientation".

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Choosing An E-Marketing Text:
A Minefield for Marketing Educators

This review considers six e-marketing books that are on the market in Australasia. All of these texts have been published in the last two years. All are in their first edition, although in some cases second editions are beginning to come onto the market. The texts reviewed are:

Chaston, Ian (2001). E-Marketing Strategy. McGraw Hill, UK.

Dann, Susan and Dann, Stephan (2001). Strategic Internet Marketing. Wiley, Australia.

Hanson, Ward (2000). Principles of Internet Marketing. South Western College Publishing, Cincinnati, OH.

Kleindl, Brad (2001). Strategic Electronic Marketing: Managing E-Business. South Western College Publishing, Cincinnati, OH.

Sheth, Jagdish, Eshghi, Abdolreza, and Krishnan, Balaji (2001). Internet Marketing. Harcourt, FL.

Reedy, Joel, Schullo, Shauna, and Zimmerman, Kenneth (2000). Electronic Marketing: Integrating Electronic Resources into the Marketing Process. Dryden, Orlando, FL.

Choosing a Text

Choosing a text is fraught with difficulty, even for established courses such as introductory marketing, consumer behaviour and marketing research. It depends on whether the text is intended as general background reading or as a prescribed text. What is suitable for an undergraduate course may not be suitable for a postgraduate course, even where the core material appears to be very similar. A theory-focused course will demand a different text from a more applied course.

In the area of e-marketing there are additional difficulties – much of the material is new, publishers and authors have rushed new texts to the market, and the contents of existing texts have become redundant remarkably quickly. The window of opportunity to market a particular text in this subject area is a lot narrower than in most other areas of marketing. As the author of another general review commented: “First, the good news: there are many good books on internet marketing. The bad news is that there are even more bad ones” (Barwise 2000, p 61).

The Sheth et al. text illustrates this well – it is a book of edited readings. The readings offer many insights and the compilation was very timely when first published. But now some of the readings from the early and mid 1990’s appear decidedly out of date. In fact, try picking up almost any early e-marketing text and the latest release and you will find they are worlds apart in their presumed level of reader knowledge, the breadth of their coverage, and their coverage of new and emerging areas. This means that any choice of text is going to be very time dependent.

The purpose of this review is offer a guide to the similarities and differences that exist between a number of popular e-marketing texts, but it must be kept in mind that both the field of study and the textbooks are evolving quite rapidly dependent – something noted in earlier reviews of a couple of these texts (Hammond, 2001; Page, 2001).

Comparison of the Texts

Despite dealing with broadly the same subject area, these texts differ from each other on a number of dimensions. These dimensions include their general approach, assumed prior knowledge, technical content, integration of e-marketing with traditional marketing, links with theory, commitment to application, support material, strategic focus and future orientation.

General approach. In terms of the first dimension, some texts take an issues approach to e-marketing, seeking to outline and explore the “big issues” of interest to e-marketers (Sheth et al. and Hanson). Others take a more conventional approach, almost equivent to the approach taken by introductory marketing texts (Chaston and Dann & Dann). The coverage of these texts is both B2C and B2B, though the primary focus is on the former – reflecting a bias in marketing texts in general.

Assumed prior knowledge of e-business. Given the relative newness of the field, those taking an issues approach typically do not assume too much prior knowledge on the part of the reader. Hence they start with e-business fundamentals, including the history of the net. Those taking a conventional marketing approach also do not assume much prior knowledge of e-marketing, and their treatment of the subject matter is fairly basic throughout (Hanson). A point of commonality is that early chapters lay down a framework and the basic concepts and terminology of e-marketing prior to either taking the issues approach or the conventional approach. This means that, in principle, either could be suitable for an undergraduate or a postgraduate e-marketing subject, although the issues approach probably belongs more in an advanced program.

Technical content. The extent to which the texts discuss technical issues and use technical language is another point of difference. Some for instance barely explain what HTML is, while others go to great lengths to elaborate on it (Reedy et al.). In terms of accessibility of writing style and language used, several of the texts reviewed here are very readable (Hanson and Chaston).

Assumed prior knowledge of marketing. All six texts assume some prior knowledge of traditional marketing principles and applications, though the level of assumed prior knowledge varies. Sheth et al. assume relatively high levels of prior knowledge while Dann and Dann assume far less.

Integration of e-marketing with traditional marketing. A contrast is the commitment by some texts to deal only with e-marketing on a stand alone basis (Reedy et al.), while others take somewhat more of a comparative approach, identifying both the similarities and differences with non-cyber marketing (Dann & Dann).

Links with theory. Few of the texts incorporate much theory, or reflective thought about the role of e-marketing in the new millennium. While there are instructors who appear to feel distinctly uncomfortable with theory in textbooks (as opposed to their "proper place" in academic journals), it may be that the relative absence of theoretical frameworks here merely reflects the poor state of theory development in e-marketing. In terms of reflective thought, it may be too early in the conceptualisation and application of e-marketing for such thought. Once again, there are those instructors who no doubt believe that textbooks are not the right medium for this anyway.

Commitment to application. There is a spectrum on which the texts can be placed in terms of their commitment to the application of e-marketing principles and practices. At one end of the spectrum lie the "how to engage in e-marketing" texts (Reedy et al.), while at the other end lie the "let's discuss the big issues" texts (Sheth et al.). The former are almost vocational in their approach; Reedy et al. for instance focus quite heavily on website design and operation, with chapters on how to design a site, how to operate it and how to keep it secure. Other texts on the other hand simply do not deal with such issues.

A related aspect is the use of case material. Few of the texts feature detailed, extended cases. Some rely on examples, with website addresses spread throughout the text (Dann & Dann and Chaston), others only elude to examples as a way to illustrate particular points, principles or developments.

Support materials. The extent to which the texts are supported by supplementary teaching materials, such as websites, is also a relevant consideration for many marketing educators. Accompanying websites are outside the terms of this review of the texts themselves; however, it is noted that the texts vary quite a lot in the extent to which they are intended to be used on a stand-alone basis versus with other sources. The Dann & Dann text for instance is full of web addresses for visitation and interactive Internet based activities, while Sheth et al. is very much a stand-alone book of collected readings.

The texts also vary in the extent to which they provide discussion questions, which while they may be considered a relatively minor feature by some instructors are undoubtedly more important in such a new area where empirical research remains at a relatively early stage. Some texts shine on this dimension (Dann & Dann and Reedy et al.) while others do not contain any discussion questions, or indeed any other interactive activities (Hanson and Sheth et al.).

Strategic focus and future orientation. Some are quite strategic in their focus (Chaston and Kleindl) with a lot of coverage of market planning, while others (Hanson) barely touch on marketing strategy, taking a far more general descriptive approach. Perhaps not surprisingly, only two contain chapters on the future (Dann & Dann and Reedy et al.). The rest may have considered this too speculative and risky or they may have been following the belief that "the future is already with us". This is a shame since e-marketing subjects usually leave students speculating what the future will look like, and whether e-marketing will overwhelm traditional marketing, exist along side it, or merely merge with it. With the two exceptions noted above, the texts reviewed studiously steer away from such big picture topics fearing obsolescence or irrelevancy, leaving some readers no doubt curious and not fully satisfied at the end.

It should be noted that the differences commented on in this review are often differences of degree rather than absolutes, and the six texts do not always neatly fit on the various dimensions suggested. Reedy et al. for instance are in various places technical and vocational in their approach as well as conceptual and relatively theoretical. Dann and Dann for their part counterbalance their chapters dealing with the 4P's, with consideration of wider issues, such as how to create cyber-communities.

Summary

How might we sum up each of these six texts in terms of the dimensions noted above, in order to assist marketing educators to make choices?

Chaston – strategically focused, less lengthy than the competitors, but still containing the essentials, with good examples.

Dann and Dann – reader friendly, conventional descriptive approach, comprehensive but relatively lighter on issues, lots of activities for students

Hanson – reader friendly, issues approach, not strategic in its focus, written in an accessible style, fairly basic introductory coverage but good on history

Kleindl – strategically focused and less lengthy, like Chaston, but overall less substantial, and with gaps in coverage, leaves the reader wanting more

Reedy et al. – a hands-on text with a focus on e-marketing applications, while also presenting the essential principles

Sheth et al. – readings which span a broad range of general e-marketing issues, with some more advanced than others, and some looking dated

Do any of these conform to what a marketing educator teaching e-marketing might consider ideal in such a text? Probably not. The ideal text has yet to be written. For the moment, for this reviewer, the Dann and Dann text comes closest given its balanced coverage of topics, its mix of academic rigour with application, and the interactive activities it offers. Furthermore it is Australian, so its cases and examples have local relevance. Perhaps this should not be a prime factor, but in the virtual, placeless world of e-marketing and cyber space, a little bit of local colour helps to ground the subject.

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