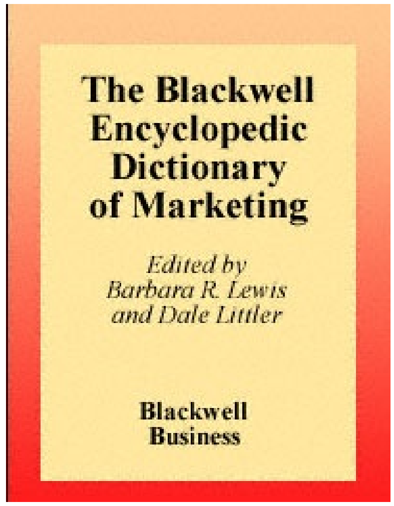

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Contents

< previous page page_v next page >

A

Action

The term "action" appears at the CONATIVE (or behavioral) STAGE of models of MARKETING COMMUNICATIONS and refers to positive acts of the buyer/customer/consumer such as seeking further information from the supplying organization, TRIAL of the product or service together with the first (and, ultimately, repeat) purchase of the product or service. Triggering desired forms of "action" is best achieved by specific communication techniques such as ADVERTISING (for seeking further information), and PERSONAL SELLING (for trial and purchase), although more recent developments in DIRECT MARKETING such as DIRECT MAIL, OFF THE PAGE selling, and TELEMARKETING are now being used to generate a complete range of actions.

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DAVID YORKE

Adaptive Strategy

This is one of three strategic styles, the others being the ENTREPRENEURIAL and PLANNING, suggested by Mintzberg (1973). The adaptive mode is suited to large, often non-profit-oriented, organizations that will tend to be in the public sector. They do not have unambiguous goals and there are many different interest groups within the organization, each with their own objectives and agenda. Consequently, strategy often emerges through a process of bargaining and consensus-seeking, similar to that identified by Cyert & March (1963). This approach to strategy formation can be contrasted with the entrepreneurial style of bold decision-making. This is generally a feature of small organizations dominated by the ownermanager. However, such a perspective ignores research (e.g., Golby & Johns, 1971) suggesting that many small firms tend to be rather conservative, with their owners preferring to ensure continued control rather than engaging in taking significant risks with a view to securing significant growth. Large firms, particularly those with a dominant chief executive, may also engage in entrepreneurial strategy formation. Finally, the planning mode is the traditional approach to STRATEGIC PLANNING and tends to be suited to large, bureaucratic, organizations operating in relatively stable environments with the resources to afford the detailed analysis such an approach requires.

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DALE LITTLER

Adoption Process

The consumer adoption process is a micro process and focuses on the "mental process through which an individual consumer passes from first hearing about an

B

BCG Matrix

The BCG matrix, as its name implies, is the eponymous technique developed by the Boston Consultancy Group, that gained popularity in the 1970s. It was advanced as a technique for assisting companies to analyze their diverse business portfolios. It is based on two major premises. The first relates to what the BCG terms the experience curve effect by which the total costs involved in manufacturing, distributing, and selling a product decline with increased experience in production. The experience is a composite of economies of scale and specialization; the modifications to or redesign of products to obtain lower costs; productivity improvements from technological change and/ or learning effects leading to the adoption of new production methods; and the displacement of less efficient factors of production. The effects of experience can be depicted by plotting real unit cost against cumulative production volume as a measure of accumulated experience. If logarithmic scales are used then a straight line is normally obtained. In fact, the Boston Consultancy Group argued that real unit costs fall by 20 to 30 percent for each doubling of cumulative experience. The implication, then, is that businesses should focus on securing high volume, and therefore high MARKET SHARE, through aggressive pricing. The second premise is that the consumption of resources, in particular cash, is a direct function of market growth. BCG developed a four-box matrix (*see* figure 1) with market growth and market share relative to that of the next largest competitor (since this is the true indicator of COMPETITIVE ADVANTAGE) as the two parameters. Each is measured as "high" or "low." Businesses can then be categorized according to whether or not they are "stars" (high market growth, low relative market share); "cash cows" (low growth, high share); "problem children" (high growth, low share); or "dogs" (low growth, low share). The cash cows should have lower costs than their rivals and demand comparatively lower investment. They therefore generate cash which can be employed to convert some of the "question marks" into "stars" which are essentially cash neutral. The stars of today should become the cash cows of the future. Generally, it is argued that the deletion of the "dogs" should be seriously considered.

Relative market share

Market Growth	High	Low
High	Stars	Problem Children
Low	Cash cows	Dogs

Figure 1
The BCG Matrix

The technique has been extensively reviewed and apparently accepted, probably because of its simplicity and easy comprehensibility. However, there have been many criticisms. There may be problems in defining "market" and hence "market share"; the measures of "high" and "low" are subjective and easily manipulatable; the possibilities of external financing are excluded from the analysis; and the influence of NON-PRICE FACTORS on demand tends to be ignored. Moreover, the approach is overly deterministic and the acceptance of its prescriptions could lead to suboptimum and even significantly inappropriate decisions. For example, so-called "dog" businesses might have cost and demand interrelationships with other businesses, and to delete these, as the analysis implies, could have adverse consequences for

C

Call Planning

PERSONAL SELLING (by representatives from supplier organizations to customers) is considered a vital element in the marketing COMMUNICATIONS MIX. However, it is extremely expensive and increasingly so. Cost-effectiveness of the personal selling effort, i.e., making more productive use of salespersons' time, will be enhanced if the schedule for calling on customers, both actual and potential, can be planned. Clearly, two factors are of importance, namely, the time available to the salesperson and the needs of the customer. In today's competitive environment, the latter should predominate. Some customers may need more frequent contact with salespersons, some may even specify the frequency and the times to meet. The objective, therefore, of call planning is to use the resource of personal selling as efficiently as possible with no unnecessary or duplicated calls. Time should, however, be set aside for possible emergency calls as requested by customers.

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DAVID YORKE

Channels of Distribution

Products and services are moved from their source of production to the customer by means of a channel of distribution. The channel may be simple when the producer sells direct to customers (through, for example, DIRECT MAIL) or it can consist of one or more intermediaries, such as agents, WHOLESALERS, and RETAILERS. The form, and complexity, of the distribution channel employed depends on the product (its perishability, bulk, frequency of purchase, whether or not it is an industrial or consumer product), the customers for the product, and their geographical dispersion.

A producer may employ an intermediary because it is the traditional practice of the industry, although often significant competitive advantages can be gained from innovating. Selling direct can be employed by firms selling particular categories of industrial products, such as expensive capital goods or bulk raw materials. Such sales involve high-value dispatches, relatively infrequent purchases, and special pre-sale NEGOTIATION on price and technical specifications. However, direct selling (*see* DIRECT MARKETING) is employed widely in consumer markets, and is gaining more widespread appeal, partly because of the often considerably lower costs.

Where independent intermediaries are used, a distinction can be drawn between those who act merely on behalf of the manufacturer (e.g., selling and distributing the product) without purchasing the product (i.e., they do not take title), and those who take title and undertake all further responsibility for distribution and perhaps other aspects of marketing. Intermediaries who do not take title include brokers and manufacturers' sales agents. A broker will attempt to find possible purchasers of the product and bring the manufacturer and these potential customers together. Manufacturers' sales agents fulfill similar functions, although they will often employ their own sales staff, carry stock on consignment, and provide ancillary services such as financing, installation,

D

DAGMAR Model

The DAGMAR model (Defining Advertising Goals for Measured Advertising Results) is a model of MARKETING COMMUNICATIONS and was developed by Colley (1961) specifically for the measurement of ADVERTISING effectiveness. It postulates that the customer/buyer moves from a state of unawareness through AWARENESS of the product or service, COMPREHENSION (an understanding of what the product or service will do), CONVICTION that it will meet requirements, to ACTION (a purchase). A benchmark measure is first taken of the position along the spectrum to which members of the target group(s) have progressed. Objectives are then established, advertising is produced, and a further measure is taken to discover whether or not any effective shift has occurred (i.e., whether or not the objectives have been met). Precise measurement is impossible as so many other variables are present. Furthermore, such variables become more numerous the further one moves toward action.

See also Communications objectives

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DAVID YORKE

Database

A database is a collection of related information which is capable of being organized and accessed by a computer. Depending on the software being used, information can be entered in numeric or word form. Common numerical database systems such as spreadsheets allow a high degree of querying, analysis, sorting, and extraction of information. The most common usage of databases in marketing is to develop a customer database. Typically, customer information such as purchase history, value and timing of orders, responses to previous offers, name, address, and demographic characteristics will be gathered as well as additional information from salespersons' reports and external sources such as geodemographic profiles (*see* GEODEMOGRAPHICS). Database marketing allows closer monitoring of a company's customers and can be used to: identify the most profitable/least profitable customers, allow cross-selling of goods, identify possible customer segments, and help in communicating individually with customers. Database marketing has developed hand in hand with a more tailored approach to marketing goods and services, since more is known about customers as individuals and they can be reached through DIRECT MAIL campaigns.

Database can also be useful for bibliographic searches, site location, MEDIA PLANNING, market FORECASTING, market potential studies, and MARKET SEGMENTATION studies. Many commercial numeric databases exist which contain information on sales, population characteristics, the business environment, economic forecasts, specialized bibliographies, and other material. For example, ABI/Inform contains abstracts of articles in approximately 1,300 business publications worldwide. Predicasts (PTS) provides numerous on-line databases on products, markets, competitors, demand forecasts, annual reports, *etc. see* PROFIT IMPACT OF MARKETING STRATEGIES (PIMS) is an

E

Economic Environment

The economic environment is one of the elements in the MARKETING ENVIRONMENT in which a supplier organization is operating. A national government, after taking account of international factors such as capital and currency movements, is responsible for creating and maintaining a favorable macroeconomic environment (*see* MACRO ENVIRONMENT). It achieves this by the use of monetary and fiscal policies aimed at manipulating the levels of inflation and employment and, hence, the levels of DISPOSABLE and DISCRETIONARY INCOME among various segments of the population. Thus, the level of economic activity will govern the possible success of all organizations. At any one time, the economic environment for different countries will vary widely. Thus, the ability to forecast changes from current base levels will be a major factor in the decision to invest or not.

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DAVID YORKE

EFTPOS

EFTPOS or electronic funds transfer at point of sale, refers to debit or "plastic" card payment at the point of sale by direct funds transfer from the customer's account to the retailer's account. It evolved in the early to mid 1980s. It is an area of continuing development and is fast becoming a leading payment system for retailers.

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STEVE GREENLAND

Electronic Data Interchange (EDI)

Electronic data interchange (EDI) refers to computer-to-computer exchange of standard business documentation in machine processable form. EDI messages are highly structured so that information generated by one organization on one computer can be read by that of another computer in the same or a different organization. The prime applications for EDI have been for transactions, e.g., orders and invoices. The benefits of this have been found in speeding up trade communications and reducing labor costs. In the automotive industry, EDI is used by component suppliers, manufacturers and dealers to facilitate the trading processes involved in buying and selling components and cars.

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MARGARET BRUCE

F

Factor Analysis

Factor analysis, a type of MULTIVARIATE ANALYSIS, is concerned with the interrelationships within a set of variables and with reducing the variables required to represent a set of observations. The procedure involves the construction of a number of factors to explain the variation in the measured variables. The data reduction arises because the number of factors created is less than the number of variables. One example has 17 variables concerned with the usefulness of 17 risk relievers explained by three factors identified as clarifying, simplifying, and risk-sharing factors.

Factor analysis is empirical in that the computations are carried out on the data set, the number of factors being determined by a stopping rule. The factors may or may not be meaningfully interpreted to fit in with any theoretical ideas. If meaningful factors are obtained, factor scores for each case are computed for further use, e.g., to describe individuals or as variables in multiple regression (*see* REGRESSION AND CORRELATION) or in CLUSTER ANALYSIS.

Factor analysis is best carried out using a computer package such as the STATISTICAL PACKAGE FOR THE SOCIAL SCIENCES, or SPSS. STRUCTURAL EQUATION MODELS have extended the ideas of factor analysis.

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MICHAEL GREATOREX

Feel-Buy-Learn Model

The feel-buy-learn model in MARKETING COMMUNICATIONS (*see* *also* AIDA MODEL, HIERARCHY OF EFFECTS MODEL and INNOVATION-ADOPTION MODEL) suggests that in particular situations buyers/ customers do not follow the logical LEARN-FEEL-BUY sequence. In the FBL situation, buyers/customers have images of and feelings toward products and services prior to purchase but learning about the product (service) attributes does not occur until after purchase. This happens, for example, when it is not easy or possible to describe a product or service using words; instead pictures or images are used to invoke feelings in the potential buyers'/customers' minds in the hope that such feelings will lead to a purchase. Examples include perfume, travel, aspects of entertainment, and leisure activities.

See also Learn-feel-buy model and Buy-feel-learn model

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DAVID YORKE

Financial Planning for Marketing Communications

Expenditure on MARKETING COMMUNICATIONS activities must be monitored, evaluated, and controlled. Such control can only be undertaken against a plan, using one of the communication models. The plan should

G

Gatekeepers

Gatekeepers can have an important (if often unnoticed) informal influence on organizational purchasing (*see* ORGANIZATIONAL BUYING BEHAVIOR; PURCHASING PROCESS), although they are not members of the DECISION-MAKING UNIT (DMU) in a formal sense. The term refers to those individuals who control access to an organization (such as receptionists, telephone operators, security staff, personal assistants, secretaries, and aides) and so may influence the flow of information into an organization. As information is a crucial aspect of the process of marketing between organizations, the influence of gatekeepers can be appreciated.

DOMINIC WILSON

Generic Strategies

These are a menu of broad or general strategies which can be applied by different organizations in different contexts. Writers on strategy tend to have their own lists. For example, Igor Ansoff (1965) presented the matrix of four "directional" strategies (*see* DIRECTIONAL MATRIX). Michael Porter (1980) defined the widely known group of generic strategies: COST LEADERSHIP STRATEGY, DIFFERENTIATION STRATEGY and Focus STRATEGY (*see also* COMPETITIVE STRATEGY). Others have produced more extensive lists. Mintzberg (1988) developed what he argued is a comprehensive set of generic strategies, grouped into five clusters. There are those which are concerned with: locating the core business, i.e., defining what are the boundaries of the business, its essential processes, etc.; distinguishing the core business, i.e., identifying what is different about the business which can provide a competitive advantage, including how value is added and the core competitive strategies it has adopted; elaborating the core business, such as developing its product offering within the business and other strategies defined within the Ansoff matrix;

extending the core business, such as through diversification, vertical integration; and reconceiving the core business, such as through redefining the business in terms of broader needs, rather than from a narrow product or technology perspective, as Levitt (1960) argued.

The notion of generic strategies can be criticized along two fronts. First, they can only be presented in broad outline form since the specific features of the business, and the context within which the organization operates, will define the content and influence the process of implementation. Second, the competitive process involves rivalry between businesses seeking to secure some advantage from being different, so that the most appropriate competitive strategies are likely to be those which are innovative or at least different in some way from those of other firms, and do not follow some accepted strategic recipe.

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I

Image

Image is the perception of a service, brand, product, or organization by its publics. For example, a Ford Escort may be perceived in different ways by Ford dealers, by the corporate buyer of a fleet of cars, by a family man, and by a single female buyer. A hospital's image includes all aspects of patient care, customer service, and the overall impression of the hospital by those who encounter the organization in a variety of forms as patient, employee, and local resident. The image (or identity) of an organization is the sum of all the ways the organization chooses to present or define itself to the various publics. This includes the physical environment, stationery, publications, names, language style, signs, advertisements, uniforms, and so on.

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MARGARET BRUCE

Impact

In the context of ADVERTISING, and decisions relating to choice of media (*see* MASS MEDIA), organizations take account of the potential impact of advertisements. Impact is the qualitative value of an exposure through a given medium, *e.g.* an advertisement for kitchen appliances would have a higher impact in *Good Housekeeping* than in *Sports Illustrated.*

See also Advertising

DAVID YORKE

Implementation

The implementation of strategy is regarded as the third part of a fourstage process of STRATEGIC PLANNING involving the stages of analysis, planning, implementation, and control. The process assumes that after analysis, plans are devised which act as blueprints for action. Appropriate feedback mechanisms should be in place to detect deviations from plans so that, where possible, actions can be taken to put the business back on course.

This perspective depicts the devisers of plans as separate from those who implement them. Action, then, is somehow depicted as divorced from the formulation of strategy which, according to Bonoma & Crittenden (1988), has tended to receive the greater academic emphasis.

However, it might be expected that the implementation of strategy might itself be significant in shaping the way in which it emerges. Those at the interface with the market, for example, will be faced with issues on a day-to-day basis that the planners remote from customers and the ebb and flow of the market will not have a detailed grasp of; while, of course, the plan formulators cannot possibly anticipate all of the issues and changes which arise. These may demand pragmatic responses which, in turn, can affect the emerging strategy. Mintzberg (1990) criticized the view of what he termed the "design school" which portrays formulation and application as separate stages: "Our critique of the Design School revolves around one central theme: its promotion of thought independent of action, strategy formation above all as a process of *conception*, rather than as one of *learning"* (182).

Because of the uncertainties (*see* UNCERTAINTY), it would be realistic to assume that organizations need to have the flexibility to

J

Joint Ventures

< previous page page_104 next page >

K

Key Account

"Account" here refers to a customer/supplier relationship, and as some accounts are more important than others they may be termed "key accounts" because of their implications for either or all parties. Many different factors can make an account "key" such as: the volume or value of the exchanges involved; the knock-on implications of failure in an account (e.g., faulty oil filters can immobilize vast machines); the anticipated flow of repeat business (e.g., from pilot projects); or the reputation of a particular customer (e.g., The Queen) or supplier (e.g., "Intel inside"). Other customer/supplier accounts may be particularly important because of indirect factors e.g., a customer may be involved with a supplier in collaborative product development, or in quality improvement measures, or in mutual benchmarking. The importance of "key accounts" should be reflected in the sensitivity with which such accounts are managed e.g., in the seniority of the account managers and the flexibility allowed in negotiations.

DOMINIC WILSON

M

Macro Environment

The environment of an organization (*see* MARKETING ENVIRONMENT) is generally regarded as consisting of a MICRO ENVIRONMENT and a macro environment which is composed of several major elements over which the organization has little, if any, influence. The major forces in the macro environment tend to be viewed as: social, economic, legal, political, economic, and technological. It is generally assumed that organizations will identify the major trends and possible future developments in these various components of the macro environment and the possible threats to their existing business and the opportunities for future developments (*see* SWOT ANALYSIS). In this sense, organizations are often depicted as being reactive, although it is clear that they can be active in certain areas, through major technological innovation and attempts at influencing the policy-making and legislative processes. An organization's environmental analysts can be very selective with respect to those aspects of the macro environment on which they focus and in their interpretation of them.

See also Environmental analysis

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DALE LITTLER

Macro Marketing

Macro marketing embraces marketing's role in society and can be defined as "the delivery of a standard of living to society." The aggregation of all organizations' marketing activities includes transportation and distribution, and so the efficiency of the system for moving goods from producers to consumers may substantially affect a society's well-being. Thus, macro marketing is the aggregate of marketing activities within an economy, or the marketing system within a society, rather than the marketing activities of a single firm.

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BARBARA LEWIS

Magazines

Magazines are publications which are purchased and read by people as part of their lifestyle (*see* LIFESTYLES). Magazine content may relate to: aspects of home life, e.g., cooking, gardening, do-it-yourself; leisure, sporting, and social activities; education (e.g., *The Times Higher Education Supplement*) and employment. Some magazines are industry specific and may be referred to as TRADE JOURNALS (e.g., *The Grocer, Drapers Weekly*) and so are bought by organizations as well as individuals; others are associated with professional business groups (e.g., *Investors' Chronicle, Accounting Age*).

The readership of magazines may, therefore, be specific (e.g., *Angling Weekly*) and perhaps also small (*Popular Bridge*) or much broader (*Woman's Weekly*) and possibly with a mass circulation (e.g., *Radio Times* and *TV Times*) Consequently, magazine readers may be pro-

N

Natural Environment

The natural environment is one of the elements of the MARKETING ENVIRONMENT. This aspect is concerned with ecological issues such as trends in the availability of raw materials and energy, and increasing measures to protect the natural environment.

See also Environmental analysis

DOMINIC WILSON

Needs

see CONSUMER NEEDS AND MOTIVES

Negotiation

It has been argued that customer/supplier negotiations have traditionally tended to be part of a "zero-sum game" and that an advantage for one side (e.g., a discount) was "won" through a disadvantage for the other (Dion & Banting, 1988). This is, of course, an oversimplified view of the complex field of customer/supplier negotiations and there would have been many exceptions to this exaggeratedly aggressive picture of negotiation. Nevertheless, this image seems to have had a powerful influence on the sales negotiation literature, much of which has focused on techniques for manipulating customers into sales agreements which, by definition, they would otherwise have negotiated further or even declined. A more sophisticated view of marketing negotiation now prevails whereby "win-win" situations are sought in which both supplier and customer gain from negotiation. An example of this mutually beneficial approach is the idea of long-term customer/supplier partnerships (*see* SUPPLIERS) where commitment and trust on both sides replace the traditional image of suspicion and hostility. In reality, different circumstances and personnel will require different negotiating styles and this has always been the case. The fundamental principle remains that effective negotiation depends not just on skill and techniques but on understanding the position of all parties involved a principle which lies at the heart of marketing more generally.

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DOMINIC WILSON

Net Margin

Net margin (generally expressed as a percentage) refers to the excess of sales revenues over cumulative costs, after subtracting fixed costs but before taking account of any extraordinary, exceptional, or non-product-related issues.

See also Margin

DOMINIC WILSON

O

Observation

Observation is a method of collecting data on a topic of interest by watching and recording behavior, actions, and facts. Informal, unstructured, observation is an everyday means of collecting marketing information. However, planned observation is likely to produce better information than casual observation. Observation can in fact be structured or unstructured, with disguised or undisguised observers, in a natural or a contrived setting, using human and/or electronic/mechanical observers.

Observation is used instead of, or in conjunction with, surveys involving interviews utilizing questionnaires or depth interviews. Observation is less suitable than interview techniques for measuring attitudes, needs, motivations, opinions, etc., except where the subjects being studied are unable to communicate verbally, e.g., children and animals. Observation is unsuitable for studying events that occur over a long period of time or that are infrequent or unpredictable when an excessive amount of time and money may be required to carry out the research. Observation is suitable for traffic counts, for packaging experiments, for retail audits, etc., where data are more economically gathered through observation than through interviews. Sometimes data are collected by observation and through questionnaires and the results compared.

Structured observation is used when a problem has been defined precisely enough for there to be a specification of the behavior and actions to be studied and the ways in which the actions will be coded and recorded. Unstructured observation is used in exploratory research where the problem has not been identified and where the observer has less guidance about what to note and record. Structured observation implies prior knowledge of the subject under study, of hypotheses to be tested, or inferences to be made. For this latter reason, trained human observers may be preferred to mechanical observers as a human observer can make such inferences in a way that a machine cannot. Perversely, this is a potential weakness of the method, relying as it does on the subjective and possibly biased judgement of the observer.

In disguised observations the subjects do not know that they are being observed. Disguised observations are used in order to overcome the tendency for subjects to change their behavior if they know that they are being watched. Mystery shopping, where observers take on the role of store or bank customers in order to assess the level of service offered by sales staff, is one example of disguised observation. Other examples of disguised observation include the use of two-way mirrors or hidden cameras. Undisguised observations include the measurement of TV audiences based on a sample of households in which on-set meters record when a TV set is in use and to which channel it is tuned.

Sometimes it is possible to study behavior in natural settings. Counting how many people turn right and how many turn left at the top of an escalator in a department store can be done in a natural setting. Likewise, the effect of new point of sale display material for a product may be studied by observing the sales of the product in a supermarket by counting the numbers in stock at the beginning and at the end of a period and adjusting for additions to stock; this is observation research done in a natural setting. However, the researcher often wants to control for intervening variables by researching in a laboratory, which is obviously an unnatural setting. As well as controlling intervening

P

Packaging

In the past, commodities were typically sold as loose items, the most widely used form of packaging was a paper bag, and packaging had a purely functional role, i.e., to protect the product. Today, however, the plethora of competing products from which the prospective buyer has to choose points to packaging's role in product promotion by communicating the product's features, benefits, and image. Yavas & Kaynak (1981) argue that an effective package design is a promotional tool and should: attract the prospective buyer, communicate rapidly and clearly, create a desire for the product, and trigger a sale. Southgate (1994) suggests that creative packaging adds value and helps to achieve brand preference. A badly designed package may communicate to the consumer that the product it contains is of low value. Conversely, a well-designed package is evidence of the care and attention that has gone into the product. A package has to sell the product at the point of sale and act as the sales tool in self-service environments.

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MARGARET BRUCE

Pareto's Rule

The 20/80 rule, attributed to the Italian economist and political philosopher, Vilfredo Pareto, suggests that 20 percent of the products/customers account for approximately 80 percent of the revenues/profits. The major customers or products might then act as a focus of the organization's activities, which begs the question of what to do with the often long tail of products or customers. Important and obvious criteria are whether or not the benefit to cost ratio of servicing customers or supplying products in the "tail" is or could be increased, and there are strategic reasons for retaining these customers or products in the PRODUCT MIX.

DALE LITTLER

Partnership Sourcing

There is considerable evidence to suggest that managing sourcing relationships as partnerships, whether upstream or downstream, can generate a significant COMPETITIVE ADVANTAGE for both partners (Johnston & Lawrence, 1988; CBI, 1991; Han et al., 1993; Lamming, 1993). Partnership sourcing refers to the practice of sourcing on an exclusive basis from a single supplier over an extended period of time and with extensive customer access to the operations and management systems of the supplier. This provides obvious benefits to the supplier in the guaranteed demand for their offerings to the customer. Customer benefits include the guarantees of fair prices, appropriate quality, and continuity of supply which are underwritten by the customer's access to the supplier's operational systems and accounts. Both organizations benefit from the increasing experience, mutual understanding, and personal relationships which develop as the partnership becomes established. Naturally, as with all collaborative relationships, these benefits may become "vulnerabilities" if one of the parties attempts to take advantage of the other. For many organizations the requirement to trust their suppliers or

Q

Qualitative Research

Qualitative marketing research aims to find out what is in a consumer's mind. It is a major methodology used in exploratory research by helping the researcher become familiar with a problem from the respondent's point of view. Qualitative research studies feelings, opinions, needs, motives, attitudes, beliefs, past behavior, etc., which are difficult to observe directly or to obtain data on using structured approaches such as questionnaire surveys (*see* SURVEY RESEARCH).

Qualitative methods include (one-to-one) DEPTH INTERVIEWS and FOCUS GROUP interviews; these methods are less structured than the major alternative quantitative approaches such as those using questionnaires. They also include PROJECTIVE TECHNIQUES which concentrate on association, completion, and construction techniques.

There are several reasons for the use of the less structured qualitative approach. People may be unwilling to answer, truthfully and directly, embarrassing questions or questions that reflect on their status or which are subject to social pressure. The interviewer may, then, have to investigate such topics indirectly. The researcher may be unable, especially at an exploratory stage, to devise a questionnaire that will allow respondents to describe fully their emotions, behavior, *etc.* in a complicated situation. An unstructured approach allows the respondents to choose how to report on their feelings, needs, motives, attitudes, values, *etc.* In a depth interview, a well-trained interviewer is able to follow up a respondent's answer to a question and probe deeper into the respondent's thinking and this may lead in unanticipated ways to the uncovering of underlying or hidden information.

A major difficulty of qualitative research is the subjective nature of the analysis, interpretation, and reporting of the results. A problem is the requirement for highly trained interviewers, usually psychologists. Interviewer bias can also be a problem. Samples are often small and unrepresentative and, thus, it is difficult to generalize results from qualitative studies to the population of interest as a whole.

Qualitative research is most useful in the problem definition stage of the MARKETING RESEARCH process where the researcher, while aware that there is a marketing problem, is trying to define or articulate the problem prior to attempting to solve it. Quantitative research, on the other hand, is more useful at the later, decision-making, stage of the marketing research process.

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MICHAEL GREATOREX

Questionnaire Design

Questionnaires are associated mainly with SURVEY RESEARCH but are used sometimes as part of experimental research (*see* EXPERIMENTATION). A questionnaire is a formalized set of questions for obtaining information from respondents. A questionnaire can be administered in a face-to-face personal interview, by telephone, by computer, or by post.

Questionnaires are used to measure: (1) behavior; past, present, or intended; (2) knowledge; (3) attitudes and opinions; and (4)

R

Radio

Radio is a broadcasting medium which depends for its efficacy on the spoken word. The development of commercial, as opposed to government-controlled, radio stations, provides ADVERTISING opportunities.

Radio advertising has the advantages of: local and regional flexibility; cheap production and media costs; very short lead times; strength of communication with target audiences; and the ability to reach people who are on the move (e.g., driving) and at work. However, there is limited national coverage, and creative opportunity, and many "listeners" are using the radio as a background while involved in other primary activities (both at work and at home). These elements relate to the IMPACT that radio advertising has in reaching its targets and, in turn, its cost-effectiveness.

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DAVID YORKE

Rating Scales

Rating scales allow measurements of objects to be recorded. They are used in MARKETING RESEARCH questionnaires to measure a respondent's attitudes towards products, beliefs concerning product attributes, importances of product attributes, intentions to buy, *etc.* The respondent is required to provide an estimate of the magnitude of an attitude, belief, importance, or likelihood by placing a mark on a numerical scale or by selecting one of a series of numbered ordered categories on the scale.

A continuous rating scale requires the respondent to indicate a rating by placing a mark at the appropriate position on a line that runs from one extreme to the other. For instance, the answers to questions concerning the likely outcome of some event may be recorded on a scale going from impossible to certain. Alternatively, the end points of the scale may be marked as 0 and 100 with intermediate points marked along the scale in intervals of 20. Typically, the researcher treats the recorded scores as interval data.

In an itemized rating scale, the respondent records a rating on a scale that has a small number of categories. Associated with each category is a number or a series of descriptions that are ordered. Itemized rating scales are popular in marketing research and often form part of more complicated multi-item rating scales. Commonly used rating scales are the Likert and semantic differential scales.

A Likert scale requires the respondent to record his/her degree of agreement with each of a series of statements about the object of the research. Each scale has a small number of categories, typically five categories, ranging from strongly disagree to strongly agree. For data analysis purposes each category is given a number going from, say, 1 for strongly disagree to 5 for strongly agree. Analysis can be carried out on an item-by-item basis using frequency distributions or arithmetic means (profile analysis). Use of arithmetic means assumes that the scales are interval. Alternatively, to get an overall assessment of the object being studied, summated scores over the battery of scales can be calculated for each respondent, remembering to reverse the scores for negative statements so that strongly agreeing to a positive statement

S

Sales Call Cycle

SALES FORCE management (*see* SALES MANAGEMENT) usually involves defining the number of calls that a salesperson would be expected to make to particular customers. Customers may be classified according to their importance in terms of sales volume, profitability, reputation, and growth potential, and the number of calls during a period specified according to the importance of the account. The number of hours that sales representatives are expected to spend with customers may be an additional or alternative target. A distinction may be made between servicing existing customers as against prospecting for new accounts. Companies may expect sales representatives to spend a proportion of their time seeking new accounts, and establish a target for the number of unsuccessful calls to be made to a prospect.

Some flexibility is required in establishing a sales call cycle in order to allow the sales representative the discretion to deal with, for example, unexpected demands of customers.

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DALE LITTLER

Sales Force

In many, although not all, organizations, the sales force is the principal means of obtaining orders. This will be achieved by PERSONAL SELLING, either by visiting customers or by TELEMARKETING (telephone selling) on a planned basis. Each member of the sales force may have a territory or group of customers which is organized geographically, by product/service type, by customer type, or by some combination of these. Sales targets (by volume or value) may be set but, in addition, members of the sales force may have other defined activities such as customer service (e.g., problem solving and training), attendance at EXHIBITIONS, and collecting overdue accounts.

A feature of SALES MANAGEMENT, in its planning and control of the sales force, is to balance sales potential with workload. For instance, in the case of SALES TERRITORY, two territories may contain an equal potential, in terms of actual and likely potential customers and their demand for certain products/services, but the geographical spread of the customers may be totally different with one territory needing much more travel. If sales persons' remuneration is to be equitable, the workload, however measured, must be perceived to be similar. Much will depend on the job definition of the sales force as laid down by sales management in the quest to satisfy both customer needs and its own corporate objectives.

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DAVID YORKE

Sales Management

Sales management is responsible for the organization and performance of the SALES FORCE. More specifically,

T

Target Market

This is a group of potential users or consumers which is the focus of the business's marketing effort for a particular product or service, usually identified by means of MARKET SEGMENTATION.

FIONA LEVERICK

Targeting

see MARKET SEGMENTATION; POSITIONING

Technological Environment

The technological environment is one of the elements of the MARKETING ENVIRONMENT. This aspect is concerned with developments and trends in technology not only in terms of customer offerings but also with respect to the technology of production and distribution. For example, there have been important developments in aspects of technology relevant to marketing itself such as the use of relational databases, barcode scanning, electronic data interchange, personal mobile communications, computerized animation, interactive multi-media systems, and telephone shopping.

See also Environmental analysis

DAVID YORKE

Telemarketing

Telemarketing (or telephone selling) systematically uses a DATABASE of actual and potential customers to define and sell to customers with a high probability of purchase. Greater efficiency is achieved by: avoiding expensive sales visits; widening the range of possible contacts, particularly for smaller organizations: and responding more quickly to customer requests or complaints. Disadvantages, if not managed properly, are: a possible break-down in coordination between the inside and outside SALES FORCE, if both are used; too much harassment of customers; the creation of the impression that it is a cost-cutting and less personal substitute for a field sales force; and lack of coordination of customer selling and service.

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DAVID YORKE

Teleshopping

see TV-BASED HOME SHOPPING

Television

Television is a communications medium (*see* MASS MEDIA) combining sound and visibility with animation. Its availability is widespread in developed countries, enhanced by the development and growth of cable networks and satellite channels. Television is a major ADVERTISING medium, its main advantages being: national or selective coverage; intrusiveness; an ability to build awareness quickly; a family medium; a capacity to stimulate INTERPERSONAL COMMUNICATIONS; and availability of accurate audience audit/market research data.

U

Umbrella Strategy

An organization is said to have an umbrella strategy when there is a clear definition of strategic goals, and even the general strategic direction, by the chief executive (or senior management), but the detail of how these goals are to be achieved has yet to be decided. Within these established boundaries, the various actors (such as functional managers) have the flexibility, often through a process of iteration and consensus building that will involve senior management, to develop the substance of the STRATEGY, i.e., the means by which the strategic goals are to be realized. The strategy has also been termed "deliberately emergent" (Mintzberg & Waters, 1985) as the leadership purposefully allows others the flexibility to devise strategic content.

See also Emergent strategy

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DALE LITTLER

Uncertainty

Uncertainty has traditionally been defined in terms of its difference from risk, the classic distinction between the two being made by Knight (1921). He suggested that "risk" applies to those instances where the outcome(s) can be measured, i.e., where some value (or probability) can be ascribed to the possibility of some particular event occurring. Uncertainty, on the other hand, applies when it is not possible to do this. Hague (1971) adopts a slightly different terminology, distinguishing between "insurable" and "non-insurable" risk. The former, he suggests, refers to situations where it is possible to assess the likelihood of a particular occurrence based on statistical analysis by experts such as actuaries. "Non-insurable risk" applies when it is difficult to predict the outcome, which is the case, so Hague contends, in most business investment decisions. Shackle (1970) suggested that uncertainty exists when "there can be no knowing for certain what will be the consequences of action" (21).

Some, e.g., Freeman (1974), have argued that in the case of technological INNOVATION, where there is generally considerable uncertainty about the outcome, uncertainty can be an aggregation of at least three different types: market, technological, and general business uncertainty. Market uncertainty arises from the difficulties in predicting competitors' actions and the market reaction at different prices. Technological uncertainty occurs because of the difficulties involved in predicting whether or not the initial technical specifications will be achieved at a cost which will enable the company to set a price acceptable to customers and at the same time make a satisfactory return. In many cases, product development may be attended by increasing costs of development as unforeseen technical hurdles arise demanding, sometimes, novel technical solutions. Finally, general business uncertainty surrounds all major investment decisions, and stems from the possibility of random events.

Uncertainty can have a profound impact on decision-making, and especially that related to significant changes. It undermines many of the assumptions surrounding the "design school" of strategy formation (Mintzberg, 1990) (*see* IMPLEMENTATION of strategy), and suggests the need for flexibility and CONTINGENCY PLANNING.

V

Validity

A scale or a measure is valid if it measures what it is intended to measure. Validity is established by considering the following criteria: face validity, reliability, criterion validity, and construct validity.

Face or *content validity* is the degree to which a measure captures the characteristics of a concept one desires to measure. It is a subjective assessment of the correspondence between the theoretical concepts under study and the measurements being constructed.

High RELIABILITY is essential for validity but does not ensure validity. A measure may be reliable but not valid when errors are consistent or systematic.

Criterion validity considers whether or not the scale performs as expected in relation to other variables, the criterion variables. The criterion variables may be selected attitudinal, behavioral, socioeconomic, or psychographic variables. Concurrent validity is assessed when the scale being evaluated and the criterion variables are measured at the same time. Predictive validity is assessed when the data on the scales are collected at one point in time and used to predict values of the criterion variables which are measured at a later point in time.

Construct validity involves understanding the concepts that the constructs are measuring and their interrelationships. Is a constructed measure highly positively correlated with other measures of the same construct (convergent validity), not correlated with theoretically unrelated constructs (discriminant validity), or correlated in an expected way with different but related constructs (nomological validity)? A construct is valid if it behaves as expected in relation to other constructs.

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MICHAEL GREATOREX

VALs

see LIFESTYLES; PSYCHOGRAPHICS

Value Added

The notion of value added refers to the principle that value is added cumulatively to a product or service by successive participants in the VALUE CHAIN. Thus, value added at any particular stage of the chain can be estimated as: value of output less cost of input (not including labor). Value added analysis can provide a useful input to internal productivity calculations (e.g., value added per person or per work group) and can also, of course, be an important basis for taxation.

For the purposes of PRICING decisions it is important to assess value in terms of the user at the next stage in the value chain. In other words, in a competitive market, value should be determined by the "customer perspective." The concept is also particularly useful in competitive analysis where organizations can examine their own activities to ensure that they only engage in operations where they are able to add significant value, leaving other aspects of their activities (e.g., distribution, design) to specialist subcontractors.

DOMINIC WILSON

Value Chain

The value chain embraces the various activities aimed at creating value for the customer and the margin that the firm obtains. It

W

Wealth

A person's purchasing power derives from DISPOSABLE INCOME and DISCRETIONARY INCOME, resulting from both employment and other sources. An increasingly important source is that of wealth, i.e., the ownership of assets such as property savings, shares, *etc.* which themselves yield an income and which help to create a lifestyle (*see* LIFESTYLES). The second half of the 20th century has seen an increase in wealth among large numbers of people in economically developed countries, but as the populations of such countries age, and the state is unable or unwilling to support those in retirement, the income from wealth may not be spent in the short term but may be reinvested for the future.

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DAVID YORKE

Wheel of Retailing

This is a theory suggesting that entrants to a new retail market will begin trading as cut-price, low overhead, low margin, and low status operations (McNair, 1958). Over time, these traders will increase their overheads by offering additional services and product lines, perhaps in better locations, smarter premises and with more sophisticated marketing communications. These retailers are then more vulnerable to new low cost entrants to the market who may be able to undercut the original retailer's prices. The retail cycle will then have come full circle.

The wheel theory is a generalization that may not hold true in all cases. Retailers entering new markets may be tempted to copy the trading format of established retailers which may require sophisticated trading patterns from the start. In other cases, such as times of recession, retailers may attempt to cut costs and even reduce some services, thus moving in the opposite direction to that which is suggested by the wheel theory.

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STEVE WORRALL

Wholesalers

Wholesalers form the part of the marketing channel between producers/manufacturers and the retailer. Wholesalers buy and sell in large quantities direct to the retailer and generally do not sell goods direct to the public.

See also Retail distribution channels

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STEVE GREENLAND

Word-of-Mouth Communications

Word-of-mouth communication is a non-commercial form of marketing communication where the

Index

Note: Headwords are in bold type

A

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< previous page page_i next page >

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Preface

Marketing poses an interesting challenge for the lexicographer: the subject may be long established in practice, but its emergence as a formalized area of academic interest with its own concepts, techniques, terms, and theories is relatively recent. As with other areas of management which are now foci of cerebral scrutiny, there is more looseness than tightness about the terminology and range of its interests. There is, then, much scope still for contention about the essence of the academic discipline of marketing, although the ongoing debate may naturally reflect the evolving nature of the subject as much as the lack of a clear consensus emanating from its limited heritage.

Despite this, marketers in general do tend to employ a core language about which there is, at least, some degree of visible agreement, even though there may, in not infrequent cases, be some lack of precision and even conflict about interpretations that we may not have been clearly able to clarify or resolve. This common ground of the core language has formed the base of this volume, with elements garnered from a wide array of sources, including our residential experts on particular aspects of marketing here in the Marketing Group at the Manchester School of Management. The cull of the resulting long list of terms, concepts, and areas of marketing was to a large extent the result of the arbitrary decisions of the editors. The task was somewhat simplified because for many topics there were several prospective entries used in similar ways, and where this applied we have used extensive cross-referencing.

The result we hope reflects the foundations of marketing, and provides a starting point for further investigation, a means of confirmation, or an easy source of reference.

We are grateful for the assistance, in the development of this volume, of our colleagues in the Marketing Group at the Manchester School of Management, some of whom have subsequently moved on. They are (in alphabetical order): Margaret Bruce, Mike Greatorex, Steve Greenland, Nigel Holden, Fiona Leverick, Vince Mitchell, Dominic Wilson, Steve Worrall, Mo Yamin, and David Yorke.

We are also indebted to Beryl Boswell and Patrizia Venosa for their typing and effective coordination of material from diverse sources. Their contribution has been eminently clear to us.

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innovation, to final adoption, "i.e., the consumer goes through a series of stages of acceptance in the process of adopting a new idea.

Rogers (1983) defines these stages as the following: Awareness: the consumer is exposed to a product innovation, is cognizant of it, but lacks information about it. Interest: the consumer is stimulated to seek information about an innovation. Evaluation: the consumer considers whether or not it would make sense to try the innovation, a "mental trial." Trial: the consumer tries the innovation on a small scale, if possible, to improve his/her estimate of the product's utility. Adoption/rejection: the consumer decides to make full/regular use of the product.

An alternative model, offered by Robertson (1971), the "acceptance process," has stages of problem recognition, awareness, comprehension, attitude formation, legitimation/conviction, trial, and adoption. This model focuses on the use of particular information sources at the various stages. Typically, impersonal sources (e.g., MASS MEDIA) have most value in creating initial product awareness, and INTERPERSONAL COMMUNICATIONS have most value at the later, evaluative, stages.

Time pervades the adoption process in relation to: the time from awareness of a new product to purchase (for an individual consumer or household); the identification of adopter categories; and rate of adoption. With respect to adopter categories, Rogers (1983) assumed a normally distributed adopter pattern of: innovators, early adopters, early majority, late majority, and laggards. Rate of adoption refers to how quickly a product innovation is accepted by those who will adopt it; for example mobile telephones and video recorders have been adopted much more quickly than dishwashers and electric toothbrushes.

The adoption process is affected by product characteristics (*see* DIFFUSION PROCESS) and by consumer variables. With respect to consumer variables, a number of researchers have tried to profile early adopters and consumer innovators in relation to: demographic and socioeconomic factors, personality traits, perceptions of risk, product interest, consumption characteristics, media habits, and opinion leadership, but have found varying conclusions.

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BARBARA LEWIS

Advertisement

see ADVERTISING

Advertising

Advertising is a paid form of non-personal presentation and communication about an organization and/or its goods and services, by an identified sponsor, that is transmitted to a target audience through a mass medium.

Advertising is a one-way communication from an organization to a customer and is subject to the consumer selective processes of: exposure, perception, selection, distortion, and retention (*see* CONSUMER PERCEPTIONS, SELECTIVE EXPOSURE, and SELECTIVE RETENTION), i.e., the audience is not obligated to be attentive or respond, which in turn depends on: consumer attributes, needs and values, predispositions, characteristics of the company and its messages, and channels of communications. Key features of advertising are: its public presentation, which confers a legitimacy; its persuasive nature, which is possible through repetition; and its expressive nature in so far as it dramatizes a company and its products or services.

Advertising is an integral element of an organization's MARKETING COMMUNICATIONS (*see also* COMMUNICATIONS MIX). It may be planned and executed within an organization or handed over to specialists, i.e., advertising agencies (*see* AGENCY). Advertising is an

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DAVID YORKE

Attitudes

see CONSUMER ATTITUDES

Awareness

Awareness is the first step in the DAGMAR, HIERARCHY OF EFFECTS, and INNOVATION-ADOPTION models of MARKETING COMMUNICATIONS which focus on the consumer purchasing process. At this initial stage in the buying process, the potential customer/buyer is made aware of the existence of the product, service, or organization supplying it. Various stimuli may be used to create awareness in the buyer's or customer's mind, depending on the channels of communication used (*see* COMMUNICATIONS MIX). Awareness is sometimes difficult to achieve due to the consumer's selective processes (*see* SELECTIVE EXPOSURE and CONSUMER PERCEPTIONS).

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61.

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DAVID YORKE

businesses at present in more attractive quadrants.

In general, the analysis rests on the assumption that businesses' products have a life cycle (*see* PRODUCT LIFE CYCLE), of which, in particular, the "mature" stage is of sufficient duration to enable the company to reap the benefits of its previous investments in current "cash cows." The industry might, however, witness the introduction of a new technology which might give a "groin kick" to the technology of the future cash cow, thereby undermining its future market position. The emphasis on market share can blinker decision-makers to such a possibility and perhaps further the dependence on a vulnerable industry, while rivals may leapfrog the firm by acquiring experience through the purchase of plant and equipment which embody state-of-the-art technology. Finally, cash cows may require considerable investment in order to protect their competitiveness, a fact which the analysis seems to overlook somewhat.

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DALE LITTLER

Bidding

Bidding or tendering is a process in which potential suppliers are invited to submit bids or tenders in which they set out their specifications, terms and prices in response to a stated customer requirement. How to decide the price aspect of a bid or tender is made even more awkward by the UNCERTAINTY surrounding rival bids and the need to balance the wish to make a profit (or even just to cover costs) against the wish to secure the contract. Because price is only one aspect (if often the most important) of the bid or tender, the successful bidder will not always be that offering the lowest price, though evidence of a lower bid may be used to renegotiate the price offered by the eventual contractor.

There are several variants of tendering, especially auction bidding and sealed-bid pricing which is used in organizational markets (and Scottish real estate markets). These techniques for soliciting prices have the effect of orienting price decisions more toward competitive issues than toward issues of cost or demand.

There are several advantages to competitive bidding or tendering for the customer: it can help to remove many possibilities for corrupt or unethical practices; it provides important competitive information where this might otherwise be difficult to gather; it helps to ensure value for money and cost minimization; and it provides insight to the costs associated with differences in the terms of the contract (e.g., in delivery arrangements, quality levels, service provision). Because of its apparent efficiency and probity, competitive bidding or tendering is increasingly being used in large-scale tenders where price is a major purchase constraint and/or where it is important to ensure that processes are seen to be equitable and "aboveboard" (e.g., in central and local government purchasing, and in OUTSOURCING).

DOMINIC WILSON

Billboards

see POSTERS

Bivariate Analysis

Bivariate analysis is concerned with the quantitative analysis of data where pairs of variables are analyzed together, usually to see if there is any relationship between the variables.

If both variables are measured on nominal (categorical) scales, CROSS-TABULATIONS (cross-tabs) can be used to summarize the sample data in the form of two or more frequency distributions. A cross-tab is a table with the categories (or values) for the two variables listed on the two axes and the counts of the number of times each pair of values occurs recorded in the cells of the table. The row and column totals are usually calculated and percentages across the rows and/or down the columns are also computed to aid in the interpretation, description, and discussion of the results. In principle, cross-tabs can be formed in more than two dimensions when data for more than two categorical variables are purchase to different departments within the organization; and the cultural attitude of the organization to PERCEIVED RISK. It has also been suggested that the political and cultural "pecking order" of departments and individuals within an organization can be an important variable, allowing some individuals to have considerable influence over purchasing decisions outside their functional areas of responsibility (Pettigrew, 1975; Strauss, 1964).

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DOMINIC WILSON

Buying Operations

see CONSUMER DECISION-MAKING PROCESS

Buying Process

see PURCHASING PROCESS

and so on. Both brokers and agents receive a commission on any sales.

Intermediaries who do take title include wholesalers and retailers. These both buy and sell. Wholesalers will collect a range of goods from various manufacturers and usually sell them to other intermediaries (e.g., small retailers). Wholesalers are used when, for example, the amount sold per customer is relatively small, or when customers are widely scattered geographically. Generally, wholesalers sell to other companies or to retailers. Retailers, which carry out a similar function, mostly sell to the final customer. Large retailers will generally take delivery direct from manufacturers.

There are various transfers between the different elements of the distribution chain. Five types of transfer can be identified: *physical goods transfers* the movement of goods, ranging from the initial raw materials, through components and subassemblies, to the final product; *ownership transfer* as the product passes through the chain, the ownership of the physical goods can change; *payment transfer* the movement of money for the payment of goods and services; *information transfer* the flow of information between different stages in the chain; and *influence transfer* the way in which different elements in the chain attempt to promote themselves and thereby influence other elements in the chain.

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DALE LITTLER

Cluster Analysis

Cluster analysis refers to a body of techniques used to identify objects or individuals that are similar. Using measurements on several variables for a number of cases, a small number of exclusive and exhaustive groups or clusters are formed. Each cluster has high within clusters homogeneity and high between clusters heterogeneity. Usually a measure of the distance between individuals is used to build up clusters. When the number of cases is small, the clustering can be observed, but with larger numbers of cases faster clustering is used and less detailed output is provided by the computer packages, e.g., the STATISTICAL PACKAGE FOR THE SOCIAL SCIENCES, SPSS, which are necessary for cluster analysis. Once the sample has been partitioned and the clusters have been identified using some of the variables in the analysis, the remaining variables can be investigated to obtain profiles of the clusters and to see if and where there are differences between the clusters.

Cluster analysis differs from DISCRIMINANT ANALYSIS in that there is no external means of grouping the cases.

The usefulness in marketing to help in segmenting (*see* MARKET SEGMENTATION) populations should be obvious. The variables used to define the clusters could be the needs and lifestyles of individuals and the subsequent profiling may involve demographic, socioeconomic, *etc.* variables to see where the clusters differ and to see if the clusters can be named. If the researcher has a large sample, a cluster analysis may precede the application of other statistical methods, including other multivariate techniques (*see* MULTIVARIATE METHODS (ANALYSIS)), to each cluster in turn.

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Codes of Practice

It is desirable that industries conform to certain rules or regulations in the conduct of their business. Broadly, such regulations may be imposed by external organizations (i.e., by law) or they may be self-imposed (i.e., codes of practice such as advertising industry standards and those enforced by professional service firms). The advantages claimed for codes of practice are: they can help to raise the standards of an industry; organizations within the industry are often happy to accept restrictions imposed by voluntary codes of practice rather than be subject to the law over *quality* as a culture satisfies biological and social needs; *an adaptive quality* as cultures adapt to changing needs and environment; and an *integrative quality* a culture will embrace a number of subgroups and subcultures.

The fundamental orientation of culture in modern industrial society is toward achievement and attainment and increasing levels of satisfaction. Further, Western culture is characterized by various trends: increasing affluence and a leisure orientation; increasing education and more questioning of traditional values; increasing communications/mobility, leading to increased awareness and purchase of alternatives/variety; and decreasing influence of the family.

Cultural change is the process by which a society improves or revises its responses to the environment, and cultural patterns change as new values emerge and subcultures develoSubcultures within a national culture have their own distinctive ideas, values, and characteristics which may be very different from the total pattern of culture. These are based on cultural traditions emanating from various sources, and examples of subcultures are: *ethnic and racial* in particular immigrant groups which provide a two-way cultural influence with an indigenous population, stimulated by mass media communications and opportunity for travel; *youth* i.e., teenage markets which are exemplified by relatively high spending power and little BRAND LOYALTY; *regional;* and *religious*. In modern society subcultures are of significance to marketers because of their influence on products and services demanded, i.e., market segments may derive from subcultural needs.

Further, cultural variations on an international basis have implications for organizations which export their products and services. For example, products, packages, tastes, colors, promotions, and distribution may not be acceptable across national boundaries e.g., relating to the status of women in the Middle East, cultural taboos, communications deficiencies, the state of economic development. So, marketing strategies need to be moderated accordingly.

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BARBARA LEWIS

Customer Satisfaction

see SERVICE QUALITY

Customer Service

see SERVICE QUALITY

Customers

Traditionally, customers might be defined as the actual or intended purchasers of products or services. Recent developments in the scope of marketing might also see other parties in the organization's MARKETING ENVIRONMENT as customers. For example, INTERNAL MARKETING theory suggests that an organization view its employees as customers, or that the marketing function might regard other parts of the organization as customers.

See also Suppliers

FIONA LEVERICK

ongoing program of research conducted by the Strategic Planning Institute (Cambridge, MA, USA) into the impact of MARKETING STRATEGIES: over 250 companies provide data on over 2,000 businesses for at least four years' trading. Given the huge diversity of databases available, several networks have been established to allow users easier access to each. One of the largest of these host networks is DIALOG which contains over 200 different databases. NEXIS is another large system.

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VINCE MITCHELL

Deciders

Deciders are those members of the DECISION-MAKING UNIT (DMU) who are responsible for the final purchase decision (though they do not always sign the purchase contract). For major purchase decisions the decider may be the chief executive, a director, or the chief procurement officer but for relatively insignificant purchase decisions the decider may be a junior member of the purchasing staff (*see* ORGANIZATIONAL BUYING BEHAVIOR; PURCHASING PROCESS)

DOMINIC WILSON

Decision-Making Unit

see BUYING CENTER

Demand

The assessment of demand is crucial to responsible pricing analysis and decision-making, yet demand can often be an unknowable and even a mercurial factor. At one extreme, analysis of demand can be little more than a statistical extrapolation of historic demand data, regardless of the validity of the data, the methodology used for their collection, or the assumptions underlying their use (as with the Ford Edsell motor-car). At another extreme, assessment of demand can be no more than intuitive guesswork propped up by selective data (as with the Sinclair C5 electric mini-car).

The demand for a product or service can be seen as historic, existing, latent, or potential. Historic demand describes customers (individuals and organizations) who have purchased a particular product or service in the past, whereas existing demand describes customers who are currently purchasing the product or service, and potential demand describes those customers who might purchase the product or service in the foreseeable future given various changes in marketing strategy or environmental circumstances (e.g., protectionism). Some authorities also use the term latent demand to refer, in effect, to demand which could be developed reasonably quickly (so distinguishing latent demand from potential demand) with appropriate marketing strategies but which meanwhile remains dormant. The most easily adapted aspect of marketing strategies is PRICING and this is usually the quickest way to translate latent demand or potential demand into existing demand. Yet too much demand can be just as problematic for a supplier as too little demand and a responsible pricing policy will therefore depend crucially on careful assessment of demand.

Clearly there will often be similarities between these forms of demand but there can also be important differences. For example, the product or service in question may well have changed significantly over time to the extent that historic demand is no longer a useful indication of potential demand. The characteristics of demand can also change over time (e.g., in disposable income, customer sophistication, sensitivity to particular product aspects). And there is usually sufficient environmental change and uncertainty about the data to mean that demand should generally be assessed cautiously. Demand is even more difficult to assess where a product or service is innovative, making historic reference points even more problematic. This caution is captured in the concept of realizable demand which refers to that fraction of potential demand which an organization considers it can realistically achieve with its MARKETING STRATEGY and PRICING decisions.

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customers but which are unrelated to its existing technologies, although this does not accord with Ansoffs definition of diversification.

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DALE LITTLER

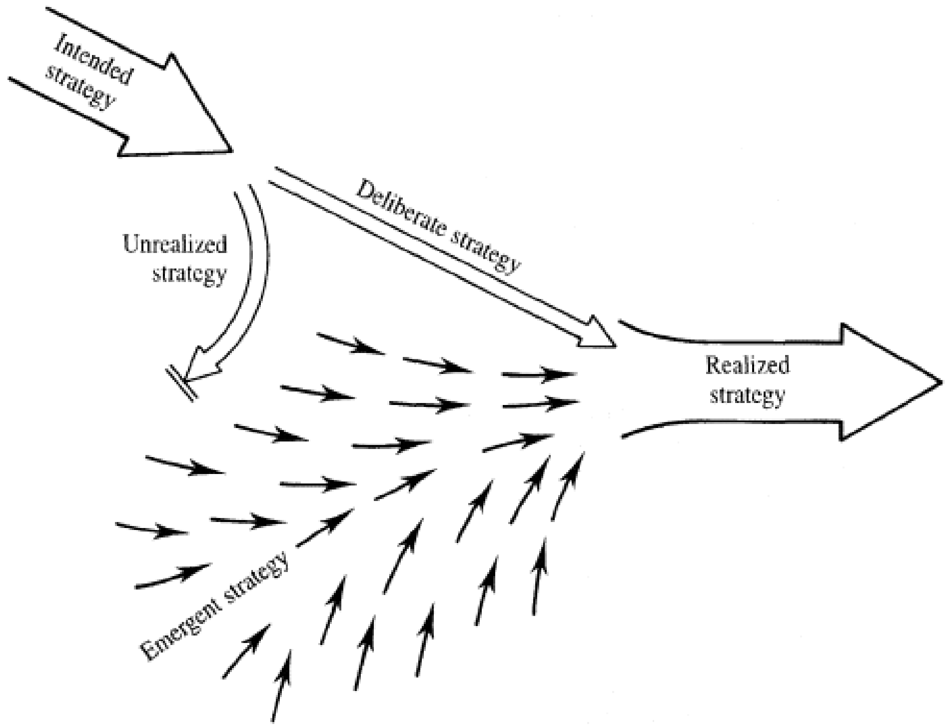

Figure 1
Emergent Strategy
Source: Mintzberg, 1987.

Emergent Strategy

Emergent strategy, as termed by Mintzberg (1987), is a strategy that is not carefully pre-planned; it is realized in the absence of intentions, or despite unrealized intentions. As Mintzberg notes: "strategies can form as well as be *formulated.* A realized strategy can emerge in response to an evolving situation, or it can be brought about deliberately, through a process of formulation followed by implementation." Such a view is in contrast to traditional STRATEGIC PLANNING which is founded on the premise that it is possible to analyze the MARKETING ENVIRONMENT, forecast possible outcomes, select strategic alternatives based on an evaluation of the returns each is likely to yield, and devise plans to implement the chosen strategic options in order to ensure that they come about. However, it is increasingly recognized that UNCERTAINTY considerably clouds the ability to predict all the possible influences and therefore possibilities that might arise. Consequently, there may be unforeseen opportunities and difficulties. Even carefully planned strategies might lead to different outcomes to those sought. (See figure 1.)

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End Users

End users may or may not be the purchasers of products. They can have a significant influence on the purchasing decision (e.g., children in connection with certain household purchasing decisions).

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in the scale of investment that the firm is willing to commit to foreign markets. In relative terms, selling industrial refrigerators to Saudi Arabia may be equally demanding as developing a marketing strategy for the same products in China.

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External Audit

This is one part of a MARKETING AUDIT (the other being INTERNAL AUDIT), and it involves examination of the external environment, threats, and opportunities surrounding an organization. The external audit is synonymous, in effect, with ENVIRONMENTAL ANALYSIS.

See also SWOT analysis

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contain (both in total, and for each target segment of buyers/customers (*see* MARKET SEGMENTATION)): an analysis of the current situation, e.g., level of AWARENESS, number of product TRIALS; an objective, e.g., to increase the level of trial from X percent to Y percent in six months; and an allocation of financial resources over the chosen elements in the COMMUNICATIONS MIX, e.g., SALES PROMOTION, PERSONAL SELLING, EXHIBITIONS. Both during and after the period of time of the plan, performance can be monitored against objectives.

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Financial Services Retailing

Financial services retailing refers to the distribution of financial services via branch distribution networks. Within this sector the services offered are increasingly being viewed as products and the branches are being viewed as retail environments in which the staff members are salespersons, rather than "bankers," practicing selling skills (Riley & Knott, 1992). Concepts and techniques of retail marketing have been readily adopted by most types of financial institution that have direct interface with the consumer market. Since the late 1980s the major UK institutions, some with network sizes in excess of 2,000 branches, have without exception been conducting nationwide rationalization and refurbishment programs (Greenland, 1994).

Unable to differentiate by product, financial institutions see retail image as a key to achieving competitive advantage. The branch, the front line physical presence on the high street, is an important medium for image communication. Outlets have become far more customer orientated with key retail merchandising concepts and principles being incorporated into modern branch designs. The modern financial service outlet is far more open plan, with reduced use of bandit screens and with placement of staff out in the banking hall area, large glass frontages and much more of a shop-like appearance than traditional branches.

See also Retail image; Retail merchandising; Store design

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STEVE GREENLAND

Focus Groups

A focus group interview, a form of depth interview (*see D*EPTH INTERVIEWS), is conducted by a trained moderator with a small group of respondents. Focus group interviews are often referred to as a type of qualitative marketing research (*see* QUALITATIVE RESEARCH). They are used mainly as alternatives to structured interviews using questionnaires, in complex situations where direct questioning may not provide satisfactory information due to respondents being unwilling or unable to give answers to questions that they find embarrassing or feel are invasions of privacy. Also, focus groups are used in preliminary research to help in clarifying the research issues, in new product research and concept testing, in advertising and communications research, in studying attitudes and behavior, and in designing questionnaires for use in subsequent research.

Groups of about ten individuals are selected and often each group is chosen to represent a particular market segment (*see* MARKET

SEGMENTATION). The discussion is usually taped or videoed. Although the interview is relatively unstructured, the moderator leads the group to provoke an in-depth and interactive discussion of the relevant topics.

The advantages of focus groups include the stimulation from interaction within the group which allows each individual to refine and

McGoldrick, P. & Davies, G. (1995). *International retailing: Trends and strategies.* London: Pitman Publishing.

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Free Sample

The provision of a free sample, particularly of a new product, is a means of encouraging TRIAL. Free samples may be distributed to households; provided with magazines or newspapers; or given with existing products which are purchased. Free samples are obviously a means of reducing PERCEIVED RISK and (generally) apply to fast-moving consumer goods.

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Frequency

As part of their ADVERTISING programs, organizations have to decide which media (*see* MASS MEDIA) to use, and a major consideration here is the desired frequency, i.e., the number of times within a specified period that an average person, household, or organization is exposed to the advertising MESSAGE.

See also Advertising

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Geodemographics

Geodemographic groups of consumers (i.e., identified by geographic and demographic variables), referred to as geodemographic classifications, are built on the premise that people who live in similar neighborhoods are likely to have similar purchasing and lifestyle habits (*see also* LIFESTYLES). Most classifications are built by using data from the Census of Population such as employment type, age, marital status, family size, property type, *etc*. Other variables can be used and some classifications have adopted this approach, e.g., Mosaic, Finpin. Sometimes, a preliminary process called PRINCIPAL COMPONENT ANALYSIS is used on the raw variables to identify commonalities in the data. Either the raw variables or the principal components are then subject to CLUSTER ANALYSIS to identify similar types of geographical areas. (For details of the classifications and methods, *see* Journal of the Market Research Society, 1989.)

Table 1 The Main 1991 Census-based geodemographic classifications in the UK

Classification system	No. of input variables	No. of clusters	Non-census data used?
ACORN	79	(a) 6 (b) 17 (c) 54	No
PIN	49	(a) 4 (b) 16 (c) 42	No
FINPIN	58	(a) 4 (b) 10 (c) 40	FRS data
MOSAIC	87	(a) 11 (b) 52	Credit data; Electoral Roll; PAF data; CCJs; Retail access; Age model; prop'n. director
SuperProfiles	120	(a)10 (b) 40 (c) 160	TGI; electoral roll; credit data; CCJs
DEFINE	146	(a) 10 (b) 50	Credit data; Electoral Roll; Unemployment statistics; Insurance rating

		(c) 1050	
Neighbors & Prospects	48	(a) 9 (b) 44	No

Source: Sleight, 1995.

(a) (b) and (c) identify different levels of aggregation.

FRS = Financial Research Survey; CCJ = County Court Judgement; PAF = Postal Address File; TGI = Target Group Index.

Hypothesis Testing

Hypothesis testing or statistical significance testing is important in MARKETING RESEARCH. A battery of significance tests is available to test hypotheses concerning population means, proportions, differences between means and proportions, correlation coefficients, *etc.* based on data from a probability sample (*see* SAMPLING and STATISTICAL TESTS).

Although there are many different tests depending upon the circumstances, the philosophy underlying the tests is the same. A null hypothesis is set up concerning a characteristic or parameter of the population. The null hypothesis is that the population parameter, e.g., a mean, a proportion, the difference between two means or two proportions, is equal to a particular specified value. This is the hypothesis that is tested and is assumed to be true for the purpose of the test. An alternative hypothesis is set up. The alternative hypothesis can be a simple hypothesis, e.g., that the parameter is equal to a different specific value, or more usually that the parameter is not equal to (or sometimes either greater than or less than) the value specified in the null hypothesis. The null and alternative hypotheses are specified before sample data are examined.

The test chooses between the two hypotheses using a test statistic whose sampling distribution is known, assuming the null hypothesis to be true. In practice, the null hypothesis is not rejected when the chances of obtaining a particular value or a more extreme value of the test statistic are high; it is rejected if those chances are low. The question is what is a high and what is a low chance? A probability level, the level of significance, say 5 percent or 1 percent or 10 percent, is fixed before the test statistic is calculated. This enables ranges of values for the test statistic to be worked out. If the test statistic, when calculated, falls in one range it is not rejected, if it falls in other ranges, usually extreme ranges, it is rejected. Alternatively, when the calculations are being done using computer packages, the computer works out the probability (often called the p value) of obtaining a more extreme value of the test statistic than the one obtained and if this is less than the previously specified significance level the null hypothesis is rejected, otherwise the null hypothesis is accepted.

Thus, when a null hypothesis is rejected, there is a small chance of rejecting a hypothesis that is true. It would, on the face of it, make sense to make the chances of this error, called a Type I error, as small as possible by using very low significance levels. However, there is another kind of error, Type II error, which is the chance of not rejecting a false hypothesis, which, for a given sample size and test statistic, increases when the chance of a Type I error is reduced. Increasing the size of the sample is one way of improving the sensitivity of a test.

It is important to note that a statistically significant difference between the means of two groups may or may not say something about the practical or commercial difference between the two groups. For instance, the difference between the means of two groups may be statistically significant (because of large samples) but the actual difference between the sample means may be very small and of no practical significance whatever.

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adapt, adjust, and augment what may have been proposed in any original plans in response to newly emergent information, the consequences of past actions, competitors' reactions, and other developments. Effective implementation may, as Piercy (1990) argues, be an iterative process which involves the major protagonists and which takes cognizance of the different power relationships in the organization.

Strategy in some cases may be seen as emerging (Mintzberg, 1973; Hutt et al., 1988) (*see* EMERGENT STRATEGY) and the process of developing strategy may be intimately interwoven with the action of implementation.

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Impulse Purchasing

Impulse purchasing is a purchase resulting from an unplanned or spur-of-the-moment buying decision, where no prior intention existed. It is usually thought of as an in-store process, although it can occur in response to external or non-store promotional activities. Stimulating the impulse purchase has become a key objective of retailers and can account for significant proportions of sales volume. Store designs with visual merchandising principles, displaying expensive product ranges, have been developed to actively encourage impulse purchases.

See also Store design

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Inbound Communications

Communications in DIRECT MARKETING may be either inbound or outbound (*see* OUTBOUND COMMUNICATIONS). The latter are initiated by the supplier organization directly to the buyer or customer, *e.g.* DIRECT MAIL and TELEMARKETING. Inbound communication occurs when a potential buyer or customer is stimulated to reply to a form of indirect communication which appears in the media, e.g., TELEVISION or RADIO advertisements or advertisements in NEWSPAPERS, MAGAZINES, or TRADE JOURNALS which may invite a response from the receiver either in person, in writing, by telephone, or through electronic mail. Evaluation of the cost-effectiveness of the stimulus is relatively easy either in terms of the number of positive responses, *e.g.* requests for information or, if possible, the value of sales generated.

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Indirect Communications

MARKETING COMMUNICATIONS may be either direct, *e.g.* personal face-to-face, verbal, or in writing with the targeted buyer, customer, or consumer; or indirect where it is intended that the target will receive a communications MESSAGE through an appropriate, impersonal, channel. Indirect communication channels comprise the MASS MEDIA (e.g. TELEVISION, RADIO, NEWSPAPERS, MAGAZINES, TRADE JOURNALS), PUBLICITY, and the RETAIL ENVIRONMENT (e.g., SALES PROMOTION or PACKAGING).

there is evidence in the consumer behavior literature that this does occur. The family is the most important source of group influence on an individual, in particular in his or her formative years. However, one of the distinguishing characteristics of Western culture (*see* CULTURE) is the declining influence of the family.

A specific type of group influence of interest to marketers is reference group(s) influence. These are groups which consumers identify with and are used as reference points in determining judgements, beliefs, and behavior. They set standards which are the source of personal behavior norms. They may be membership or aspirant groups. Examples of aspirant groups are personalities whose lifestyles are characterized by luxury products/consumption; and soccer stars who are emulated by small boys (and others) as typified in the purchase of "football strips and apparel."

Bearden & Etzel (1982) studied reference group influence and the conspicuousness of a product and its brands, and suggested that reference group influence can be strong or weak for product and/or brand. For example, the purchase of a car and the model chosen are both subject to such influence, whereas for satellite television reference group influence prevails with respect to product ownership but not for "brand" choice.

Interpersonal communications are complementary to MASS MEDIA communications, and consumers use both types depending on the product, stage in the decision-making process, and perceptions of risk. Interpersonal communications provide a two-way communication process, are usually seen as more trustworthy than the mass media, and are harder to selectively ignore or tune out. However, they may also be providing unrealistic or inaccurate information and are, indeed, usually communicating evaluations and opinions rather than factual information.

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Interviews

see DEPTH INTERVIEWS; FOCUS GROUPS; SURVEY RESEARCH

L

Latent Demand

see DEMAND

Learn-Feel-Buy Model

The learn-feel-buy models (*see* AIDA MODEL, HIERARCHY OF EFFECTS MODEL, INNOVATION-ADOPTION MODEL) in MARKETING COMMUNICATIONS propose that buyers/customers/consumers first learn about a product or service by seeing, reading, and understanding an advertisement or being the recipient of other marketing communications. They not only learn what benefits the product or service may give, but may also develop positive feelings about it, i.e., they are moving through stages of unawareness to awareness, interest, and liking. In turn, this may stimulate the potential customers/consumers to buy the product or service, and to develop loyalty toward it in the longer term. This sequence is most appropriate when the buyer/customer has high involvement with a product category with high differentiation, e.g., in the purchase of a car.

See also Buy-feel-learn model; Feel-buy-learn model

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Learning

see CONSUMER LEARNING

Legal System

The legal system is a powerful force in the MARKETING ENVIRONMENT surrounding any organization, both national and international. Legal systems vary from country to country, some being controlled wholly by government, others containing both statute law and precedent, i.e., judges may modify previous directions to meet changing circumstances. The principal features of any legal system as an element in the marketing environment relate first to the rights of the supplier, i.e., the legal conditions in which marketing activities may be undertaken, and secondly to the rights of the customer (*see*, for example, CONSUMER PROTECTION). Problems may arise when an organization seeks to internationalize its operations, as elements in different legal systems may preclude the use of a standardized marketing plan.

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DAVID YORKE

Licensing

Licensing is one of three indirect methods of market entry (*see* INTERNATIONAL MARKET ENTRY AND DEVELOPMENT STRATEGIES) that involve the transfer of industrial property rights and other resources, including capital. The other methods are FRANCHISING and production contracts (sometimes called management contracts). In the context of INTERNATIONAL MARKETING, the term licensing refers to specific contractual arrangements

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BARBARA LEWIS

List Price

In organizational markets price is often the result of negotiations based on a notional list price which is then either discounted (e.g., for volume purchases), or augmented (e.g., for customized orders). List prices are often quoted in product catalogues together with stipulated DISCOUNT levels for specified volumes a practice referred to by some writers as administered pricing.

DOMINIC WILSON

Logistics

This is a management function concerning the process of physical distribution and stockholding. It deals with the planning, allocating, and controlling of a firm's resources and their movement around the organization or between organizations in a smooth, uninterrupted, and timely flow. Within a retail system this would include the flow of goods from the site of manufacture to the final consumer. The allocation of financial and human resources would also be the responsibility of logistics management.

Efficiency of allocation is of great importance to ensure that there is no over-or under-supply and that resources are distributed at lowest possible cost. This requires consideration of stockholding costs, packaging and transport costs, *etc.*

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STEVE WORRALL

filed with respect to their demographic characteristics (*see* DEMOGRAPHICS) which has implications for MEDIA PLANNING (*see also* ADVERTISING).

Magazines typically provide full-color advertising at a reasonable cost, have a relatively long life and multiple readership, and can provide broad national coverage with, sometimes, flexibility through regional editions. Further, there is proven success of magazines' editorial offers and sales promotions. One drawback of magazine advertising is the relatively long lead time for copy dates.

DAVID YORKE

Mail Order

Mail order is most readily associated with catalog shopping. Goods are selected from the catalog assortment and orders mailed or telephoned through to the retailer or a local agent. Mail order has traditionally been directed at lower social classes, with the attraction of easily obtainable credit terms, and at consumers living in more remote areas, where access to shops is restricted. More recently certain retailers, such as Next with the launch of the *Next Directory* in 1988, have successfully developed catalogs which appeal to more up-market consumers. These have helped to revitalize the mail order sector and improve the frequently dowdy and down-market image associated with this retail distribution channel. Greenland & McGoldrick (1991) identify over 40 different motives associated with catalog or mail order shopping, the key dimensions being:

Hassle-free convenience

Risk reduction

Added value with credit, promotions, and free gifts

Recreational experience

Transaction efficiency

Decision reassurance.

The mail order sector is a growth area, e.g., in 1993 US mail order sales were up 7 percent over 1992 (*Direct Marketing*, 1994). Key issues impacting on the future of this retail distribution channel include the image of direct marketing, merger and acquisition activity, alternative media, and an interactive market place (Petsky, 1994). *See also* Retail distribution channels

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STEVE GREENLAND

Make/Buy Decision

An important alternative to PURCHASING goods or services is to supply them from internal sources. Equally, before undertaking internal production of goods or services it is important to consider whether external purchasing might provide a more efficient or preferable alternative. Make or buy decisions can also apply to internal services such as marketing, research, planning, accounting, and design, which may be better undertaken by external specialists with economies of scale and specialized investments (Anderson & Weitz, 1986). This issue has many strategic and operational implications beyond the relatively simple aspect of cost control. In-house supplier arrangements appear to offer potential advantages of management control, of cost manipulation (e.g., in TRANSFER PRICING), of acquitting minimum national content requirements where the alternative is international sourcing, of flexible production management, and of using what might otherwise be under-utilized assets. But there can also be significant problems of cost control, quality, delivery, and service where the commercial pressures of market forces are (or are perceived to have been) "suspended." Decisions in this area are frequently concerned with political, cultural, personal, historic, and strategic issues rather than with the more routine purchasing concerns.

relationship to the positions of the brands on the map.

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MICHAEL GREATOREX

Multivariate Methods (Analysis)

Multivariate methods of data analysis involve the consideration of relationships between more than two variables and as such extend UNIVARIATE ANALYSIS and BIVARIATE ANALYSIS of data. Multivariate methods require the use of computer-based statistical analysis packages such as the STATISTICAL PACKAGE FOR THE SOCIAL SCIENCES, or SPSS, and MINITAB.

The best-known methods are Multiple Regression (*see* REGRESSION AND CORRELATION) which seeks to find the relationship between a dependent variable and several independent variables, PRINCIPAL COMPONENT ANALYSIS and FACTOR ANALYSIS which are looking for interrelationships within a set of variables, DISCRIMINANT ANALYSIS which seeks the best combinations of variables to discriminate between groups of respondents, CLUSTER ANALYSIS which is a range of grouping techniques, MULTIDIMENSIONAL SCALING which is used to obtain perceptual maps of how customers perceive brands, and CONJOINT ANALYSIS which can be used to obtain indirect evaluations of the utilities of product attributes. STRUCTURAL EQUATION MODELS (or latent variable path models) bring together the many parts the MARKETING RESEARCH effort and the software, such as LISREL, PROC CALIS, or EQS, used to estimate the parameters of these models can be seen as superseding in a holistic way some of the multivariate methods mentioned above.

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MICHAEL GREATOREX

Network

The research of the IMP (Industrial Marketing and Purchasing) Group of researchers into European buyer-seller PURCHASING relationships has developed the concept of interaction (*see* INTERACTION APPROACH) whereby suppliercustomer relationships are understood in terms of a set of evolving and mutually-dependent exchanges bound not only by commercial logic but also by factors of social and operational "comfortableness." The IMP research evolved from studies of procurement practices between suppliers and customers in European industrial markets where the importance of an informal network of personal contacts was quickly recognized as crucial to the day-to-day work of procurement personnel. At a more aggregated level, organizations in a market will share many such relationships in what can be analyzed as a network of bilateral and multilateral relationships (Håkansson & Snehota, 1989). It may even be useful to define organizational markets in terms of the common factors shared by a network of organizational relationships rather than the more usual simplistic reference to products or services. More recently, the network concept could be seen as an important stimulus to research interest in issues of interorganizational collaboration and strategic alliances (*see* INTERNATIONAL STRATEGIC ALLIANCES), e.g., in terms of NEW PRODUCT DEVELOPMENT (Håkansson, 1987) and technology management (Håkansson, 1990).

See also Relationship marketing

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DOMINIC WILSON

New Product Development

New product development, or NPD, "is the process that transforms technical ideas or market needs and opportunities into a new product that is launched onto the market" (Walsh et al., 1992, 16). New products can make a profound contribution to competitiveness and this is particularly acute in an era of accelerating technological change, general shortening of the PRODUCT LIFE CYCLE, and increasingly intense competition. The most common representation of the NPD process is as a series of decision stages or activities (Kotler, 1984, 5th edn). Cooper & Kleinschmidt (1986) identify 13 stages of the NPD:

(1) screening of new product ideas;

(2) preliminary market assessment;

(3) preliminary technical assessment;

(4) detailed market study/market research;

(5) business/financial analysis;

(6) physical product development;

(7) in-house product testing;

(8) customer tests of product;

(9) test market/trial sell;

(10) trial production;

(11) pre-commercialization business activities;

(12) production start-up; and

(13) market launch.

However, the traditional sequential model of NPD has been criticized for ignoring the interactions that occur between the stages and the interactions between different departments, as well as with external agencies, such as customers and suppliers (Hart, 1995). The uncertainties of NPD are recognized and relate to both market uncertainties and technological uncertainties (*see* UNCERTAINTY). The more radical the NPD, then the greater the difficulty in making ex ante assessments of the technical and market opportunities. A considerable amount of research has been devoted as to how to improve the likelihood of new product success. However, there is little agreement as to what constitutes "success," and various indicators have been used, such as different financial measures and different units of analysis, which means that direct comparison of the results of separate studies is not feasible. Nonetheless, some themes have emerged from the different studies that appear to have some bearing on the medical equipment that technical, aesthetic, and ergonomic features were all reasons for doctors' preferences when choosing such products.

See also Competitive advantage; Product differentiation

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Not-for-Profit Marketing

Not-for-profit marketing is part of "non-business" marketing (together with SOCIAL MARKETING) which relates to marketing activities conducted by individuals and organizations to achieve some goal other than ordinary business goals of profit, market share, or return on investment. Marketing concepts and techniques can be applied to not-for-profit organizations in both the public and private sectors and includes, for example: government agencies, health care organizations, educational institutions, religious groups, charities, political parties, performing arts.

For example, universities facing increasing costs may use marketing to compete for both students and funds, e.g., defining markets better, improving their communication and promotion, and responding to needs of students and other publics. One of the main characteristics of many not-for-profit organizations is that their support does not come directly from those who receive the benefits which the organization produces, e.g., funding for students' education comes from student fees, government sources, endowments, industry sponsorship, research grant awarding bodies.

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variables, laboratory research allows stimuli to be invoked and response measured in situations where occurrences of the stimulating event in real life might be uncommon. This is one way in which laboratory research can be a quick way of obtaining data. Laboratory research also permits easier use of electronic and mechanical devices to record behavior.

Among the electronic and mechanical devices that are used to record behavior are those that record physiological changes in subjects when they are subject to stimuli. For example, the galvanometer is used to measure the emotional arousal of subjects exposed to advertising copy by measuring the changes in electrical resistance caused by the sweating that is brought on by emotional arousal. The eye camera records eye movements of subjects looking at newspaper advertisements. Other electronic/mechanical devices include the on-set meters used to measure TV audiences and the scanners that are used by panels of shoppers to read the barcodes on their purchases.

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Off the Page

Off the page is a technique for communication or selling using catalogs (either print or electronic) to which a buyer/customer responds directly in person, in writing, or by telecommunication (*see* DIRECT MARKETING; INBOUND COMMUNICATIONS). The number of responses may be used as a prima facie measure of the cost-effectiveness of the activity, and the names of respondents may be entered onto a DATABASE in order to build a profile of likely future buyers/customers for specific products or services who then may be targeted more precisely.

Offering

Marketing has traditionally differentiated between products and services (*see* SERVICE CHARACTERISTICS). The PRODUCT has been viewed as consisting of a bundle of tangible and intangible attributes. Thus, Littler (1984) suggests that a product has three dimensions: the core, consisting of the essential benefit or service; the tangible product, including the color, taste, design, brand name, and packaging; and the augmented product, such as the back-up service, warranty, and delivery. The "product," then, is a set of benefits, many of which can be seen as involving service, offered to the customer. Firms can be viewed as making an offering of a package of values to customers, rather than selling a pure service or physical product. In some cases, especially in organizational markets, firms will act as "problem solvers" and provide complete systems (the design, development, installation, and implementation of, for example, management information systems) (*see* SYSTEMS MARKETING).

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DALE LITTLER

One Step Flow Model

The one step flow model of communications presents mass communications (*see* MASS MEDIA), mainly ADVERTISING, as acting directly on each member of the target audience. This often-called "hypodermic needle" model of communications (the communication passing directly to individual members of the audience) contrasts markedly with the TWO STEP FLOW MODEL, which depicts communications as being filtered through intermediaries called opinion leaders (*see* INTERPERSONAL COMMUNICATIONS). Many individuals are likely to receive information from mass communications, although SELECTIVE EXPOSURE, SELECTIVE PERCEPTION, and SELECTIVE RETENTION will act as filters. Mass communications may create awareness and even interest, but then further information may be sought or received through interpersonal channels, such as from opinion leaders (*see* INTERPERSONAL COMMUNICATIONS).

DALE LITTLER

Opinion Leaders

see INTERPERSONAL COMMUNICATIONS

term tends to be used in connection with a purchasing decision to change from an internal source to an external source. For example, an organization may decide that in future it will "outsource" part of its distribution operation by purchasing distribution services from an organization specializing in this field. The advantages of "outsourcing" can include cost reduction (external sources may enjoy scale economies), access to specialist expertise, and greater concentration on an organization's "core competence" (by avoiding "peripheral" operations). The potential disadvantages of outsourcing can include reduced control over the operations involved and so less flexibility in responding to unexpected developments. It is, therefore, important to take into account both the strategic and the operational implications of outsourcing.

There has been a notable increase in the use of outsourcing during the 1980s and 1990s, for example in UK local government and health markets. It could be argued that this has arisen as a direct consequence of increasing competitive pressures which have forced organizations (often against their cultural predispositions) to outsource "uncompetitive" activities to external specialists and to focus on areas of more sustainable and profitable differentiated competence.

See also Make/buy decision

DOMINIC WILSON

Own Branding

This is the process whereby a product or service name is developed for or by a retailer for their exclusive use. In some cases the producer of a branded good will produce a similar product for a retailer giving it a different name as chosen by that retailer. In other cases the retailer may contract to have the product manufactured independently. Examples would include Marks and Spencer's "St Michael" range and Sainsbury's "Classic Cola."

Own brand goods are usually positioned in the market place to compete directly with the manufacturers' brands (often appearing next to them in the store) and may even have a very similar appearance and usage characteristics. In other cases stores may stock only their exclusive brands (e.g., Body Shop).

In pursuing such a marketing strategy the retailer may be attempting to create consumer loyalty for his brand and take market share from the competitors. This strategy may also raise the retailer's profile in the consumer's mind. In addition, own branding may allow a retailer to gain an advantage over competitors without own brand products as the perceived quality of own brands increases while still being offered to the customer at a price lower than manufacturers' brands. Dore (1976) recommends a 15 percent discount on similar branded goods.

Problems with an own brand strategy can include increased pressure on limited store display space, and the possible confusion of customers due to an abundance of very similar products.

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STEVE WORRALL

customers often against a background of relatively antagonistic bargaining can be a major psychological and cultural barrier to accessing the benefits of partnership sourcing. Partnership sourcing is more relevant to those markets where long-term guarantees of supply continuity are important and it is difficult to switch swiftly between sources, perhaps because of product complexity or scarcity or high competitive differentiation.

See also Relationship marketing

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DOMINIC WILSON

Payback

Payback (or payback period) refers to the time taken to reach the break-even point (*see* BREAK-EVEN ANALYSIS) for the profitability of a particular product or service. Payback is reached when cumulative fixed and variable costs are matched by cumulated sales revenues and so is crucially influenced by PRICING decisions. Many organizations use payback as a key internal measure to prioritize alternative product/service offerings but there is a danger that this may encourage managers to plan unrealistic or short-term pricing policies.

DOMINIC WILSON

Penetration Pricing

Penetration pricing is the term used to describe a PRICING strategy whereby an organization uses a low price in marketing a new product so as to develop a large MARKET SHARE very quickly. For example, penetration pricing might be used by a new entrant aiming to develop a substantial competitive position in a market dominated by an established rival. Alternatively, the strategy might be used to launch a new product where the initial barriers to competitive entry were thought to be low and there was a risk of rivals developing imitative products quickly.

Following successful entry to a market using a penetration pricing strategy, price levels can subsequently be raised (e.g., where the price had been promoted as a temporary introductory DISCOUNT), although raising prices is often problematic and can generate undesirable market signals. More usually, prices set through a penetration policy are held largely unchanged and become profitable as unit costs decrease in line with the economies of scale made available through growing market share. Scale economies and capital investment requirements in production and distribution can then provide significant barriers to deter new entrants. Thus, the effect of successful penetration pricing is often to accelerate not only the rate of adoption (*see* ADOPTION PROCESS), but also the early stages of the PRODUCT LIFE CYCLE and the emergence of competitive market structures. Alongside these potential advantages, penetration pricing also carries the risks associated with commitment to relatively long-term policies (including reduced competitive flexibility). In short, penetration pricing is likely to be appropriate where there is widespread potential demand for the offering, where this demand can be accessed quickly by the supplier, where significant scale economies are available, and where rivals could otherwise develop imitative offerings promptly.

DOMINIC WILSON

Perceived Risk

The concept of perceived risk can be looked on as an extension of the general conceptual framework of the CONSUMER DECISION-MAKING PROCESS, which may be described as problem-solving activity in which a consumer attempts to identify product performance and psychological goals (*see* CONSUMER NEEDS AND MOTIVES) and to match them with products/brands. However, consumer decision-making involves risk in the sense that any action will produce consequences which cannot be anticipated with anything approaching certainty, and some of which are likely to be unpleasant. Consumers cannot conceive of all possible take close account of the views of production management and workers as well as consulting finance (for scrap and obsolescence rates), goods receiving (for delivery performance), quality control, and product engineering (for compatibility with any proposed changes to product design or production systems)

(12) Reassessment of requirement in anticipation of major changes (e.g., in product design, in suppliers, in technology).

See also Purchasing

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demographic and other characteristics useful for classifying respondents.

The critical concern in questionnaire design is the minimization of measurement error, i.e., minimizing the difference between the information sought by the researcher and that produced by the questionnaire. The factors that need to be considered in questionnaire design include (1) specification of required information; (2) question content; (3) question wording; (4) response format; (5) question order; (6) physical characteristics; and (7) pilot testing.

Software is available to aid the design of questionnaires and in telephone and computer interviewing to provide the questions and collect the responses as they are made.

The specification of the required information is an essential part of the research process and a necessary prerequisite of good questionnaire design. It is also necessary to consider who the respondents will be and what the interview technique will be postal, computer, telephone, or personal.

The next consideration is to determine individual question content. Are the data to be produced by a particular question needed? Will a particular question produce the specified data? Are several questions needed rather than one? A common error is to ask two questions in one, resulting in a question that the respondent has difficulty in answering unambiguously. Will the respondent not answer the question because (1) it is outside the competence of the respondent, (2) the respondent has forgotten the answer, (3) the respondent cannot articulate the answer, or (4) the subject is embarrassing or private and the respondent is unwilling to provide an answer?

The wording of the question is important. Simple, frequently used, and well-understood words are preferred. Leading questions such as "Most people agree that corporal punishment is wrong, do you?" or "Do you think patriotic Britons should buy Japanese cars?" should be avoided. Questions should give alternatives equal prominence, for instance a resident of Glasgow might be asked "Do you prefer to travel by air, train, or road when going to London?"; just asking whether they prefer to travel by air would bias the answers (*see* Tull & Hawkins, 1987). When using a battery of RATING SCALES, say, Likert scales, the statements should be a positive and negative mixture; indeed, different questionnaires, with the direction of the statements varying, could be prepared and distributed randomly to the respondents.

The response format is a choice between open-ended and closed questions. In open-ended questions the respondent is free to offer any reply using his/her own words. This precludes the influencing of the respondent by the list of response categories. Responses that are different to the researcher's expectations can be forthcoming, making open-ended questions suitable for exploratory research. On the other hand, respondents dislike writing answers on questionnaires and so this reduces the usefulness of self-completion questionnaires; for interviewer-administered questionnaires, the summarization and recording of answers is left to the interviewers, whose abilities and biases may vary. Eventually, responses to open-ended questions have to be coded, which may lead to misinterpretation of responses and certainly adds to cost.

In closed questions a list of possible response categories is provided for respondents to choose and record their choice. Closed, or multiple choice questions, are easier for the interviewer and the respondent. They increase response rates, reduce interviewer bias, and data analysis is easier. However, multiple choice questions are more difficult to compose as the list of possible answers needs to be complete, a problem whose solution requires preliminary research. The list can bias answers, not only because some response categories may be omitted but also due to the order in which the categories are listed. For this reason, several questionnaires with different response category orders may be produced and distributed at random in postal surveys; in computer surveys the order may be easily varied; and in personal interviews several prompt cards with different orders of alternatives may be produced and used at random.

The question sequence can affect replies: the rule is to start with general topics and gradually become more specific. Routes through the questionnaire may need to be devised depending on the responses to early questions: thus, owners of a product may be asked one set of questions, non-owners a different set. Initial questions should be simple and interesting, otherwise respondents may refuse to complete the interview. For the same reason, demographic and classification questions should be left until the end unless they are needed immediately, e.g., to establish whether or not the respondent is qualified to fill a quota in quota sampling.

The physical characteristics should make the questionnaire easy to use, especially when branching questions are used to decide on routes through the questionnaire. Physical appearance is especially important in postal surveys in order to secure the cooperation of the respondent.

Questionnaires should be piloted in order to see if the questions are understood by the respondents and mean the same thing to the respondent as the researcher intended, that the lists of response categories are complete, that the questionnaire is not too long, and that the routes through the questionnaire are appropriate and can be followed by the interviewers or respondents.

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MICHAEL GREATOREX

and strongly disagreeing with a negative statement both score the same.

The semantic differential is a rating scale, usually with seven points, with end points given labels that have opposite meanings. Usually respondents rate the object under study on several bipolar rating scales with ends given adjectives such as cleandirty, hotcold, softhard, slowfast, *etc.* Each scale can be scored 1 to 7 and analysis can be carried out item by item (profile analysis). A summated measure can be constructed, remembering to reverse some scales so that positive adjectives are consistently scored. Again this assumes, controversially, that the scales are interval.

Other types of rating scales are also used. Examples include 5-or 7-point importance scales going from very unimportant to very important to record the importance of each of several product attributes, or usefulness scales to record the usefulness of each of several risk relievers, such as obtaining the advice of friends or relatives or buying the most popular brand.

The major issues in the construction of itemized rating scales include (1) the number of scale categories; (2) balanced (equal number of positive and negative categories) or unbalanced; (3) odd or even number of categories (with an even number of categories, respondents cannot sit on the fence); (4) forced or unforced (the latter has a don't know category); and (5) the amount of verbal description (*see* Tull & Hawkins, 1987).

Multi-item rating scales build upon the individual rating scales discussed above. The simplest multi-item scales are simple sums of selected individual scales, remembering to reverse negative scales. More complicated scales include weighted sums of the individual scales with the weights being suggested by multivariate statistical methods, e.g., FACTOR ANALYSIS and the use of STRUCTURAL EQUATION MODELS. Tests for RELIABILITY, such as Cronbach's alpha, and VALIDITY are appropriate before such multi-item scales can be recommended.

An alternative to directly measured rating scales are scales obtained indirectly by methods such as MULTIDIMENSIONAL SCALING and CONJOINT ANALYSIS. In the latter, "products" are assessed overall and the "part-worths" or "utilities" of individual product attributes are derived mathematically.

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Reach

When organizations are planning their ADVERTISING and, in particular, deciding on which media to use (i.e., MEDIA SCHEDULE), they have to consider the desired reach of their advertising, i.e., the number of persons, households, or organizations exposed to a particular media schedule at least once during a specified period of time.

The effective reach is the percentage of the target MARKET exposed to the advertisement for the minimum number of times (FREQUENCY) that is judged necessary for the advertisement to be effective. Calculation of effective reach is discussed by Kotler (1994).

See also Advertising

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DAVID YORKE

Realizable Demand

see DEMAND

Reference Groups

see INTERPERSONAL COMMUNICATIONS

Regionalism

The global economy and society contains a number of regions which share a degree of commonality in culture, language, political outlook, and, to a lesser degree, economic circumstance. For example, one can

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STEVE WORRALL

Risk Reduction

see PERCEIVED RISK

< previous page page_195 next page >

this will include: defining the task of the sales force, organization into sales territories, planning sales call cycles, recruiting and training of personnel, setting objectives, establishing budgets, motivation of personnel, and performance evaluation against objectives. From the evaluation, sales management can determine strengths and weaknesses and initiate any changes in line with corporate objectives and support.

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DAVID YORKE

Sales Promotion

Sales promotion(s) is a part of the marketing COMMUNICATIONS MIX and is an activity and/or material that acts as a direct inducement, offering added value and incentive for a product to resellers, sales persons, or end customers.

Sales promotions are designed to stimulate dealer or trade purchases and, in turn, in consumer markets to: get customers to try a new brand; encourage favorable opinions; match competitors' actions; increase sales frequency and amounts, *etc.* Most sales promotions are short term, and they tend to be used more intensively in the marketing of fast-moving-consumer goods where BRAND switching and perceived homogeneity of the offerings prevails. They are relatively more easy to isolate and evaluate than other elements in the communication mix.

Trade promotions include buying allowances, free goods, cooperative advertising, dealer sales contests, and display materials. Consumer promotions include samples, COUPONS, PRICE PROMOTIONS, redeemable vouchers for gifts, contests, combination offers, trading stamps, and clubs (e.g. Tesco Club Card). Promotions may also be targeted at the SALES FORCE, *e.g.* contests and prizes.

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Sales Territory

A SALES FORCE needs, typically, to be structured in order to achieve its objectives effectively. It can be structured entirely geographically, by product type, by customer type, or by some combination of these. Whichever form is used, each sales person will be allocated a territory, ranging from a few square kilometers/miles to the whole country or, indeed, a number of countries. The simplest form of sales territory is one where all customers are visited or telephoned by one person responsible for all products/services. Where the product range is wide and/or where customer types with differing needs can be readily identified, territories will tend to occupy more than one sales person and, in the former case, customers may be visited/telephoned by more than one person.

There is a need to balance the costs of implementing different structures with the benefits/problems as perceived by individual customers. A particular feature will be the frequency with which each customer needs to be contacted, thus necessitating the planning of sales call cycles within each territory. Such SALES CALL CYCLES will also attempt to balance workload with potential, for each territory.

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DALE LITTLER

Systems Marketing

Especially in organizational markets (*see* ORGANIZATIONAL MARKETING), businesses have developed the capability to provide what might be termed "total solutions" to customer "problems" or requirements. Thus, suppliers of computerized businesses systems will design, develop, and implement, including the training of users, a management information system to meet the information requirements of customers; or process plant contractors might be involved in the design, construction, and commissioning of chemical plant. These suppliers may have all the resources in house to provide the total "package" or they may, as appropriate, subcontract to others. In some cases, there are firms, such as consultant engineers, which act as coordinators based on their skills in planning and managing the various activities required.

In many MARKETS, such as defence or where complex plant and equipment is required, there is a tradition of providing "systems." The purchaser often solicits tenders from what are termed prime contractors which are responsible for bidding and assembling the different activities necessary to supply what the customer wants. These prime contractors provide a "turn-key" operation, so called because the customer simply turns one key to obtain what is sought.

DALE LITTLER

However: television areas may be too large for potential advertisers; coverage may be restricted; potential targets may be light viewers; and the attention of the viewer may not be guaranteed due to choice of channels, fastforwarding of video recorders during commercial breaks, and channel switching between these breaks. Consequently, although measures of REACH and FREQUENCY are known, the cost-effectiveness of television advertising is difficult to evaluate.

DAVID YORKE

Tender

see BIDDING

Test Marketing

Test marketing involves the marketing of the product using the proposed marketing policy in a limited area that is representative of the total market. The ratio of the marketing effort for the test region to that agreed for the total market must be approximately the same as the ratio of the size of the test market to the total market.

Test marketing will generally be employed to predict the results of a full national launch. It is also a means of testing the implementation and management of the launch.

Although test marketing may be expensive, it will incur a lower cost than a full national launch, while information received during the test may be used to modify or even significantly alter the marketing program before a full national launch. It is an attempt to reduce risk.

There are a number of advantages of test marketing, such as the detection of possible weaknesses with the marketing mix and the experimentation of alternative marketing mixes in different test areas to assess brand awareness, brand loyalty, and repeat purchases that may result from variations in the marketing mix.

However, test marketing can alert competitors of an impending product launch. They may decide to develop a rival product which benefits from observations made of the test marketing exercise. Test marketing in any case gives competitors time to develop and launch their own product. In addition to competition, other conditions may also change, resulting in, for example, lost opportunities flowing from the decision not to market fully earlier.

Another risk is that other companies marketing products, which in some way compete with the new product, may take actions to disrupt the test market. They may increase advertising and promotion, introduce special offers, or temporarily cut prices. Meaningful conclusions on the performance of the new product will consequently be difficult to make.

The decision to test market is then a result of a careful balancing of the opportunity costs against the benefits of lowering risk and possibly improving the full market launch.

Stages in Planning a Test Market

There are several stages involved in planning a test market exercise:

Establish Aims

In general, the aim will be to predict the sales that are likely to be obtained if the product was marketed in the total market. Moreover, since it is in effect a rehearsal of the national launch, the company will also be interested in evaluating the operation of the test marketing exercise.

Select of a Test Market Representative of the Total Market

For many products, the area selected should be a microcosm of the national market in terms of demographic structure, number and size of retailing outlets, employment and socio-economic factors. This may be difficult to guarantee, and some approximations will have to be made. Where specialized market segments form the target, and/or where television advertising is not a component of the marketing program, more limited areas, including towns or areas of cities, may be selected.

Decide on the Duration of the Test

In general, companies will strive to obtain an indication of the "equilibrium" market share, while at the same time having as short a test market period as possible so as not to give competitors time to develop and market competitive products before the test marketer decides to go national. In order to gain a realistic insight into the acceptability of the

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BARBARA LEWIS

Types of Measure

Measurement involves assigning numbers to characteristics of objects or events in such a way that the numbers reflect reality. Essentially, there are four different types of measurement scales: nominal (or categorical), ordinal, interval, and ratio. As we move from categorical to ratio so the arithmetic powers of the measures increase. The selection of the appropriate descriptive statistical measure and/or test statistic depends upon, among other things, the type(s) of scales used to measure the variables of interest.

Nominal measurement scales use numbers to categorize objects or events. Thus, for a variable called gender the number 1 can be used as a label for males, the number 2 as the label for females. Again for a variable such as occupation doctors can be labeled 1, teachers 2, students 3, market researchers 4, and so on. The numbers are being used as shorthand to identify categories, and the numbers are replaceable by fuller descriptions or labels at any time. There is no suggestion that males precede females just because in everyday arithmetic 1 comes before 2, or that one female is worth two males because 2 is twice 1, or that adding a doctor to a teacher gives a student just because 1 plus 2 equals 3. The well-known rules of arithmetic do not apply to these numbers for obvious reasons.

Ordinal scales use numbers to rank items in order. As with nominal scales, cases are given the same number as other cases that share the same characteristic but the order of the given numbers reflects the order in reality. Thus, respondents may be asked about their level of agreement or disagreement with a statement. For such a variable, respondents who "agree strongly" may be given the number 1, those "agreeing" given 2, those "neither agreeing nor disagreeing" given 3, those "disagreeing" given 4 while those "disagreeing strongly" are given 5. The numbers reflect the relative position of the responses but not their magnitude. There is no suggestion that the difference between the categories "agreeing" and "agreeing strongly" is necessarily the same as the difference between the categories "neither agreeing nor disagreeing" and "agreeing" despite the fact that, in other circumstances, the differences between 2 and 1 and between 3 and 2 are the same.

Much MARKETING RESEARCH involving the use of questionnaires to measure the attitudes, opinions, preferences, *etc.* of consumers is based on ordinal measurement scales. Ordinal measures are better than nominal measures in that with ordinal scales the order of the numbers reflects a real life order of the categories while nominal measures are used when such real life ordering is not possible.

Interval measurement scales have the property that equal distances on the scale represent equal differences in the characteristic being measured. Thus, temperature can be measured on interval scales, the difference between 10 and 15 degrees is the same as the difference between 25 and 30 degrees. An improved form of interval scale, *the ratio scale*, has the additional property that it is possible to compute and compare ratios. Thus, the difference in price between 1 and 2 is the same as the difference between 8 and 9 but also the ratio of 10 to 5 is the same as the ratio of 6 to 3. Many variables can be measured on scales with these properties; examples are height, weight, incomes, revenues, sales, prices, profits, ages, *etc.* Such scales have all the properties of nominal and ordinal scales, indeed it is possible to convert ratio/interval scales into ordinal scales which themselves can be converted to nominal scales, in each case with some loss of information.

The first question to be asked when a statistician begins to analyze a set of data is what type of scale is used to measure each variable. Only then can a decision be made as to which statistics and tests are appropriate.

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MICHAEL GREATOREX

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DALE LITTLER

Univariate Analysis

Univariate analysis is concerned with the quantitative analysis of data where each variable is analyzed in isolation. The preliminary analysis of a survey often begins with a univariate analysis of the data. Data for a series of variables, one variable at a time, for the whole of a sample can be summarized into a frequency distribution for each variable with a suitable accompanying GRAPHICAL REPRESENTATION, such as a pie diagram, bar chart, histogram, ogive, *etc.* Alternatively, DESCRIPTIVE STATISTICS such as measures of average, variation, skewness, and kurtosis may be calculated for each variable.

Point estimates of population characteristics, such as population proportions or population means and totals, can be made, and CONFIDENCE INTERVALS based on the normal or t-distributions are easily computed. Hypothesis tests (*see* HYPOTHESIS TESTING) concerning population parameters for each variable, such as population proportions, population average, or standard deviation, are well known and include the z-test and t-test for interval data, the binomial test and one sample chi-square test for nominal data, and the Kolmogorov-Smirnov test for ordinal data.

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Users

Users are members of the DECISION-MAKING UNIT (DMU) and are those individuals working in an organization who are directly involved in the use of the goods and services purchased by the organization. For example, a welder could be a user of his/her organization's welding machinery, protective clothing, canteen, first-aid station, training courses, pension scheme, *etc.* It is important to involve users in the PURCHASING PROCESS to ensure that whatever is eventually purchased will be practicable and readily integrated in organizational systems. Users can be influential in the early stages of the purchasing process where they may initiate a purchasing process through identifying a particular need and specifying what is necessary to meet that need. They can also be involved in later trials and quality monitoring.

See also Organizational buying behavior

DOMINIC WILSON

Utility

Businesses, in providing products and services through their production and marketing activities, create a number of kinds of economic utility to consumers. These economic utilities (of form, task, time, place, and possession) enable an organization to provide consumer satisfaction.

Form utility is created by converting raw materials into finished goods that meet consumer needs, e.g., producing a tennis racket. Task utility is provided when someone performs a task for someone else, e.g., a bank handing financial transactions. But just producing tennis rackets or handling bank accounts does not result in consumer satisfaction; the product (or service) must be something that consumers want or there is no need to be satisfied and, therefore, limited utility. Consumers will not be satisfied until possession, time, and place utilities are also provided.

Possession utility means facilitating the transfer of ownership or use of a product/service to the consumer. Thus, the consumer obtains a good or service and has the right to use or consume it; customers usually exchange money or something else of value for possession utility.

Time utility is created by having goods/services available when consumers want them, and relates to opening hours of retail outlets, 24-hour telephone lines for banking and/or advice services, *etc*.

Place utility is created by making goods/services available where consumers want them, e.g., moving products from warehouses or producers to a location where consumers want to buy them, and having services available where consumers want to consume them.

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BARBARA LEWIS

was first articulated by Porter (1985). The value activities can be divided into two main categories: support activities, which include firm infrastructure, human resource management, technology development and procurement; and the primary activities of inbound logistics, operations, outbound logistics, marketing and sales, and service. It provides a framework for analyzing not only how the organization currently provides value but also how value can be enhanced. Organizations may strive to secure synergies with, e.g., suppliers by, e.g., developing inbound logistics systems that provide mutual benefits. Although an interesting concept, its practical usefulness remains to be demonstrated.

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Vertical Integration

This is regarded as an integrative growth strategy (Kotler, 1994), although it can be employed to defend the organization against powerful competitors, suppliers, and customers (*see* COMPETITIVE STRATEGY). It generally involves the acquisition of suppliers and/or customers, thereby inter alia providing security of supply or of access to the market. There are also vertically integrated systems in which there may not be complete ownership, but in which cooperation is founded on, e.g., agreements or minority stakes by the various parties in each other. Such systems may be effectively coordinated or administered by one dominant organization.

See also Horizontal integration

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Vision Statement

The vision statement is a relatively recent introduction to the lexicon of strategic management and is generally regarded as encapsulating the desired-for future for the organization, usually as expressed by the chief executive. Vision is also regarded as an element in the MISSION STATEMENT.

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sender of the MESSAGE is assisted by intermediaries in attempting to REACH the target buyer/customer/consumer. Opinion leaders (*see* OPINION LEADER) may benefit an organization with positive word-of-mouth communications but there is a danger that word of mouth may be detrimental to the organization and its products or services as a result of poor experiences of the intermediary.

See also Interpersonal communications; Marketing communications

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THE BLACKWELL ENCYCLOPEDIA OF MANAGEMENT

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BLACKWELL Business

< previous page page_iii next page >

industry in its own right although it employs relatively few people, the major expenditures being for media time and space.

The major stages in the development of an organization's advertising are: setting advertising objectives; deciding on the budget; planning messages; selecting the media; and evaluating advertising effectiveness.

Advertising objectives flow from prior decisions on an organization's target MARKET (or segments; (*see* MARKET SEGMENTATION), market POSITIONING and MARKETING MIX and are various (e.g., Colley (1961) lists 52 possible objectives). They are concerned with informing, persuading and reminding current and potential buyers/customers/consumers, including other organizations in the DISTRIBUTION chain, with respect to products, and organizations/institutions (*see also* COMMUNICATIONS OBJECTIVES). Product and brand advertising is typically focused on generating or defending sales whereas institutional advertising is usually concerned with promoting an organization's image or reputation, developing goodwill, or improving a company's relationships with various groups to include customers, channels (of distribution) members, suppliers, shareholders, employees, and the general public.

In setting the advertising budget, organizations may take account of factors such as stage in the PRODUCT LIFE CYCLE, MARKET SHARE and customer base, competition, advertising frequency, and product substitutability. These and other variables are built into advertising expenditure models which, as a result of developing computer technology, are becoming increasingly complex. The advertising budget can be established on the basis of what is affordable, as a percentage of sales, on the basis of competitors' expenditures, on the basis of objectives and tasks.

Advertising messages represent the creative aspect of advertising (*see* MESSAGE) and organizations are concerned with developing messages, evaluating and selecting among them, and executing them effectively.

In deciding on advertising media, it is necessary to take account of the desired REACH, FREQUENCY, and IMPACT; choose among the major media types and vehicles; and decide on media timing.

The choice of media types is influenced by considerations such as the product/service being advertised, target audience media habits, the advantages and limitations of the media, and their costs. Advertising media comprise: TELEVISION, RADIO, NEWSPAPERS, MAGAZINES, TRADE JOURNALS, POSTERS (BILLBOARDS), and DIRECT MAIL. They are distinguished from other forms of communication (*see* MARKETING COMMUNICATIONS and COMMUNICATIONS MIX), e.g., PUBLICITY, because the time and/or space has to be paid for.

Developing of advertising messages and choice of media is influenced, in part, by product sensitivity and advertising controls. For example, companies need to be aware of the sensitive nature of advertising alcohol and tobacco, the misuse of which may contribute to health and social problems. Advertising controls embrace government (legal) regulations and self-regulation. Various legal statutes impinge on advertising, e.g., the Trades Descriptions Act, the Medicines Act, food and drug labeling requirements, consumer credit regulations, together with restrictions with respect to the advertising of alcohol, tobacco, medicines, professional services, *etc*. Examples of industry self-regulation may be seen in various CODES OF PRACTICE, the Advertising Standards Authority, and the television advertising standards authorities.

The effectiveness of advertisements may be assessed in two major ways: pre-testing adverts (e.g., copy testing) and post-evaluating their effectiveness (e.g., recall and recognition tests). Advertisers also try to measure the communications effects on awareness, knowledge, preferences, and sales, although it is accepted that relationships between advertising and sales are not necessarily causal due to: the influence of other variables in the marketing mix; competitors' activities; and sales effects over time, e.g., adverts may not be seen immediately, impact may be later, there may be carry-over effects, or sales may be brought forward at the expense of future sales.

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The first term relates to the COGNITIVE STAGE of the process, indicating a need for the marketing communicator to gain the receiver's ATTENTION before attempting to do anything else. Developing INTEREST and desire (to purchase) are elements in the AFFECTIVE STAGE, i.e., where positive attitudes toward and preference for the product or service are sought. ACTION is the CONATIVE STAGE (the purchase).

Measures taken before and after a form of communication is used will enable objective(s) to be set and the success of it to be analyzed. Progression logically through the stages is not always possible indeed much depends on the product or service being offered and the target groups of receivers.

See also Communications objectives

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AIOs (Activities, Interests, and Opinions)

see LIFESTYLES

Atmospherics

"Atmospherics is the tailoring of the designed environment to enhance the likelihood of desired effects or outcomes in users" (Greenland & McGoldrick, 1994). Other definitions focus upon the more subtle design effects that influence consumers at an almost subconscious level:

"Atmospherics the design of an environment via visual communications, lighting, colors, music and scent to stimulate customers' perceptual and emotional responses and ultimately affect their purchase behavior" (Levy & Weitz, 1995).

The term was coined by Kotler (1973) in relation to a retail environment's contribution to its buyer's or customer's purchasing propensity.

It is, however, relevant to a broad spectrum of product retailing and service environments and is an important consideration in both staff, as well as customer, management. Effective use of atmospherics can enhance a retail outlet's designed environment, improving staff satisfaction and performance levels, as well as stimulating favorable reactions and behavior in customers. Such favorable outcomes might include a propensity for customers to spend more time in the store and improvements in levels of impulse purchasing, store patronage, and image.

See also Impulse purchasing; Store design

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STEVE GREENLAND

Attention

Attention is the first stage in the AIDA MODEL of MARKETING COMMUNICATIONS. Depending upon the channel of communication used, various stimuli may be used to gain attention, e.g., in the broadcast media, the first five seconds may need something emotionally appealing; in print media, the use of a dramatic headline or the use of color may have a positive effect; in PERSONAL SELLING, appearance; or in TELEMARKETING, the initial verbal contact may be important.

Cost-effectiveness is vital in gaining attention. Broadly, less personal forms of communication such as media ADVERTISING are more cost-effective at this stage, although personal selling and telemarketing may be of use with higher value products or services.

analyzed, but interpretation becomes difficult because the increased number of cells often leaves empty cells or a number of cells with small counts.

If both the variables are interval, the relationship between them can be studied, visually, using a scatter diagram and, numerically, using simple correlation and regression (*see* REGRESSION AND CORRELATION). The product-moment correlation coefficient measures the strength of a linear relationship between the variables: a value close to zero means no relationship or a very weak relationship; a value close to +1 means a very strong positive relationship; while a figure close to 1 means a very strong negative relationship. The regression analysis tells the form of the relationship, i.e., the way one variable affects the other is indicated by the straight line equation estimated using regression techniques.

If both variables are measured on ordinal scales, cross-tabs may be used to summarize the data. Alternatively, correlation coefficients such as Kendall's tau or Spearman's rank correlation coefficient indicate the strength of any relationship between the variables.

When the variables are measured on scales of different types, a range of possibilities arise. For instance, when one variable is measured on an interval scale and the other on a categorical scale, the sample can be broken down into subsamples using the categorical variable and the data for the interval variable can be summarized for each subsample using a frequency distribution, histogram, and/or measures of average and variation. Subsamples can be compared by looking at, for example, the histograms or measures of average of the interval variable to see if and how they change with different values of the categorical variable.

A range of hypothesis tests (*see* HYPOTHESIS TESTING) is available to see if there are any significant relationships between the variables. The appropriate test depends upon the type of measurement used for each variable. For instance, if both variables are measured on categorical scales, either the chi-square test or an exact test using the hyper-geometric distribution is likely to be used depending, among other things, on the size of the sample and the number of categories for each variable. If both variables are interval, the t-test and F-test are two examples involved in testing hypotheses related to simple correlation and regression. When one variable is interval and the other categorical, the t-test is used to test for the equality of arithmetic means of the interval variable when comparing just two subsamples defined by the categorical variable and the F-test is used when there are two or more subsamples. If one variable is measured on an ordinal scale and the other on a categorical scale, then tests such as the Mann-Whitney U test, the Wilcoxon test, the runs-of-signs test, the Kolmogorov-Smirnov two-sample test, the Kruskal-Wallis one-way ANOVA (analysis of variance) test, and the Friedman two-way ANOVA test are used, depending upon the circumstances. Many other tests are available for different sets of situations.

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MICHAEL GREATOREX

Brand

The original thinking behind branding was to take a commodity and to endow it with special characteristics through imaginative use of name, PACKAGING, and ADVERTISING. Aaker (1991) defines a brand as: "a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either a seller or a group of sellers and to differentiate those goods or services from those of its competitors." Central to the value or equity of the brand is a set of assets, including: BRAND LOYALTY; brand awareness; perceived quality; and brand associations. A manufacturer brand is initiated by a producer, such as Coca Cola, and a private or "own-label" brand is initiated by a retailer, such as Tesco's "Value" product line (*see also* PRODUCT).

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MARGARET BRUCE

This model assumes that consumers derive satisfaction from consumption (probably not the case with expenditure on insurances, dental treatment, etc.) and seek to maximize satisfaction within the limits of income. The model also assumes that consumers have complete information with respect to supply, demand, and prices; complete mobility, i.e., can reach any market offer at any time; and that there is pure competition. In practice, consumers typically are not aware of and cannot judge all product offerings and may have restricted access. Consequently, consumers may well be "satisficing" rather than "maximizing" their utility.

Economic theory does have a role to play in understanding consumer behavior, in so far as people may be "problem solvers," trying to make rational and efficient spending decisions. However, it is also necessary to consider and understand the marketing and other stimuli that impact on buyer behavior (*see* CONSUMER BUYER BEHAVIOR), together with buyers' individual characteristics, i.e., to take account of various social and psychological influences on buying behavior.

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BARBARA LEWIS

Buyers

Buyers are those individuals administering the purchasing policies and practices of an organization. At its best, buying is a professional activity with specialist qualifications and professional bodies, but buying can also be undertaken much more informally (especially perhaps in smaller organizations) and with little specialist expertise. Buyers are also important members of the DECISION-MAKING UNIT (DMU) where they provide much of the background information and analysis. Perhaps the most important (and most often overlooked) role of buyers is in managing the day-to-day relationship between an organization and its suppliers (*see* ORGANIZATIONAL BUYING BEHAVIOR; PURCHASING PROCESS).

DOMINIC WILSON

Buygrid Model

see PURCHASING PROCESS

Buying Center

In the 1960s and 1970s several surveys of industry purchasing practices in the UK and the USA established, inter alia, that industrial PURCHASING decisions involved many individuals from different functions within an organization in what is now generally referred to as a buying center or decision-making unit (DMU). Webster & Wind identified five buying "roles" within the context of this buying center: USERS, INFLUENCERS, BUYERS, DECIDERS, and GATEKEEPERS (Webster & Wind, 1972). This classification is now widely accepted as a general model though additional roles may be identifiable on closer examination of specific instances. The various roles discernible within the buying center may sometimes be fulfilled by only one or two individuals, while on other occasions these roles may be allocated to different individuals, departments and levels of seniority, according to the circumstances of each purchase. With the development of more collaborative approaches to inter-organizational marketing, such as PARTNERSHIP SOURCING, it seems reasonable to extend the membership of the buying center, on occasion, to include representatives of SUPPLIERS.

Further studies have suggested that the composition of the buying center and the influence of these departments and functions on any particular purchase occasion may vary according to such variables as: buy class (a NEW TASK generally requires a broader membership of the buying center than does a MODIFIED or STRAIGHT RE-BUY); the specific purchase criteria and their relative importance (e.g., an emphasis on technical specifications may require additional technical representation in the buying center); phase of the buying cycle; the complexity of the product/service under consideration; the competitive and strategic significance of the purchase; the cost of the purchase over its useful life; the relevance of the which they have little control or influence; and codes may offer a cheaper and quicker means of resolving grievances than using more formal legal channels.

Trade or industry associations are encouraged to adopt codes of practice and to update them constantly as the MARKETING ENVIRONMENT changes.

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DAVID YORKE

Cognitive Dissonance

Individual consumers' cognitions for products which are expressed in terms of values, beliefs, opinions, and attitudes (*see* CONSUMER ATTITUDES) tend to exist in clusters that are generally both internally consistent, and consistent with behavior; and an individual strives for consistency within his or her self.

However, any two cognitive elements or attitudes may or may not be consonant with each other. If such an inconsistency exists in a pre-purchase situation, a consumer has a state of conflict which makes it difficult to make a choice. If after a purchase there is inconsistency between cognitive elements then cognitive dissonance is said to exist, i.e., it is a postpurchase state of mind.

When making choices between alternatives, consumers invariably experience cognitive dissonance as on few occasions do they make a completely "right" decision; consumers may remain aware of positive features of rejected alternatives and negative features of a selected alternative which are inconsistent/dissonant with the action taken.

Cognitive dissonance will be high when: the buying decision is important, either psychologically or in terms of financial outlay; when a number of desirable alternatives are available; when the alternatives are dissimilar with little cognitive overlap, e.g., the choice between a television or a washing machine; and when decision choice is a result of freewill with no help or applied pressure from others.

The existence of cognitive dissonance is psychologically uncomfortable and so consumers develop strategies to reduce/eliminate it to re-achieve consistency or consonance. These include: eliminating responsibility for the decision, e.g., return the product; change attitudes towards the product to increase cognitive overlap; deny, distort or forget information (e.g., cigarette smokers and health warnings); seek new information to confirm one's choice; or reduce the importance of the decision.

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BARBARA LEWIS

Cognitive Stage

Models of the CONSUMER DECISION-MAKING PROCESS which suggest that a target buyer or customer moves from a state of ignorance or unawareness of an organization and/or its products or services to ultimately making a purchase comprise three principal stages: COGNITIVE, AFFECTIVE, and CONATIVE. (*see also* MARKETING COMMUNICATIONS.) The cognitive stage is that which draws the ATTENTION of the buyer or customer to an organization, its products, service, or brands, creates an AWARENESS of their existence, and develops a clear understanding of what is being offered.

The cost-effectiveness of achieving this is determined largely by the MEDIA used and the size and type of the target group(s). For example: PERSONAL SELLING is less cost-effective when the number in the target group is large, although TELEMARKETING and DIRECT MAIL can reduce the cost; and ADVERTISING is considered to be relatively successful at the cognitive stage providing there are media appropriate for reaching only the target group.

increased number of cells often leaves empty cells or a number of cells with small counts.

The variables may be ordinal variables such as those measured on rating scales or interval variables where the data have been grouped into a few classes for each variable. Again, the cross-tab records the counts of the number of cases falling into each cell of the table.

HYPOTHESIS TESTING relating to cross-tabs often involves the chi-square test. Other tests and summary statistics are available depending on the type of data; for instance, if both variables are measured on ordinal scales then Spearman's rank correlation coefficient or Kendall's tau may be used.

As well as recording the number of cases in each cell, a cross-tab can be used to present summary statistics of other variables for the cases in each cell. For instance, while a basic cross-tab may count the sample numbers, broken down by gender and occupation, it is possible to present the average income (or the average of any similar variable) of the cases in each gender/occupation cell. Further analysis of such data may involve analysis of variance, but the cross-tab analysis described earlier in this paragraph is a convenient way to get a feel for these data and to present results in a convenient, descriptive manner.

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MICHAEL GREATOREX

Cue

A cue is a non-verbal signal communicated by a person, product, or service. People draw inferences from visual interpersonal contact which gives access to the face, the hands, the posture, or the physical environment in which the interaction is taking place. Information is communicated via the aggregate of social cues provided by visual and physical presence. Products and services also communicate evaluative information via intrinsic and extrinsic stimuli such as physical attributes, or ADVERTISING messages. Thus, desired impressions, feelings, and attitudes may be subtly encouraged by MARKETING COMMUNICATIONS techniques (e.g., PERSONAL SELLING, PACKAGING, TELEMARKETING).

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DAVID YORKE

Cultural Environment

This is one of the elements of the MARKETING ENVIRONMENT. It concerns cultural and ethnic variation between and among markets, as well as changes in cultural or ethnic perspective. It is of course particularly important in INTERNATIONAL MARKETING, but is also increasingly important as national markets are segmented into smaller niches, often based on cultural and ethnic criteria (e.g., in the fast food and fashion clothing markets).

See also Environmental analysis; Culture

DOMINIC WILSON

Culture

Individuals may be described as conforming to the norms of cultures and subcultures in their lives. Culture refers to the total way of life of a society and a national culture reflects its population, government, and economy. Culture is a determinant and regulator of behavior, including CONSUMER BUYER BEHAVIOR. Members of a culture share beliefs, values, customs, traditions, and norms which shape their attitudes and behavior as consumers. Cultural beliefs and values intervene in economic decisions made by consumers.

There are a number of distinguishing characteristics of culture, namely, *learned behavior* patterns of behavior may be learned; *sharing of values;* a *transmissive quality* as families shape the values and perceptions of children and pass them on to be reflected in attitudes and behavior; a *social quality,* i.e., the rules of social behavior; an *ideational quality,* as groups have ideals with respect to behavior; *a gratifying*

Demographic Environment

The demographic environment is one of the elements of the MARKETING ENVIRONMENT (*see also* ENVIRONMENTAL ANALYSIS).

See also Demographics

DOMINIC WILSON

Demographics

Demographics comprise probably the most important variable in the MARKETING ENVIRONMENT of any organization. Demographics describe, and provide a statistical study of, a human population in terms of its size, structure, and distribution. Size is the number of individuals in a population, and is determined by: fertility and birth rates; life expectancy and death rates; and migration between and within countries. Structure describes the population in terms of age, gender, education, and occupation, and distribution refers to the location of individuals in terms of geographic region or rural, urban, or suburban location.

Demographic data are developed, primarily, from population censuses and the study of demographics is concerned with understanding trends to include forecasts of future demographic size, structure, and distribution.

Demographics impact on the behavior of consumers and contribute to the overall demand for goods and services. They are changing in an number of ways, influenced by social and cultural variables (*see also* CULTURE). Such trends, in developed economies, include:

increased life expectancy and an aging population

a slowing down of the birth rate and population growth

growing per capita income and discretionary income

changing mix of household expenditure

increasing participation of women in the work force and their changing roles at home and at work

increasing proportion of white collar workers

trends in literacy and education

geographical shifts in population, e.g., urban to rural and city to suburbs and new towns

changing ethnic and racial mixes

changing family and household structure, to take account of age profiles, later marriage and age of child-bearing, fewer children in a family, divorce and single-parent families, increasing numbers of single-person households, and total number of households

increased home ownership and increased ownership of consumer durables

widespread availability of credit

fewer traditional shoppers and more home shopping

increased leisure time and participation in leisure activities

changing media habits

increases in crime and social problems.

These changes/trends are of key interest to marketing organizations. For example, they may see opportunities arising as particular age groups increase, or threats occurring as some age groups decline. Demographic trends have implications for: product and service development; identification of target MARKETS and market segments (*see* MARKET SEGMENTATION) and other elements in the MARKETING MIX. These impact not only on manufacturers and distributors but also on those organizations which supply consumer good manufacturers, e.g., producers of commodities and capital equipment.

See also lifestyles

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variables being chosen to best separate the two groups.

Discriminant scores can be calculated for each individual in the groups and a plot of these scores, indicating to which group each case belongs, will show, it is hoped, two non-intersecting histograms. Usually, however, the plots will overlaA critical value will be chosen so that cases will be classified by the discriminant function according to whether they are above or below the critical value. If there is overlap, some cases will be misclassified, even by the discriminant function whose fitting they contributed to. A classification table of "hits and misses" is one way of judging the usefulness of the discriminant analysis. Also used to judge the adequacy of a discriminant function are measures such as Wilks' Lambda and the canonical correlation coefficient.

A satisfactory discriminant function can then use measurements on the variables for a previously unclassified case to predict to which of the groups the case belongs. For example, based on the data for an individual on the variables in a discriminant function on good and bad credit risks, the discriminant function should indicate whether or not the individual is a good credit risk.

Significance tests for coefficients are available. The discriminant function can be built up in a step-wise fashion. The method can be used in an analytical way. Thus, large coefficients identify variables that are important for discriminating between and describing the groups and therefore worthy of further attention by management.

The method can be extended to more than two groups when several discriminant functions will be estimated. Statistical packages, *e.g.* the STATISTICAL PACKAGE FOR THE SOCIAL SCIENCES or SPSS, that have discriminant analysis routines are essential.

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Disposable Income

Unlike DISCRETIONARY INCOME, total disposable income (household income after deduction of direct taxation and national insurance contributions) is not available for competition among all suppliers. Local taxes have to be paid and "essential" purchases (e.g., fuel for heating and energy) are likely to reduce the amount of total disposable income available for spending/saving.

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Distribution

see RETAIL DISTRIBUTION CHANNELS

Distributors

see RETAIL DISTRIBUTION CHANNELS

Diversification

This is regarded as the option involving the greatest risk in Ansoffs (1965) DIRECTIONAL MATRIX. It involves the organization introducing products based on new technologies into new markets. However, there are gradations in the degree of risk involved, depending on whether or not the diversification is related or unrelated (also referred to as concentric diversification). Related diversification involves commonalities with the firm's existing business, so that there is potential synergy between the new and the existing businesses based on a common facility, asset, channel, skill, or opportunity (Mintzberg, 1988). These commonalities may be either tangible or intangible (Porter, 1985), the latter involving tacit management skills. Unrelated, or conglomerate, diversification involves the extension into new business areas which have no relationship with the company's existing technologies, markets, or products. Kotler (1994) also refers to horizontal diversification whereby the company may develop new products aimed at its existing

Entrepreneurial Strategy

Entrepreneurial strategy is one of Mintzberg's (1973) three strategic styles (*see* STRATEGIC STYLES; ADAPTIVE STRATEGY; PLANNING STYLE). The features of this strategic style are likely to be bold decision-making by single visionary individuals who are risk takers. Mintzberg suggests that it is likely to occur most in organizations which are under the personal control of one individual and which are "located in a protected niche in the environment."

Such risk-taking behavior is not restricted to small organizations, as, for example, Littler & Leverick (1994) identified in their study of entrants into mobile communications markets. Indeed, many decisions to enter new markets and especially, but not exclusively, those founded on advances in technology, are likely to have a degree of entrepreneurial behavior if only because the uncertainties (*see* UNCERTAINTY) make calculation of the costs and benefits extremely problematic.

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DALE LITTLER

Environmental Analysis

Organizations exist within a complex and dynamic environment which can be described as the MARKETING ENVIRONMENT. Understanding this environment is one of the most important and difficult aspects of management and has traditionally been regarded as a marketing responsibility (*see* MARKETING AUDIT). Obviously, the number of variables influencing this marketing environment are many, so environmental analysis attempts to identify the most influential factors and trends affecting the organization and its offerings.

Kotler (1994) has suggested that it may be helpful to group these variables into two interdependent but distinguishable categories: the MICRO ENVIRONMENT and the MACRO ENVIRONMENT, together comprising the MARKETING ENVIRONMENT. Analysis of the macro environment sometimes referred to as the external marketing audit (*see* EXTERNAL AUDIT) can usefully be considered under six headings: the DEMOGRAPHIC ENVIRONMENT; the ECONOMIC ENVIRONMENT; the NATURAL ENVIRONMENT; the TECHNOLOGICAL ENVIRONMENT; the POLITICAL ENVIRONMENT; and the CULTURAL ENVIRONMENT. Whereas all six of these aspects of the environment will be relevant to all markets, some aspects will, of course, be more applicable than others in specific markets. There can also be a danger of compartmentalization using this approach for example, important issues of ecology or consumerism might seem less significant when split up between six headings. Perhaps the most notable limitation of this approach to environmental analysis is that it seems to give little priority to competitors *per se* and it may therefore be appropriate to add a "competitive environment" to Kotler's six categories.

The level of effort and resources which any organization will invest in environmental analysis will depend on many factors including: the availability and reliability of SECONDARY DATA (e.g., census data, government statistics, published market analyses); the cost of PRIMARY DATA (e.g., commissioned market research, in-house surveys); the volatility of the environment (where analysis can be out of date even before it is finished); the competitiveness of markets (why should organizations invest in analysis when there is little threat of losing customers?); and what priority managers give to environmental analysis, in the context of other demands on their time.

It is often suggested that the environment is becoming increasingly complex and fast-moving. This observation has, of course, been made of many earlier centuries also, but it does seem particularly true of the late 20th century and this emphasizes the importance of environmental analysis, while also highlighting the problems of analyzing such volatile dynamics. These problems have encouraged the development of different analytical techniques, such as scenario development (Schoemaker, 1993), delphi methods (Linstone & Turoff, 1975), and even the use of chaos theory (Stacey, 1975), in order to understand the marketing environment surrounding an organization.

Table 1 Motives for non-exporters to become exporters

	Internal stimuli	*External stimuli*
Proactive factors	management decision economies of scale unique product or competence perceived profitability marketing competence	identified foreign business opportunities stimulation/incentives from government, chambers of commerce
Reactive factors	risk diversification excess capacity retrenchment	unsolicited foreign orders small or shrinking home market

Swedish scholars Johanson & Vahlne (1977) proposed a four-stage model, according to which firms: export sporadically; export using an agent; export via a sales subsidiary; and manufacture in a foreign subsidiary. Other models have attempted to demonstrate a "natural" progression from passive or occasional exporting to a stage of making no distinction between home and foreign markets. But these characterizations have been criticized by subsequent scholars who, with some justification, find them "too logical" and therefore not consistent with actual experience. This has developed, in the USA, to a keen interest in the managerial influences, including competencies, on export development; in Europe, studies of internationalization have led to extensive investigations of firms' international networking (*see* NETWORK) behavior.

The problem with these preoccupations with export motivations and stages of internationalization is that they deflect attention from exporting as an everyday business activity. It is in the exporters' task that we find a clear distinction between exporting and international marketing. First of all, exporting is a form of foreign market entry (*see* INTERNATIONAL. MARKET ENTRY AND DEVELOPMENT STRATEGIES), the essential characteristic of which is that it involves direct selling to foreign customers. The selling can be completely direct in the sense that, even if the firm makes use of the services of an export house or a locally appointed agent or sets up an export department, the direct investment in the foreign market is small. In other words, exporting is selling into foreign markets with a permanent and (more or less) exclusive representation by a *stock-holding* market intermediary such as a distributor.

With respect to export departments, it should be emphasized that their prime purpose, generally, is not to support the foreign sales effort through undertaking market studies or assisting with export development plans, but to process the paperwork associated with the physical transfer of products into foreign markets. Such activity can include: the issuing and processing of invoices; the arranging of payments inward and outward in foreign currencies; the preparation of company brochures in foreign languages; and the supervision of transportation arrangements taking account of special requirements concerning customs procedures and goods certification in the target market.

As for the job of export managers, one of their main tasks is to forecast demand in given foreign markets and to prepare the company accordingly to meet it. Evidence suggests that forecasts of demand are based on personal relationships (*see* RELATIONSHIP MARKETING) with customers which are particularly close. The export manager is unlikely to engage in the more sophisticated and expensive forms of international MARKETING RESEARCH, which seek to create coherent and systematic methodologies for identifying foreign customers and developing specific, culture-sensitive, business approaches. It would, however, be mistaken to assume that the export manager is perforce less adroit than the international marketing manager. The point to emphasize is that they represent different approaches to business development in foreign markets, the crucial difference residing expand his/her views in the light of contributions from other members of the grouFurthermore, the ability to show the video tape of the discussion to executives provides them with almost direct contact with customers. The disadvantages include the possibility of respondents "lying" in order to conform to group pressures or, conversely, disagreeing with fellow participants to whom they take a dislike. The moderator can introduce biases. Interpreting and reporting the results of the discussions is subjective. Because the number of groups is usually small and the selected samples not random, generalizing the results to the population is hazardous.

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MICHAEL GREATOREX

Focus Strategy

The focus strategy is one of Porter's (1980) generic strategies (*see* GENERIC STRATEGIES) and involves concentrating on one or more niches or segments (*see* MARKET SEGMENTATION), as against aiming at broad market appeal. Companies adopting a focus strategy aim to secure a sustainable COMPETITIVE ADVANTAGE by being able to differentiate more effectively, or have lower costs, than their rivals for the particular customer clusters which they have targeted. However, there is the risk that competitors may adopt a narrower focus or that the costs of the focus strategy make those adopting it uncompetitive compared to those firms aiming at the broad market. Moreover, if such a niche strategy is highly profitable it will attract rivals which, in turn, will diminish profits.

See also Competitive strategy; Cost leadership strategy; Differentiation strategy

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DALE LITTLER

Forecasting

Uses of Forecasting

Forecasts, implicit or explicit, are used every time a marketing decision is made. Strategists need long-term forecasts of changes in the environment and of demand for both current and potential products in different markets and segments. Marketing managers use mediumterm forecasts to aid decision-making concerning pricing and the allocation of resources such as advertising budgets and salesforce personnel to different products and markets. In addition, marketers are often called upon to provide short-term forecasts of sales to enable the production and distribution departments to plan production, inventories, and distribution. Further, marketers are required to provide forecasts of sales and revenues for the budgets which are the basis of management and control in every organization.

Forecasting Methods

Forecasting techniques divide into qualitative and quantitative methods and the quantitative methods further subdivide into causal and non-causal approaches.

Non-Causal Forecasting Methods.

Non-causal methods take a time series of past observations of the variable to be forecast and extrapolate the series into the future using graphical or, more usually, numerical methods.

The naive method uses a single observation, usually the latest, as the forecast of future values.

A well-known method decomposes the series into its constituent parts, namely: trend, cycle, seasonality, and error. The constituent parts may be combined in additive or multiplicative fashions. Forecasts are prepared by extrapolating separately each component of the time series and recomposing the extrapolations to form forecasts of the whole variable. The classical decomposition method has been extended into an iterative form, together with an ability to take account of special events, in the Census II software currently available and in use today.

However, forecasting methods based on exponential smoothing are more popular than the classical decomposition and the Census II methods. Simple exponential smoothing uses a providing forecasts on sales for budgets, production, inventory control, and marketing mix decisions. Aggregating the forecasts of individual sales representatives of sales of each product to each customer and potential customer (after adjustment for biases in previous forecasts) is a common procedure.

Forecasts can be point forecasts or interval forecasts or probability forecasts. A point forecast is a specific amount and is almost bound to be wrong. An interval forecast provides a range of values in which the actual value may fall with a given level of probability. Sometimes minimum, most likely, and maximum values are estimated; other assessors are asked to provide pessimistic, most likely, and optimistic forecasts. A probability forecast attaches probabilities to given outcomes, e.g., that the variable being forecast will lie in several possible intervals, or uses a probability distribution to describe the subjective assessment.

Long-range forecasts concerning technical innovations may be obtained from "experts" in the relevant field using, for instance, the delphi method. Surveys of buyers' intentions and consumer confidence are considered to provide soft data that may be useful for predicting discretionary purchases such as consumer durables.

Combining Forecasts

Forecasts of the same variable obtained by different methods are often combined. In addition, forecasts obtained by exponential smoothing may be adjusted using the subjective estimates of a forecaster.

Selection of Forecasting Method

The selection of an appropriate forecasting technique is fraught with difficulty, depending as it does on forecasting horizon, the nature of the data, the accuracy required, the ease and cost of use of different methods. Practitioners need to employ an appropriate technique for the specific situation. For instance, non-causal time series methods such as exponential smoothing are particularly suitable for use by multiproduct organizations that need detailed and frequent short-term forecasts for the planning of production and inventories.

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MICHAEL GREATOREX

Franchises

see RETAIL FRANCHISES

Franchising

Franchising has become, increasingly, a significant business format in recent years. For example, about one third of retail sales in the USA are now estimated to come from franchise arrangements, and more than a quarter of all British foreign retail investments are in the form of franchises. Burger-King, the major hamburger restaurant chain, has 7,500 outlets in 56 countries. Benetton, the Italian retailer, has some 6,000 outlets in over 80 countries. The popularity of franchising as a form of market entry (*see* INTERNATIONAL MARKET ENTRY AND DEVELOPMENT STRATEGIES) is due to the fact that it entails less risk and makes less demands on capital than other options such as INTERNATIONAL JOINT VENTURES or acquisitions. Advantages to the franchisee also include a rapid international awareness of brands and trademarks and sales growth, witness McDonalds, Benetton, and Body Shop who have been particularly successful at "exporting" their business concepts to franchisees worldwide.

There is evidence to suggest that franchises which are set up to test a business idea without prior MARKETING RESEARCH are prone to failure, and that successful franchises are those in which a close relationship exists between franchisor and franchisee to the extent that their complementary companies become vertically integrated business organizations.

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Some of the major classifications in the UK are: ACORN (A Classification Of Residential Neighbourhoods); PIN (Pinpoint Identification Neighbourhoods); Mosaic; and Superprofiles (see Table 1 for details). As an example, ACORN classifications have been divided into six major categories, i.e., Thriving, Expanding, Rising, Settling, Aspiring, and Striving. These are further desegregated into 17 groups and 54 types. For example, the ACORN category Thriving includes groups of Wealthy Achievers in Suburban Areas, Affluent Greys in Rural Communities, and Prosperous Pensioners in Retirement Areas, and thus provides a means of locating where these types of individuals are likely to reside.

One question which has been raised in the literature is: does it really make sense to use one standard segmentation tool across all sorts of industry sectors, markets, products, and organizations? The answer appears to be that each general classification product does discriminate, but the degree of discrimination varies according to market sector and there is no single best standard geodemographic product for all situations from those available. Two of the first market-specific applications to be devised were Financial Mosaic and Finpin, which were designed specifically to segment the market for financial services. Sources of data used for Financial Mosaic include: the number of company directors, the level and value of share ownership, the level of application for various financial services, the proportion of mortgages and outright home owners, and the frequency and value of County Court Judgements. This has resulted in a classification of 36 Financial Mosaic types; for example, Young Entrepreneurs, Wealthy Businessmen, and Captains of Industry are three types which are grouped under Capital Accumulators. The demand for, and supply of, tailored or bespoke segmentation classifications has risen recently, e.g., Investor ACORN incorporates data from the Investor's Register, a database of over 1 million investors, and Art ACORN combines demographic data with information from the box offices of arts venues throughout Great Britain. The extension of these more targeted classifications is to have a bespoke classification for each particular market. If organizations have sufficient information on their customers, this can be used to create bespoke classifications for any product market, e.g., cars, food, hi-fis, *etc.*

CCN has made major inroads into building classifications within many European countries. Euromosaic identifies ten major pan-European types which are consistent across the European countries of: Great Britain; the Netherlands; Germany; Spain; Ireland; Sweden; and Belgium. An example of a Euromosaic type is Elite suburbs. These are well-established suburban neighborhoods in large and medium-sized cities, consisting of residential properties in large grounds. These people are wealthy, but live in restrained luxury.

The major advantages of geodemographics are: their multi-faceted nature, i.e., they do not rely on unidimensional classification variables; their ease of use and actionability, being linked to the postcode system and covering all consumer addresses within the UK; their ability to link with different data sets which have been geodemographically coded for above-the-line and below-the-line marketing activities, e.g., TV audience rating data and regional press; and their ability to describe the types of houses people live in which can help the marketer to understand his/her target segment. They are now an essential part of retail site analysis and branch/store assessment. For example, by knowing how many of a certain type of customer are within a branch/store catchment area, a more accurate assessment of alternative branch locations and of market and sales targets can be undertaken. They are useful in media planning, since media data sources such as the National Readership Survey and Target Group Index are geodemographically coded. Advertising and promotional messages can also be communicated to the target audience using DIRECT MAIL and door-to-door leaflet campaigns which can be geodemographically targeted. Finally, they are extensively used in customer profiling which involves geodemographically analyzing existing customers.

Geodemographic systems do have several weaknesses. First, because the Census information is released at an aggregated level of about 150 households (Enumeration District), classifications are not particularly good at targeting certain differences, e.g., age, at the household or postcode level. However, several products have been designed to overcome this problem.

H

Hierarchy of Effects Model

This is a model of MARKETING COMMUNICATIONS developed by Lavidge & Steiner (1961) which has a number of stages through which the buyer/customer passes from unawareness of a product or service to purchase. The COGNITIVE STAGE is denoted by AWARENESS and knowledge, the AFFECTIVE STAGE by liking, preference, and CONVICTION, and the CONATIVE (or behavioral) STAGE by a purchase. Measures taken before and after a form of communication is used will enable objective(s) to be set and the success of it to be analyzed. Logical progression through the stages is not always possible indeed, much depends on the product or service being offered and the target group of receivers.

See also Communications objectives

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DAVID YORKE

High Street Retailing

High street retailing refers to retail activity in the traditional shopping areas of town, city, urban, and suburban locations. (Traditional shopping areas are described by Guy, 1994.) This type of shopping is frequently termed strip or ribbon centers by some US retailers, e.g., *see* Levy & Weitz (1995). Continued movement of major retailers to newly developed out-of-town, suburban locations and the growth of shopping malls and planned shopping centers has fueled debate concerning the future vitality and viability of high street retailing (e.g., Schiller, 1994).

See also Shopping centers

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STEVE GREENLAND

Historic Demand

see DEMAND

Horizontal Integration

This is regarded as an integrative growth strategy and involves acquiring competitors within the same industry, as opposed to a vertically integrative strategy which might involve the acquisition of suppliers (backward integration) or customers (forward integration).

Horizontal integration may not necessarily be undertaken as a means of growth; it might also be employed to rationalize an industry, which is maturing or declining, by removing capacity.

See also Competitive strategy; Vertical integration

DALE LITTLER

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DAVID YORKE

Industrial Marketing

This is the term originally coined in the 1960s to describe the process of marketing between organizations. The term referred implicitly to organizations engaged in industry (especially "smokestack" industries). During the 1980s it became accepted that the term industrial marketing was inadequate because it failed to reflect the full diversity of marketing activities between organizations, especially between commercial organizations such as banks, publishers, distributors, and retailers. The term BUSINESS-TO-BUSINESS MARKETING was then coined as an alternative, though nowadays the term ORGANIZATIONAL MARKETING is preferred by many authorities because it recognizes that the principles and practice of marketing between organizations is not confined to "businesses" but also extends to a vast range of organizations such as hospitals, orchestras, prisons, armed forces, schools, charities, governments, and unions.

DOMINIC WILSON

Influencers

Influencers are actual or potential members of the DECISION-MAKING UNIT (DMU) and are those individuals who may be influential in the

PURCHASING PROCESS without necessarily being USERS or DECIDERS or SPECIFIERS. This is an imprecise categorization but might include individuals who are affected by a purchasing decision without being directly involved. For example, security staff might suggest additional features (such as temporary electronic tagging) which would make it more difficult for personnel to steal components from a factory (e.g., theft of car radios from car factories).

See also Organizational buying behavior

DOMINIC WILSON

Information Systems

see MARKETING INFORMATION SYSTEMS

Innovation

Innovation involves the introduction of something new, such as products, processes, techniques, and organizational forms. Schumpeter (1939) highlighted what he regarded as its central role in economic development, which he depicted as a process of "creative destruction" caused by the introduction of innovations, which undermined existing forms and modes of doing things, and the responses of entrepreneurs to them. The upswing of a major economic cycle (the Kondratieff fifty-to-sixty-year cycle) has been associated with investment in a major innovation by pioneering entrepreneurs. These are later followed by a host of imitators who temporarily glut the market such that price declines and profits collapse. Some firms are bankrupted and business confidence lost, only to be revived by the next innovation.

However., such innovations are likely to be radical or discontinuous (*see* DISCONTINUOUS INNOVATION), whereas the majority of innovations are continuous or incremental adjustments to existing procedures, products, structures, and processes (*see* CONTINUOUS INNOVATION).

Given the significant changes that can occur in the environment (*see* ENVIRONMENTAL ANALYSIS) of an organization during any period, the need to be alert to external innovations has been emphasized in the strategic management literature, as well as the necessity for companies themselves to change and be innovative not only to respond to and preempt such changes, but also to establish a strategic agenda of their own. In their famous study of excellent companies, Peters & Waterman (1982) argued that:

> . . . *innovative companies are especially adroit at continually responding to change*

capabilities for themselves cheaply or quickly, but also fear the risk of their own core capabilities being internalized by partners without adequate recompense. Some degree of genuine cooperation is essential as inter-organizational learning dictates a process of intense communication and dialogue which is only possible if an atmosphere of trust prevails. Nevertheless, cooperation is a means and not an end in itself. As Hamel (1991) has observed, within alliances there is often a "race to learn" between the partners; those that learn more quickly may lose interest in the continuation of the alliance. In fact, most alliances are seen as transitional arrangements by both parties and are terminated after a few years.

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MO YAMIN

Interpersonal Communications

Interpersonal communications are the basis of informal channels of marketing communications, sometimes referred to as word-of-mouth communications (*see* WORD-OF-MOUTH COMMUNICATIONS), when consumers/buyers talk to each other about product-related issues. To understand interpersonal communications requires consideration of personal influence, group influence including reference groups, and opinion leaders.

Personal influence is the change in attitudes and/or behavior as a result of interpersonal communications. Personal influence can be initiated by a potential consumer seeking advice and information, or after purchase as a provider of information and opinions. It is a two-way influence unlike that of the MASS MEDIA, and it may be visual as well as verbal.

The occurrence of personal influence depends on product variables (e.g., visibility, complexity, degree of perceived risk, stage in the diffusion process), and consumer variables (e.g., life stage, product experience, personality). Companies try to affect the extent of personal influence in their advertising and promotion, personal selling, and sales promotion activities. For example, in their advertising they may simulate personal influence with user stereotypes, testimonials, and group activities; or stimulate it, e.g., by encouraging people to talk about a product.

In the realm of interpersonal communications, not all individuals wield equal influence. Some, opinion leaders, are more influential and others may turn to them for information and advice. Katz & Lazerfeld (1955) believe that people are most influenced by those they are in contact with in everyday life, i.e., by people most like themselves, e.g., doctors for health issues and close friends for the purchase of consumer durables. Research has not been able to clearly identify opinion leader traits, e.g., with respect to demographics, personality, lifestyles, or media habits (e.g., Myers & Robertson, 1972). Further, it has not been possible to identify opinion leaders across product categories; opinion leadership is primarily product specific (e.g., King & Summers, 1979).

Group influence is an important aspect of social influence. All groups have values, beliefs, and norms, and expect individual members to share these and conform to them and behave in appropriate ways. Consumers are, therefore, influenced by a number of groups which may be categorized as primary (e.g., family, friends, neighbors, work associates) or secondary where there has been some deliberate choice in belonging and there is a more formal structure and rules (e.g., political parties, church affiliation, leisure and sporting clubs).

There are pressures on consumers to conform to group beliefs, values, and norms, and under which the foreign licensor empowers the licensee to make use of the former's technological know-how in exchange for financial compensation and access to the licensee's market. A common type of licensing arrangement would permit the licensee to manufacture and market the licensor's product, normally as an exclusive right, for an agreed period of time in return for an agreed payment, often in the form of a royalty payment. The attraction of licensing to licensors is that it allows them to establish a production base in a foreign market without committing considerable investments in capital and labor.

Before committing himself, a licensor will, depending on the nature of its business, endeavor to craft an agreement that offers it legal protection in relation to patents, copyright, trademarks, and know-how (which might involve trade secrets). The licensor will also wish to satisfy itself that a would-be licensee can meet all the performance criteria pertaining to production and marketing. If the licensee is inexperienced in these matters, the licensor will normally undertake to support the licensee through training of personnel or other means of support, ranging from access to the licensor's design and technical resources to its expertise in literature production and MARKETING RESEARCH.

In many instances the know-how of the licensor is ahead of, or superior to, that which is available in the licensee's country. Hence, license arrangements have proved to be a popular form of technology and marketing know-how transfer either to developing countries or to countries with "technological gaps," such as the former socialist countries. A striking example of a country that rapidly enhanced its technological expertise through a policy of entering license agreements and exploiting them to the full is Japan: from the end of the War (1945) until 1980 Japan had obtained some 2,500 licenses. Japan, in turn, is now a major licensor, passing on various technological benefits to its licensees in sectors such as electronics and automobile production.

Licensing can take many forms; one particular form is the joint venture (*see* INTERNATIONAL JOINT VENTURES). Another form, often involving the transfer of intangibles such as service know-how or trademarks, is called FRANCHISING. In industries characterized by frequent technological change such as chemicals, information technology, and electronics, companies resort to cross-licensing, which is a device for avoiding out-and-out technological competition which could be ruinous to both parties. Not surprisingly, perhaps, the closer parties are in technological parity, the more complex is the negotiation of licensing agreements and they can take months to arrange, especially where there has to be an exchange of secret information.

A study of licensing behavior of firms reveals: evidence of a considerable diversity of motives; an intention to transfer know-how that is (or is about to become) obsolete; a display of a commitment to a particular market that for political or other reasons may be difficult to penetrate by other means; a motive to internationalize business rapidly and with comparatively low risk; or a consolidation of a position in a foreign market where the company is well established in other product lines. There are cases of firms licensing know-how which their research and development has developed but which is not related directly to their major product portfolio.

NIGEL HOLDEN

Life Cycles

see LIFESTYLES

Lifestyles

Consideration of consumer lifestyles incorporates an awareness of demographic variables and life cycles. Consumer behavior researchers and marketers are interested in trends in consumer DEMOGRAPHICS with respect to: birth rates and age profiles; marriage and divorce rates; number and spacing of children; size and composition of households/families, and extent of single-person households; incomes and occupation; levels of employment including participation of women in the labor force; and type and location of residence. These all impact on consumer needs, attitudes, and behavior, and are often discussed in relation to life cycles and lifestyles.

The term life cycle refers to the progression of stages through which individuals and families

proceed during their lives, with the consequent financial situation and needs for goods and services. The traditional life cycle stages were from: bachelor stage to newly married; full nest 1,2,3; empty nest 1,2; solitary survivor in labor force; and solitary survivor retired (*see* Wells & Gubar, 1966). However, several modernized family life cycles have been put forward (e.g., Murphy & Staples, 1979; Gilly & Enis, 1982) in response to demographic trends such as smaller family sizes, postponement of marriage, and rising divorce rates.

Consumer lifestyle refers to a consumer's pattern of living which influences and is reflected by consumption behavior. It is the result of interactive processes between social and personal variables surrounding individuals in childhood and throughout life, e.g., family, reference groups, CULTURE. It embodies patterns that develop and emerge from the dynamics of living in a society. Further, economic influences provide constraints and opportunities in the development of lifestyle.

Lifestyle encompasses a person's pattern of living in the world as expressed in terms of activities, interests, and opinions (e.g., *see* Wells & Tigert, 1971). Activities refer to how people spend their time: at work, home, community, special activities, hobbies, clubs, vacation, sport, and entertainment. Interests refer to what they place importance on in their immediate surroundings: family, home, job, community, recreation, fashion, and media. Opinions are in terms of their view of themselves and the world around them: e.g., social issues, politics, business, economics, education, and culture. These variables are considered together with demographics, and the basic premise of lifestyle research is that the more marketers know and understand about customers, the more effectively they can communicate and market to them. It provides a three-dimensional view of customers. The term PSYCHOGRAPHICS is used interchangeably with lifestyle, but may also include PERSONALITY variables.

One example of lifestyle is the VALS framework (*see* Solomon, 1992), which is based on some 30 to 40 demographic and attitudinal characteristics. From this, three broad groups of consumer are identified (in the US population): need-driven, outer-directed, and inner-directed. These are further divided into nine value lifestyle groups: survivors, sustainers, belongers, emulators, "I am me," experientals, societally conscious, and integrated with associated impact on consumer needs, attitudes, and behavior.

Another example of lifestyle is ACORN-typing (*see* CACI, 1993), used as an indicator of SOCIAL CLASS. This incorporates geodemographic data (*see* GEODEMOGRAPHICS), from the most recent census, to include: age, sex, marital status, occupation, economic position, education, home ownership, and car ownership: to provide a full and comprehensive picture of socioeconomic status. From this data, and postcode information, ACORN types are developed to profile consumers in terms of their attitudes and behavior with respect to products and services bought, leisure activities, media habits, and financial position.

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DOMINIC WILSON

Margin

Margin refers to the profit earned by a product or service at different stages of the VALUE CHAIN and is usually expressed as a percentage. Margins can be added at each stage of the production and distribution process (where these stages are treated as profit centers) in accordance with the competitive pressures prevailing at each stage. The sum of costs and margins for each stage of the value chain is reflected in the eventual price to the end user (DISCOUNT notwithstanding). "Margin" is a broad term and is more usually discussed under the slightly more specific variants of GROSS MARGIN and NET MARGIN.

DOMINIC WILSON

Marginal Pricing

Marginal pricing is a term used to refer to those occasions when price is calculated to cover only the variable costs of production and/or distribution and little or no CONTRIBUTION is required towards fixed costs and profit margins. Clearly, this is an unusual and uneconomic level for prices and one which could not be sustained for long. Marginal pricing might be used during a temporary fall in demand (e.g., during an economic recession or a price war) to keep assets "ticking over" pending the return of more normal trading conditions. The alternative is to reduce radically (or even suspend) operations which can lead to even less attractive consequences such as deterioration of skills, reduced customer loyalty, loss of reputation, and erosion of brands. Marginal pricing might also be used to secure what is expected to be a favored position with respect to future sales (as with introductory offers).

DOMINIC WILSON

Market

The term "market" is clearly an important concept in the field of marketing, yet while much debate has taken place on what constitutes an appropriate definition of "MARKETING," less attention has been directed in marketing literature toward the nature of markets. This is increasingly being recognized as an omission, given that many analytical techniques rely on concepts such as MARKET SHARE and MARKET SEGMENTATION (Curran & Goodfellow, 1990).

The original use of the term "market" referred to a physical location where buyers and sellers come together in order to exchange products and services. Since then, the term has been developed in the field of economics to refer variously to any network of dealings between buyers and sellers of a particular product, or to refer to products which are regarded as close substitutes. The latter is often referred to as the substitutability criteria, two products being contained in the same market where the cross-elasticity of demand between the two is greater than a pre-assigned number (x). However, there is little agreement in the field as to the criteria by which x might be specified.

Elsewhere, the term "market" has been used extensively to describe aggregate demand for a specific product (the "automobile" market) or in a specific physical area (the "European market"). Markets have also been viewed in broader "need" terms (the "transportation" market) and demographic terms (the "female" market) or any combination of these variables.

In contemporary marketing, however, the "market" is most commonly used to refer to the existing or target group of customers for a particular product or service. For example: "All the potential customers sharing a particular need or want who might be willing or able to engage in exchange to satisfy that need or want" (Kotler, 1991, p. 8). "Individuals who, in the past, have purchased a given class of product" (Sissors, 1966). "An aggregate of people who, as

Modified Re-Buy

Robinson, Faris & Wind (1967) suggest a division of organizational buying into three categories: NEW TASK, modified re-buy, and STRAIGHT RE-BUY. The category of modified re-buy refers to those occasions when there are significant differences in the terms of the purchasing contract under review (e.g., changes in price, technical specifications, delivery arrangements, packaging, design, quality). The significance of these differences might reflect changes in the customer's requirements (e.g., changed specifications or delivery arrangements), or in the customer's competitive position (e.g., entering new markets, developing improved products), or in a supplier's offerings (e.g., increased price, new product features), and will generally require a significant renegotiation of the contract though not usually a change of supplier.

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DOMINIC WILSON

Multidimensional Scaling

Multidimensional scaling is a generic name given to a number of procedures related to attitude and image research. Its main uses in marketing are in attribute mapping, product positioning, and finding ideal brand points. Two types of variables form the starting blocks for much multidimensional scaling: perceptions (of attributes, of similarities between brands, etc.); and preferences (e.g., between brands).

Brands are perceived by customers in terms of attributes, e.g., for cars the attributes could be performance, safety, size, style, country-of-origin, price, *etc*. Different brands may be perceived in different ways; brands can be represented on maps and some brands will be close together (hence, likely to be competing), while other brands will be apart. It may be possible to discover for individual buyers their ideal positions on these maps and hence, taken with the product map, predict which brand is likely to be purchased. The ideal point has another interpretation as an indicator of the importance of the dimensions identified. Gaps in the offerings to the customers may be spotted, hence helping with the design of new products. Dimensions used in the maps indicate the attributes used by respondents to characterize the brands.

Different types of measurement scales include ratio, interval, ordinal, and categorical scales. The latter two scales are known as non-metric scales for obvious reasons. Another scale, known as an ordered metric scale, is used in the commonest type of multidimensional scaling. In an ordered metric scale, all possible intervals between positions on the scale are ranked.

Thus, one technique of multidimensional scaling requires all pairs of brands to be ranked in order of similarity. The brands on offer in a market are listed in pairs and the respondent has to say which pair is the most similar, the next most similar, and so on right down to the least similar. This information is fed into a computer, attribute maps are prepared showing the relative positions of the brands, and a metric measure of the similarities (or differences) between brands is obtained, even though originally the data were merely an ordered metric scale. It may take only two dimensions to map the brands, when it is easy to represent the maps graphically. When three or more dimensions are to be used, several two-dimensional graphs are prepared. The dimensions are not named; they have to be named by the researcher from the grouping of the brands and further knowledge of the brands' attributes. The dimensions identify the attributes used by the respondent to evaluate and compare the brands.

The ideal point can be discovered, based upon the respondent being able to rank the brands in order of preference either overall or on each of several attribute scales according to the program used. The maps, based on similarities data, are produced for each individual. The dimensions that are thrown up may differ from map to malt is difficult to aggregate maps over individuals; this is unfortunate as it makes it hard to use the knowledge gained about ideal points to discover clusters of respondents with close ideal points. Usually, clustering takes place first; this is followed by obtaining a map to represent each cluster either for an average individual in each cluster, or based on averaging similarities data from each cluster. Ideal points for individuals in the cluster can be mapped in positive outcome of NPD. These include: people factors, such as commitment of senior managers (Maidique & Zirger, 1984); organizational factors, e.g., effective interfunctional cooperation (Pinto & Pinto, 1990); and operational factors, such as the use of market research (Johne & Snelson, 1988). Marketing has been identified as having a significant role. Rothwell (1977) points to the role of marketing and publicity and of understanding "user needs," and Cooper (1994) notes the value of having a "strong market orientation and customer focus." The constant interaction of R&D, design, production, and marketing from the very early stages of NPD to market launch have been associated with success (e.g., Cooper & Kleinschmidt, 1986). The presence of a "PRODUCT CHAMPION" has also been acknowledged as a "success" factor. Product development is not always about new products product modifications, extensions, and style change are also aspects of product development.

To devise, produce, and implement new products and modifications to existing products entails input from different functions, notably marketing, R&D, and production. Their input has to be integrated to ensure that products are made that correspond with customer needs and are made economically and without time delays. Different approaches to the management of product development activities have been identified. "Over the wall" refers to a functionally divided organization wherein product ideas are continually passed back and forth between functions, so that marketing undertakes some development work, then passes this onto R&D which carries out more development and then passes the ideas back to marketing, and so on. This process can mean that the idea stays in development for a long time. A different approach is that of the "rugby scrum" whereby product development teams are formed with representatives from each function, all of which make an ongoing contribution to the product's development. This organizational approach can facilitate a quicker time to market than the "over the wall" approach (Walsh et al., 1992).

Different functions may not communicate easily with one another and the interface between R&D and marketing, in particular, has received attention (Gupta, Raj, & Wileman, 1995). A recent study found that effective interface between marketing and design was likely to occur in organizations with a culture of openness, close location of marketing and design functions and a multidisciplinary team approach to product development (Davies-Cooper & Jones, 1995).

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MARGARET BRUCE

New Task

Robinson, Faris & Wind (1967) suggest a division of organizational buying into three categories: new task, MODIFIED RE-BUY, and STRAIGHT RE-BUY. Of these categories, new task is the most complex and refers to those occasions when it is necessary to identify new sources for goods or services. This may be because a previous source is no longer satisfactory, or because the requirement itself is new. In principle, all stages of the PURCHASING PROCESS will be involved in new task buying but in practice this will depend on the scale and significance of the purchase in question. Thus, new task purchasing in the defence sector (e.g., for an aircraft carrier) might take years, whereas new task purchasing for ballpoint pens (e.g., in a bank) might be done very quickly.

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DOMINIC WILSON

Newspapers

Newspapers are a communications medium (*see* COMMUNICATIONS MIX), usually using print but they are also being developed via the Internet. Newspapers can be local, regional, national, or international in terms of readers and distribution; and are usually published daily or weekly. They are a major ADVERTISING medium, the main advantages for which are: mass, regular, coverage of major target groups; geographical flexibility through regional editions; positioning opportunities; and very short lead times. However, some newspapers have limited regional flexibility and they have limited opportunities for color, which is expensive, and presentation (i.e., creative scope); poor reproduction quality; a short life; and are less intrusive than other media, *e.g.* TELEVISION. Further, measurement of newspaper "readership" as opposed to "the number of copies sold" is difficult.

DAVID YORKE

Noise

Noise usually refers to physical disturbance to a communication MESSAGE during the process of its transmission. For example, a member of the SALES FORCE may be interrupted during a presentation, readers of MAGAZINES or NEWSPAPERS may be distracted, and, more broadly in the market place, any one MARKETING COMMUNICATIONS technique has to compete for space in a buyer/customer/consumer's mind with all others.

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DAVID YORKE

Non-Price Factors

Products are bought for a variety of reasons relating to cost, convenience, BRAND LOYALTY, and quality of the alternatives. Products compete on the basis of price and non-price factors. The non-price factors are those related to the quality and DESIGN of a product, such as reliability, performance, appearance, safety, and maintenance ("intrinsic" non-price factors); and those related to the quality of the service offered by the manufacturer or supplier, such as delivery time, after-sales service, and availability of spare parts ("associative" non-price factors) (Saviotti et al., 1980). Non-price factors, such as the environmental impact of the product, can influence consumers. Price factors include financial arrangements for purchase or hire, depreciation, running costs, servicing and parts costs as well as the sales price after discount. If two products of similar quality are on sale for different prices, the theory is that a rational purchaser will choose the cheaper product. However, this choice will be influenced by brand loyalty, company image, and advertising, which affect the consumer's perception of quality and price. Several studies have investigated purchasers' decisions to assess the relative importance of price and non-price factors and it is clear that non-price factors affect purchase decisions but these vary from market to market. Rothwell's (1981) study of agricultural machinery, for example, showed that even where British products were cheaper, farmers were in favor of more expensive, often imported, products on grounds of superior reliability and technical features. Moody (1984) indicated in his study of

Opportunities

see SWOT ANALYSIS

Organizational Buying Behavior

The exchange relationship between BUYERS and sellers (*see* SUPPLIERS) has long been studied in the context of consumer markets and is now also recognized as being central to an understanding of organizational markets, though with significant differences. Research into organizational buying behavior has developed from an analysis of individual purchases in organizational markets, to an examination of the broader strategic implications of buyer/seller relationships and of the environmental, corporate, and personal influences permeating the purchasing context.

Much of the early research was concerned with attempts to develop models of organizational buying behavior and three models of organizational buying behavior are discussed here. For a concise review of this research see Parkinson & Baker, 1986 (especially Chapters 4, 5 & 7), while Turnbull provides a convenient discussion of the Sheth, Webster & Wind model, and interaction models (Turnbull, 1994). It should be noted that none of these "models" claims to be predictive; all three are attempts to describe a complex process as a necessary preliminary to further analysis. Consequently, it is difficult to "test" the theoretical status of these models.

Webster & Wind modeled the process as a set of four contextual influences (macro environment, organization, group, individual) with particular emphasis on the role of organizational culture and individuals as the ultimate decision-makers in the buying process (Webster & Wind, 1972). Although Webster & Wind present their model as a sequence with each area of influence leading progressively to the next, it is important to understand that the relationship between these influences is generally iterative rather than sequential. Sheth's (1973) model included the concept of multiple sources (*see* SINGLE/MULTIPLE SOURCING) and participants in a buying process which was acknowledged as having significant psychological aspects as well as rational aspects. Both the Sheth and the

Webster & Wind models take the buying decision as the unit of analysis, yet much of the work undertaken by the IMP (Industrial Marketing and Purchasing) Group of researchers suggests that greater insights into the buying process may be available from taking the relationship between organizations as the unit of analysis (*see* INTERACTION APPROACH). The IMP research has developed a model of buying behavior in organizational markets as an interaction between individuals within organizations, conducted in an atmosphere formed by the context and experience of previous exchange episodes and surrounded by the macro-environmental features common to previous models (Håkansson, 1982; Campbell, 1985). In this presentation, decisions could be thought of as the "punctuation" in a continuing stream of interaction, and best understood in the long-term context of the relationship.

Arguably, there are also many contemporary macro-environmental and competitive dynamics which could be regarded as stimuli to interorganizational relationships, such as acceleration of the widely recognized phenomena of globalization, increasing competition, environmental complexity (*see* MARKETING ENVIRONMENT), and escalating R&D costs. Under these pressures a routine purchasing relationship can evolve into a strategic alliance (*see* INTERNATIONAL STRATEGIC ALLIANCES), especially as the foundation for such relationships may have as much to do with mutual familiarity and trust as it does with strategic logic. This encourages a much wider understanding of the scope and significance of "buying behavior" in organizational markets than has generally been recognized and emphasizes the importance of understanding such relationships in their long-term dynamic and strategic context rather than, perhaps, as a series of recurring exercises in cost control. Research into the process of how such relationships develop over time, and the implications arising for MARKETING MANAGEMENT, are therefore increasingly relevant to organizations seeking to develop their competitiveness through strategic alliances.

Buyerseller relationships in organizational markets are now accepted as a highly complex area and one of considerable strategic importance. Research continues into both these aspects: e.g., the work of Johnston & Bonoma (1981) examining the intricate dynamics and systems at work in the BUYING CENTER itself;

Central and Eastern Europe. Convenient though it may be to use simple spatial geography to separate complicated purchasing practices or expectations, the variable used to segment the market in this case should be purchasing practice) not geographic location. Using simple geography as anything other than a descriptor variable can be problematic if further criteria are not specified. For example, which geographical location of the business should be used: the site of the buying office, where the products are received, or where they are used? As Griffith & Pol (1994) point out, the first is of concern to sales management, the second to logistics managers, and the third to field service people, installation crews, *etc*.

Micro Variables

These include choice criteria such as productivity and price. This is akin to benefit segmentation (*see* SEGMENTATION VARIABLES). DECISION-MAKING UNIT (DMU) characteristics identify the nature of the individuals within the DMU and the benefits they perceive. Different members within an organization may value different attributes and benefits. The type of purchasing structure in organizations can also be important, e.g., centralized purchasing is usually associated with purchasing specialists who become experts in buying a range of products.

See also Market segmentation; Positioning

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VINCE MITCHELL

Original Equipment Manufacturer

An original equipment manufacturer (often abbreviated to OEM) is the original manufacturer of goods and components which are subsequently sold to be included within the products of a customer. Thus, OEM goods tend to be "invisible" to the eventual customer. An example would be the use of OEM diesel engine components in automobiles, or OEM microprocessors in washing machines.

DOMINIC WILSON

Outbound Communications

Communications in DIRECT MARKETING may be either inbound (*see* INBOUND COMMUNICATIONS) or outbound. The former are initiated by the buyer/customer as a response to a stimulus received from INDIRECT COMMUNICATIONS in the media. Outbound communications are initiated by the supplier organization. The two principal techniques are DIRECT MAIL and TELEMARKETING. Each is designed to target members of a specific market segment and to communicate directly with them with the intention of obtaining a positive response. Evaluation of the cost-effectiveness of each of the techniques may be in terms of the number of positive responses, i.e., the volume, or value of sales ultimately generated.

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DAVID YORKE

Outsourcing

This refers to the activity of purchasing goods or services from external sources, as opposed to internal sourcing (either by internal production or by purchasing from a subsidiary of the organization). In practice, the consequences and those which they are aware of they cannot anticipate with a high degree of certainty.

Consumers may be uncertain with respect to buying goals; their nature, acceptance levels, relative importance, and current levels of goal attainment. They may be uncertain as to which products/brands will best satisfy acceptance levels of buying goals, i.e., the problem of matching goals with purchases. Further, consumers may see adverse consequences if a purchase is made, or not made, and the result is a failure to satisfy buying goals. These consequences relate to: performance goals, i.e., functional ones; psychosocial goals; and the time, money, and effort invested to attain the goals. So one can refer to types of risk as: financial, which is a function of price, length of commitment to a product; social, related to visibility of a product; and physiological, e.g., to do with consumption and harmful physiological effects as with smoking. Roselius (1971) refers to time, hazard, ego, and money losses or risks.

Consumers develop strategies to reduce perceived risk so that they can act with relative ease and confidence in buying situations where information is inadequate and where the consequences of their actions are in some way unknown or incalculable. They either increase certainty (decrease uncertainty) by information handling, or decrease the amount at stake i.e., the consequences which would occur. Typically, risk handling is largely concerned with dealing with uncertainty and so can be equated with information handling. In respect of buying goals and needs, consumers generate information needs and to satisfy them they acquire, process, and transmit information.

Information acquisition may be accidental or sought from marketer dominated channels, INTERPERSONAL COMMUNICATIONS, or from neutral sources e.g., consumer reports. Information processing involves evaluation and decisions with respect to use, storage, and forgetting, followed by possible transmission of information to others. Alternatively, to reduce the consequences, consumers can reduce or modify their goals and expectations, avoid or postpone purchases, or purchase and absorb any unresolved risk.

Numerous strategies for reducing risk have been researched (see, e.g., Bauer, 1967; Cox, 1967; and Cunningham, 1967) and include: BRAND LOYALTY, to economize on effort, substitute habit for deliberate action/decision; reliance on advertising, to give confidence; consumer reports, to provide objective information e.g., evidence of government or private testing; personal influence, e.g., word-of-mouth communication with those with experience of the product/brand; group influence, usually stronger when the wisdom of one's choice is difficult to assess; impulse buying, to suppress possible consequences from consciousness and rush through the buying process; store used, its image, reputation, and product range; most or least expensive brand; demonstration, e.g., test driving of cars; special offers; service, to include money-back guarantees and exchanges; reliance on well-known brands; and endorsements, e.g., testimonials from experts and personalities.

People use different styles in their choice between increasing certainty and decreasing the consequences of purchases, which depend on their buying goals, products under consideration, personality, and degree of buying maturity or experience. These may relate to: clarifying the purchase situation typically reacting to ambiguity by seeking new information and increasing understanding; or simplifying typically avoiding new information and relying on experience of other people.

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BARBARA LEWIS

TASK," "MODIFIED RE-BUY," and "STRAIGHT RE-BUY") but also correlated these "buy classes" with eight "buy phases" in a BUYGRID MODEL derived from their empirical research. These eight "buy-phases" are:

(1) Anticipation and/or recognition of need

(2) Determination of features and quantity of required item

(3) Specification of purchase requirement

(4) Search for potential sources

(5) Acquisition and analysis of proposals from potential sources

(6) Selection of one (or more) supplier(s)

(7) Negotiation of purchase arrangements and terms

(8) Feedback and evaluation of the flow of purchase

(Robinson, Faris & Wind, 1967 as cited in Webster & Wind, 1972, 24)

This representation of the purchasing process as a cycle of buy phases is useful for descriptive purposes but it should not be taken literally as a managerial model since it lacks any predictive power or causative explanation of buying decisions (Webster & Wind, 1972). Nor would it be appropriate to regard the buygrid model as necessarily sequential, or serial, or involving all the identified steps and no others. Nevertheless, the buygrid model is not without value. It supports various practical observations and intuitive conclusions, such as what Robinson *et al.* refer to as "creeping commitment" (the increasing reluctance of customers to consider new suppliers as the purchasing process unfolds); and the different significance of the buy phases in different buy class situations.

It may be more realistic to envisage an extended purchasing process as continuing beyond the stages of "receipt" and "inspection" through a subsequent stage of "payment" (a stage prone to its own complexities and problems) and then through periodic "review" phases towards eventual re-buy situations (if the supply has proved to be acceptable) or reverting to the new task process (if the supply is no longer acceptable). Purchasing practice can, of course, be very different from the theoretical and full-blown process described here for illustrative purposes. Twelve approximately discernible stages (which may overlap or be omitted depending on circumstances) might be envisaged in such an extended purchasing process and these twelve stages are presented below as an illustration in general terms of how the process might be observed for more complex new task purchases:

(1) Perception of requirement

(2) Analysis and assessment (including establishment of provisional specifications, probable size and frequency of order, possible costs, MAKE/BUY DECISION, profiles of potential suppliers)

(3) Criteria setting (identification and ranking of the most important purchasing criteria)

(4) Negotiation (including request for quotations, prototype submission, pilot studies, trials, visits to suppliers' premises and reference sites, pursuit of references, capacity and liquidity assessment)

(5) Value engineering (systematic evaluation of the functions of the short-listed offerings to assess which of the offerings is best able to provide the customer's needs at the lowest net cost taking into consideration all relevant aspects)

(6) Decision (the outcome of the previous stages is considered in the context of broader aspects, where appropriate, and final negotiations may be conducted at senior levels to adjust any residual uncertainties until agreement is struck with one favored supplier)

(7) Delivery and receipt (delivery procedures will have been agreed but receiving procedures are often overlooked, can vary considerably and can often lead to administrative confusion, frustrating delays, deterioration of goods, and problems of disputed payment)

(8) Inspection (usually on arrival and before receipt but this may not be practicable because of weather, nature of packaging, type of good/service, or congestion in receiving area)

(9) Storage (preferably only briefly but this will vary according to contract terms, storage life, cost of storage, safety stocks, and so on)

(10) Payment

(11) Review (all procurement arrangements should be subject to review which should

mention "the Arab World," "the Indian subcontinent," "Latin America," or north-west Europe. One may expect, all things being equal, that the individual countries within these regions would have reason to engage in extensive trade and economic transactions with each other. In practice of course all things are rarely equal and, for example, European colonization introduced a major distortion into the structure of trade relations. Many countries in Asia and Africa, for example, tended to trade mainly with the European colonial powers rather than with each other as the trading infrastructure (transport links, insurance etc.) tended to discourage this. The UK's pattern of trade was also to some degree distorted away from its neighboring countries in the European continent and towards the Commonwealth.

Since the War, the demise of European colonialism has been responsible, along with other factors, for restoring the "natural" regional pattern of world trade. The regionalization of international trade has developed most fully in Europe and, in recent years, has also progressed in East Asia and North America. However, it has not progressed so much in other regions such as the Middle East as many of these countries are still poor or have economies dominated by one commodity (oil), the demand for which still comes predominantly from the West. The emergence of the "Triad" economies in Western Europe, the Pacific, and North America is thus a manifestation of the uneven spread of regionalization in these three regions compared with the remainder of the global economy. These three regions have become the natural focus for international business activities; virtually all innovations stem from these regions; the bulk of international merchandise trade is within and between these regions, and in more recent years there has been a growing number of alliances (*see* INTERNATIONAL STRATEGIC ALLIANCES) between firms from these regions (Ohane, 1985).

Regionalization has important consequences for the study and practice of INTERNATIONAL MARKETING. One can interpret regionalization as a stepping-stone to GLOBALIZATION; gaining the capability to pursue a pan-European strategy may be a prelude or preparation fordeveloping full-blown global strategies. On the other hand, regionalization may in fact stultify the process of globalization. Progress towards global integration can be reversed if the world economy is divided into regional trading blocks, each centered on a major currency and closed to outsiders. Regional blocks may impose tariff and non-tariff barriers that depress the volume of world trade. The World Bank's view is that the overall impact of regionalization is liberalizing: "concerns about regional protectionist tendencies are easily overstated. Unlike their predecessors, the new blocks go beyond liberalisation of trade to include liberalisation of investment. This, in turn, necessitates the liberalisation of national production standards that would otherwise raise the cost of regionally integrated production" (The World Bank, 1993, p. 364)

From the marketing practitioner's point of view, regionalization is an important element in the emergence of "borderless" economies (Sheth, 1992). Regional integration is beginning to dilute some of the differences between "domestic" and international marketing. Thus, even for those firms whose marketing horizon is basically local, competition may in fact be international. For those firms whose marketing horizon is already international and global too, regional integration has important implications. The integrated European "single" market, for example, can be viewed as a testing ground for the viability of standardization of marketing program. Western Europe is probably the most integrated region in the world economy (unless, of course, one regards the USA as a region as well as a country). If a company's standardization of the MARKETING MIX does not work within Europe, it is unlikely that it will work beyond Europe.

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MO YAMIN

involved in a wide range of activities. These include storage, distribution, and selling a product or service at a price that is competitive, of a quality that is appropriate, at a time that is convenient, and at the greatest possible convenience to the customer.

In order to fulfil this role, the most successful retailers have become highly effective in a number of management disciplines, including personnel management, financial control and accounting, LOGISTICS, STRATEGY development, DISTRIBUTION, and MARKETING. In some cases retailers have also become involved in manufacturing.

For a store-based retailer, siting the outlet at the best possible location is a primary concern. In order to achieve high visibility, and thus achieve passing trade, the best store site is likely to be in the high street of a town or in a shopping mall. The better locations tend to command higher rents, leaving the retailer faced with a trade-off between higher operating costs but potentially higher sales. For some stores, notably larger supermarkets and DIY outlets, an "out-of-town" site may be more appropriate given the importance of car-borne trade and the need for large car parking lots. Other retailers may choose to locate in a "retail park;" these tend to include electrical goods superstores, furniture stores, and car accessory retailers.

Retail companies should also develop a strong understanding of their customer profile. By targeting different segments of the population, retailers are able to tailor their offerings closely to the needs of customers. Some retailers may aim themselves at the affluent, fashion-conscious section of society, whereas others appeal to the less well off or the price conscious.

By understanding their customers' socio-economic background, lifestyles, and beliefs, retailers are able to develop marketing strategies in order to serve their target customers more profitably. Such strategies entail manipulating the various elements of the "MARKETING MIX" to provide an image and service appropriate to the customer. Therefore, merchandise would be selected, pricing levels decided, store interiors designed, and marketing communications developed (advertising, promotions, etc.) to appeal to the target customer.

Retailers' performance in the market place is heavily influenced by the forces within the business environment (*see* MARKETING ENVIRONMENT). These consist of economic, political, sociocultural, demographic, technological, and physical influences (Kotler, 1988). In recent years, increasing competition and recessionary forces affecting many retail sectors have, in part, led to cost cutting, price reductions, and lowered profits. Other forces include the growing internationalization of retailing, with a number of operators expanding overseas as international trade becomes less restricted. Other issues such as Sunday trading, EPOS and scanning services, legislation affecting part-time workers, and possible planning restrictions on out-of-town sites are likely to continue to impinge on retail activity.

Retail companies are typically organized into chains of stores and may own several hundred outlets across the country all trading under the same "fascia." Other forms of organization include franchise agreements where a trader pays a proportion of his profits to the parent retailer in exchange for trading under his name (e.g., Benetton); concessions involving a retailer trading from a small store sited within a larger store; market traders who pay a local authority for the use of a market stall site; and independent retailers who may own one or two stores (e.g., the traditional corner shop, butcher, or baker).

Non-store retailing through the medium of a printed catalog is also a highly competitive business. In recent years, the quality of such publications has increased dramatically and the manner of trading has vastly improved with better customer service through telephone ordering, credit and debit card payment facilities, easier exchange policies, and quick postal or vehicle delivery. This has been largely due to the innovative practices of companies such as Next, Cotton Traders, and Racing Green, along with a number of overseas operators which have succeeded in selling or giving away catalogs as supplements to Sunday newspapers. Sales agents are still used by some catalog retailers although recruiting, motivating, and retaining such staff has proved difficult.

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DAVID YORKE

Sampling

Census or Sample?

Research is usually undertaken to obtain information about the characteristics or parameters of a population. A population comprises all the individuals or cases or elements that make up the universe of interest in the MARKETING RESEARCH problem being studied. Information about the population may be obtained by taking a census or a sample. A census involves taking measurements from each and every member of the population and population parameters can be computed directly from the measurements obtained. A sample is a subgroup of the population chosen to be representative of the population as a whole. Measurements are taken from each member of the sample, sample characteristics, or statistics, are computed for the sample, and these statistics are used to make inferences or test hypotheses about population parameters and characteristics.

Should a census of the whole population be carried out or should a sample representative of the population be taken? Common sense suggests that when possible a census of the whole population is better but there are compelling reasons for taking samples. These include cost, time, population size, population variability, cost of errors and accuracy required and the destructive nature of some measurements.

The Sampling Process

A requirement of the sampling process is that the sample should be representative of the population and so permit, if other factors are also satisfactory, accurate estimates of the population parameters and characteristics. The steps in the sampling process are: definition of the population; specification of the sampling frame; selection of the type of sample; determination of the sample size; and implementation of the sampling plan.

Defining the population is often not simple, especially in industrial marketing research. The population may be all organizations in a specified industry, but defining an industry precisely may be difficult. Many organizations operate in several establishments at different sites, so is the population to comprise organizations or establishments? Who is to provide the information? Industrial marketing researchers are aware that buying decisions in organizations are often made by formal decision-making units made up of changing personnel. Will one individual be able to answer for the whole group? If so, which individual should be approached? Or should several individuals be questioned so that interactions within the group and with suppliers' personnel can be studied?

The sampling frame is a list of the population. Examples of frames include the electoral roll, telephone directories, membership lists of professional organizations, and trade directories listing organizations by activity, geographical location, *etc.*

Any discrepancy between the population and the sampling frame will lead to sampling frame error. For example, electoral rolls are often incomplete even at the time of compilation due to the ineligibility of some members of the population to vote (e.g., those under 18 years of age) and the failure to register by some people. Internal migration, deaths, *etc.* cause the rolls to become out of date quickly. The electoral roll may not be an appropriate list of the specified population, e.g., the purchase of home owners in a particular area.

A frame is not needed for nonprobability samples; rather the sample is chosen on the basis of convenience or by referral in sampling methods such as quota sampling, purposive sampling, snowballing, *etc.*

There are several considerations to bear in mind when selecting the type of sample. The most important consideration is whether or not to use a probability or a nonprobability sample. Probability samples are of various types but involve the use of a frame listing the entire population of interest and the selection of individuals for the sample in such a way that the chance of each individual in the population being chosen for the sample is known.

In nonprobability samples, methods other than chance selection procedures are used. Probability carefully constructed. The major disadvantages of postal surveys are the high level of non-response and the length of time allowed for respondents to reply.

Non-response is a problem for all types of surveys but especially so for postal surveys. Non-response can be reduced in the first place through pre-notification, by offering monetary inducements including a free entry to a prize draw, by use of reply-paid envelopes, by making the questionnaire interesting, *etc*. Follow-up contacts can be used to increase the overall response rate.

The critical issue concerning non-response is the extent to which the respondents and non-respondents are alike on the important variables. Among the ways of assessing this is to make comparisons of successive waves of respondents and to subsample intensively non-respondents for comparison with the original respondents. Unless care is taken to assess the effects of non-response on representativeness of the sample obtained, results from postal surveys should be treated cautiously.

Conclusion

Two problems of interviewing include the responses to sensitive questions and biases caused by interviewer effects. Since face-to-face interviews and, to a lesser extent, telephone interviews involve social interaction between interviewer and respondent, it is possible that respondents will answer sensitive questions with socially acceptable, rather than truthful, answers. Postal and computer surveys, which do not suffer from this social interaction, may yield more accurate answers to sensitive questions.

Interviewers may vary the way that they pose the questions, by changing the wording or simply altering their tone of voice or body language, from interview to interview, with the result that each respondent has a slightly different interview, a disadvantage in survey research. The interviewer's age, sex, appearance, social class, *etc*. may affect the answers as respondents seek to give answers that they believe will be acceptable to the interviewer. The recording of answers to open-ended questions may be biased by the interviewer's opinions. These interviewer effects will be most pronounced in personal interviews, least pronounced in computer and postal interviews, with telephone interviews somewhere in between.

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MICHAEL GREATOREX

SWOT Analysis

As part of the STRATEGIC PLANNING process, it is generally prescribed that organizations undertake an INTERNAL AUDIT, aimed at identifying their major skills, technologies, and resources, and existing and possible future vulnerabilities; and an ENVIRONMENTAL ANALYSIS aimed at identifying inter alia existing and future societal (e.g., demographic), technological, legal, and economic developments. The major purpose is to identify the strengths and weaknesses of the organization, and the major opportunities and threats opened up by what is happening and likely to happen in its environment; hence, SWOT. The purpose of the STRATEGIC PLANNING exercise, then, is to build on the strengths, and where possible overcome or avoid the weaknesses, by exploiting opportunities in the environment as well as defending the organization against possible threats, or even converting so-called threats into opportunities.

In the positivist tradition, this analysis is presented as though objective data about the organization and its environment are present to be discovered, ignoring the fact that individuals have their own values, prejudices, and motives which can affect their perception of the environment. Thus, there can be differing perspectives on, say, the competencies of an organization because of the intrusion of, for example, selective perception.

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Hall.

product, marketers may wish to observe at least one repeat purchase cycle particularly in the case of convenience products where it is the extent to which customers will purchase the product again (and again!) that is relevant. In deciding on the duration of the test, the following should be borne in mind: initial demand for a new product will inevitably involve much trial and experimentation; many of the initial users will, for various reasons, often not repurchase; and eventually sales will fall to some reasonably stable level that reflects the degree of repeat purchasing behavior.

Decide on the Marketing Research to be Undertaken

Careful consideration should be paid to the sorts of information that need to be collected before, during, and after the test marketing *prior to* the start of the test. Companies may decide to measure retail sales achieved during the test marketing, the awareness of an attitude towards the advertising, the level of distribution, the sales per outlet, and so on.

The test market data may not, however, be a true indicator of the results to be obtained from a full national launch. There are a number of reasons why this might be the case:

The test market may not be fully representative of the national market.

There may be "learning effects" as a result of experience gained from the test market.

The environment may change between the test marketing and the full launch; e.g., new competition may emerge, and economic conditions may alter.

Competition may have disrupted the test marketing by engaging in exceptional marketing activity (such as severe price cutting, and dramatic promotional offers).

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MARGARET BRUCE

Threats

see SWOT ANALYSIS

Trade Journals

Trade journals are a range of journals which are aimed at specific industries e.g., footwear, and at "trades" (e.g., *The Caterer*). They provide a conduit to a clearly defined target audience for both advertising and publicity. It is suggested (e.g., by Martilla, 1971) that they comprise a medium which may be a valuable source of information to OPINION LEADERS or GATEKEEPERS in organizational markets (*see* ORGANIZATIONAL BUYING BEHAVIOR).

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DALE LITTLER

Transaction

This is the transfer of ownership or use of a product or service from one party to another in return for a payment of some kind. For a transaction to occur, a number of conditions would usually have to be satisfied: the existence of two things of value, agreed-upon conditions, a time of agreement, and a place of agreement. A transaction can be seen as being distinguishable from a transfer, the latter describing a situation where one party gives to another but receives nothing in return.

FIONA LEVERICK

Transfer Pricing

Transfer pricing refers to the pricing of internal movements (or "transfers") of goods and services between cost centers within an organization and is an important aspect of cost control (Ward, 1993). Transfer pricing is a necessary aspect of management accounting but can be unethical or even illegal where it is used to evade corporate taxation, perhaps in the movement of goods between organizational subsidiaries operating within different taxation regimes.

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DOMINIC WILSON

Trial

A trial is an element in the CONATIVE STAGE of the INNOVATION-ADOPTION MODEL of MARKETING COMMUNICATIONS. A potential customer may wish to use a certain product for a trial period in order to evaluate its ability to satisfy a particular need, thereby reducing the PERCEIVED RISK of purchase.

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DAVID YORKE

TV-Based Home Shopping

Television-based home shopping involves the purchase of products advertised on television programs and commercial breaks by telephoning orders through to the advertised number. Berman & Evans (1995) indicate that this channel represents approximately 10 percent of the US consumer goods market. Whitford (1994) discusses the advantages afforded to the retailer by the home shopping channel, namely, wide audience reach, the equivalent of free advertising, instant market feedback, high short-term volume of sales, and immediate results. The increasing number of television channels, introduced via cable and satellite television networks, is likely to increase the proportion of retail sales generated by this retail distribution channel.

See also Retail distribution channels

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STEVE GREENLAND

Two Step Flow Model

The two step flow model is concerned with the flow of MARKETING COMMUNICATIONS from the MASS MEDIA, in particular ADVERTISING, via OPINION LEADERS to customers, or opinion "followers." Opinion leaders are portrayed as direct receivers of information from impersonal mass media sources, and they interpret, legitimize, and transmit this information to customers, i.e., they are middlemen.

This theory assumes that mass media influence on mass opinion is not direct, i.e., that the mass media alone cannot influence the sales of products; that mass media communications are mediated by opinion leaders; that opinion leaders are more exposed to mass media than those they influence; and that opinion leaders may alter communications messages (i.e., they are GATEKEEPERS).

However, this is not an accurate portrayal of the flow of information and influence. Modifications to the theory accept that: mass media and interpersonal channels of communications are complementary not competitive, i.e., that mass media may inform both opinion leaders and followers; and opinion leadership is not a dichotomous trait, i.e., that INTERPERSONAL COMMUNICATIONS can be initiated by both leaders and followers, e.g., receivers are not passive and may request information/advice from opinion leaders, or seek it directly from the mass media.

See also Interpersonal communications; Opinion leaders

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BARBARA LEWIS

Advertising Agency

see AGENCY

Affective Stage

MARKETING COMMUNICATIONS models, which state that a target buyer or customer moves along a spectrum from a state of ignorance or unawareness of an organization and/or its products or services to ultimately making a purchase, comprise three principal stages, namely, the COGNITIVE, affective, and CONATIVE (or behavioral).

The affective stage is that which attempts to create a preference for one product, brand, or service in the target buyer's or customer's mind, in relation to all others. In other words, communications at the affective stage are designed to develop, maintain, and reinforce positive attitudes in the mind of the target buyer, customer, or consumer. Investment of resources of time and money in attaining such an objective can be huge, but there is plenty of research evidence to support the notion that it can be achieved, e.g., Volvo is synonymous in many people's minds with security or safety, after spending millions of financial resource and many man-hours both on developing and testing safety features in their cars and also on telling potential customers that they have effectively done so. Currently, major organizations are seemingly attempting to show that they are "environmentally-conscious," i.e., that their concern for reducing the erosion of the Earth's resources is reflected in their product or service offerings.

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DAVID YORKE

Agency

An organization can develop its own ADVERTISING and promotional (*see* PROMOTION) skills or use those of an agency, either in-house, which is owned and controlled by the parent company, or one that is independent. Cost is a major consideration but other factors, such as generating an external perspective and the facility to offer a complete range of services from market research to distribution, may play a role in the client-agency relationship.

Advertising agencies vary, both in size and in expertise. Some are international, others local, some specialize in e.g., BUSINESS-TO-BUSINESS MARKETING, RETAILING, fashion, or finance, others handle a variety of accounts.

Traditionally, agencies have not been considered to be highly business-oriented, preferring to offer creativity without the corresponding and complementary cost-effectiveness. More clients, as a result of greater competition in their own markets, are now seeking a more measurable return for the resources spent by their agencies.

Typically, an agency is organized into three functions, namely, client services (each client has an account manager), creative services (responsible for design and production), and marketing services (market research and media buying). Specialist agencies exist for media ADVERTISING, SALES PROMOTION, PUBLIC RELATIONS, and PACKAGING.

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Aida Model

This is one of a number of models of MARKETING COMMUNICATIONS which show how a targeted buyer or customer progresses from a state of unawareness of a product or service to purchase of it. The Aida model is an acronym for: Attention ® Interest ® Desire ® Action.

Brand Equity

There has been increasing contemporary consideration of brand value or equity. This can be regarded as "the incremental cash flow resulting from a product with the brand name vs the cash flow which would result without the brand name". (Schoker & Weitz, 1988) Successful brands generally have a set of powerful associations attributed to them by customers that act to differentiate them clearly from competing products. These qualities embrace intangible factors which collectively form the image of the brand, as well as other aspects of the product, such as performance, which generally reinforce this general brand image.

It is generally argued that there has to be continued investment in the brand through advertising and product development to project and support the brand's values. The returns are in the form of higher margins that customers are prepared to pay for the particular benefits attributed to the brand and BRAND LOYALTY, the latter being especially important given the costs of replacing lost customers, and the additional revenues that can be obtained over the lifetime of existing customers through, for example, cross-selling of other products.

Some companies have attempted to value their brands but to date there has been no agreed methodology for including these values in companies' balance sheets. Firms often seem prepared to pay significant amounts to acquire brands, as the Nestle takeover of Rowntree seemed to indicate. However, in the acquisition of brands, the additional value paid for the perceived value of a brand is, under existing UK accounting practice, written off as "goodwill." Nevertheless, the value of the brand is being challenged. Friday April 2, 1993, which has gone down in history as "Marlboro Friday," appeared to be apocalyptic for the brand. Under pressure from cheaper "generic" cigarettes, Philip Morris reduced the price of Marlboro cigarettes by a fifth. In hindsight, the strategy appears to have been successful since Marlboro's market share and revenues have subsequently recovered. Commentators have argued that in this case, at least, Philip Morris had allowed the price differential between Marlboro and its competitors to increase beyond a level that consumers regarded as reasonable for the image that Marlboro had. Nevertheless, many retailers market products under their own name which benefit from the perceived values associated with the retailer and which are generally offered at a lower price than manufacturers' brands. The power of manufacturers to influence the channel of distribution through their own brands which have influential customer franchises is being eroded and more manufacturers, in order to ensure continued volume of output, are being compelled to supply retailer branded merchandise.

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D. LITTLER

Brand Image

see BRAND LOYALTY

Brand Loyalty

Consideration of consumer buying behavior over a period of time involves an understanding of brand loyalty which follows from the formation of brand images and brand preferences.

BRAND IMAGE is a set of associations or perceptions that consumers have for a brand; it is awareness or recognition. It also implies attitudes toward a brand, either positive or negative, which are learned over time.

BRAND PREFERENCE is a definite expression of positive attitude. One would normally expect people to buy a preferred brand or brands, assuming that they are in the market for the product. However, there are occasions when the product may not be needed or the consumer cannot afford the preferred brand, or the preferred brand may not be available.

Brand loyalty implies purchasing the same brand more than once, again assuming that this is the preferred brand, although this may not necessarily be the case. Brand preference and brand loyalty may exist in relation to

Engel, and Kollat & Blackwell (*see* Engel et al., 1993)

The Howard and Sheth model is concerned with individual decision-making and has its roots in stimulus-response learning theory (*see* CONSUMER LEARNING). The focus is on repeat buying, and therefore the model incorporates the dynamics of purchase behavior over time. The model has four central parts: inputs or stimulus variables to include products and social factors; perceptual and learning constructs; output response variables; and exogenous variables to include environment, financial status, and culture. From these elements, it is possible to consider the impact of decision mediators in consumer motivations and brand choice decisions.

Nicosia's model is also focused on individual consumers' decision-making and considers the relation between a firm and its potential customers with respect to a new product. He used computer simulation techniques to explain the structure of consumer decision-making. The consumer starts off with no experience of the product, and from exposure to the environment and the company's marketing effort forms predispositions, attitudes, and motivations which lead, via information search and evaluation, to purchase.

Andreasen's model is a general one based on specific conceptions about attitude formation and change; the key to change being exposure to information, either voluntary or involuntary.

Engel, Kollat, & Blackwell focus on motivation, perception, and learning in the buying decision process and their model has elements such as a central control unit, information processing, decision process, and environmental influences.

In addition to these descriptive models are others which are also predictive, e.g., stochastic learning models and queuing models. Stochastic learning models contain probabilistic elements and consider buying over time, usually purchases of brands in a product category. The basic approach is that an individual consumer learns from past behavior and the degree of satisfaction will influence future purchases. Also, more recent buying experiences with a particular brand/product will have greater effect than those which took place at a more distant time. These models analyze the relative purchase frequencies of brands in a product category and estimate the probabilities of switching brands on the next purchase. If such probabilities are assumed to be constant then market shares, for the future, can be computed.

Finally, with regard to decision models: these have been designed to evaluate the outcomes from different decisions, and they include optimization models to find a best solution, and heuristic ones which use rules of thumb to find reasonably good solutions. They incorporate differential calculus, mathematical programing, statistical decision theory, and game theory.

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BARBARA LEWIS

Buyer Behavior Theories

As the discipline of consumer behavior has developed, various theories have contributed to understanding behavior. These include economic theory. Economists were the first professional group to offer a theory of buyer behavior. The Marshallian theory holds that consumer purchasing decisions are largely the result of "rational" and conscious economic calculations, i.e., the individual seeks to spend his or her income on goods that will deliver the most likely utility (satisfaction) according to his or her tastes and relative prices.

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Communications Objectives

The objectives of MARKETING COMMUNICATIONS are concerned, primarily, with information and education about companies and their products and services and, ultimately, with consumer purchase and satisfaction, together with achievement of corporate goals such as profits, return-on-investment, growth, and market shares.

However, "purchase" behavior is typically the end result of the CONSUMER DECISION-MAKING PROCESS and the marketing communicator wishes to move the target audience (e.g., buyer/consumer) through several stages of readiness to buy, i.e., moving them through the COGNITIVE, the AFFECTIVE, and the CONATIVE (or behavioral response) STAGE.

Thus, specific objectives might be to: provide information about a new product/brand and create awareness of the product/brand; generate interest in the product or brand from a target market (or segment *see* MARKET SEGMENTATION); encourage sales from new customers; increase sales among existing customers; increase MARKET SHARE; introduce price concessions; provide information on product changes and availability; and educate customers or the general public about features/benefits of the product. Communication objectives might also be concerned with providing information and generating attitudes and responses from other organizations in the distribution chain, e.g., encouraging new distributors or improving dealer relationships; or relate to consumers' attitudes and responses toward organizations, e.g., generating goodwill and creating a corporate image.

Marketing communications objectives which are concerned with consumers' responses to products/brands are reflected in various response hierarchy models which have been offered, e.g., AIDA MODEL DAGMAR MODEL, HIERARCHY OF EFFECTS MODEL, and INNOVATION-ADOPTION MODEL. These models assume that a buyer moves through the cognitive, affective and behavioral stages in that order, i.e., the "learn-feel-buy" sequence (*see* LEARN-FEEL-BUY MODEL); alternative sequences, depending on the product category and consumer involvement, are BUY-FEEL-LEARN and FEEL-BUY-LEARN.

As a consequence, communications objectives may be set depending on the product, consumer involvement, and stage in the consumer decision-making process.

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Communications Mix

The marketing communications mix is a subset of the MARKETING MIX and includes all the techniques available to the marketer, and which may be "mixed," in order to deliver a MESSAGE to the target group of buyers, customers, or consumers.

Techniques, broadly, may be classified using two dimensions first, whether they are delivered personally (e.g., PERSONAL SELLING, TELEMARKETING) or whether the medium used is impersonal (e.g., ADVERTISING, PACKAGING, SALES PROMOTION, PUBLIC RELATIONS); and secondly, whether or not the technique involves a payment by the sponsor. All of the first group are thus "commercial." Examples of "non-commercial" techniques are PUBLICITY and opinion leaders (*see* INTERPERSONAL COMMUNICATIONS).

Different techniques have different strengths (and conversely, weaknesses). There is a need

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Coupons

Coupons are a SALES PROMOTION device which try to persuade buyers/customers to purchase. They may offer a discount on the first or subsequent purchase of a product/ service or they may need to be collected in order to be redeemed against a future purchase or to receive gifts or cash. Such redemption is often difficult to control from the sponsor's point of view and retailers often do not favor them as they represent an administrative and time-consuming inconvenience.

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Creative Content

Creative content refers to the visuals and words or elements of the visual identity system of an organization. The creative content of these elements reinforces, for example, a hospital's IMAGE through the use of color, symbol, logotype, and typeface (Bruce & Greyser, 1995). The creative content of a brochure or an advertisement or a pack are tangible expressions of the organization and offer signals of its values which, in turn, influence the perceptions and opinions of its various publics. A corporate communications brochure of Caterpillar (1994) points out that the visual material cannot just show pictures of the products but "they have to show what we make possible for our customers, we have responsibility to show products being used by the types of people who actually use them." Similarly with the text, "we can't just say Caterpillar products and services are best. We have to demonstrate their superiority in terms people find meaningful and important . . . to our many audiences, it's not what we make that counts; it's what we make possible." So, the creative content (e.g., the words and visuals) of an advertisement or brochure or other form of communication usually contains four elements: the principal benefit offered by the product or service; the characteristics of the product or service; the image of the product or service; and the uses of the product or service.

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MARGARET BRUCE

Cross-Tabulations

Cross-tabulations are very popular in the analysis of survey data and they are concerned with the quantitative analysis of data where several variables are analyzed together, usually to see if there are any relationships between the variables.

If two of the variables are measured on nominal (categorical) scales, cross-tabulations (cross-tabs) can be used to summarize the sample data. A cross-tab is a table with the categories (or values) for the two variables set out on the two axes and the counts of the number of times each pair of values occurs recorded in the cells of the table. The row and column totals are usually calculated and percentages across the rows and/or down the columns are also computed to aid in the interpretation, description, and discussion of the results. Cross-tabs can be formed in more than two dimensions when data for more than two categorical variables are analyzed, but interpretation may become difficult as the

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BARBARA LEWIS

Depth Interviews

Depth interviewing is a qualitative marketing research technique (*see* QUALITATIVE RESEARCH) in which a highly skilled interviewer conducts an unstructured, direct, personal interview with a single respondent to probe underlying feelings, motives, opinions, beliefs, and attitudes. The interviewer asks questions and probes relevant responses. Respondents answer questions as they feel appropriate.

Depth interviews are used (1) when the subject under discussion is highly confidential or embarrassing, (2) when studying complicated behavior such as that of professional people in their jobs or discretionary purchases by households, and (3) in situations where focus group (*see* FOCUS GROUPS) interviews are likely to bias the responses of individuals who have a tendency to conform to group pressures.

As with other kinds of depth interviews (*see* FOCUS GROUPS), the advantages of individual depth interviews center around the ability of the interviewer to probe underlying feelings to a greater depth than is possible with questionnaire techniques. The disadvantages include the greater possibility of interviewer bias and the subjective nature of the analysis and interpretation of the data. The shortage of skilled interviewers and the limited number of interviews that each can accomplish usually means that samples are small and possibly unrepresentative.

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MICHAEL GREATOREX

Descriptive Statistics

Unless the sample in a market research project is very small the data will be tabulated and analyzed using a computer. The simplest kind of statistical analysis of data involves descriptive statistics where the object is to summarize the data and describe the results for the sample. The alternative kind of analysis involves statistical inference, and such topics as CONFIDENCE INTERVALS and HYPOTHESIS TESTING. Descriptive statistical analysis can be carried out on a univariate or bivariate or multivariate basis (*see* UNIVARIATE ANALYSIS, BIVARIATE ANALYSIS, MULTIVARIATE METHODS ANALYSIS).

UNIVARIATE ANALYSIS involves the quantitative analysis of data where each variable is analyzed in isolation and is often the first stage in the analysis of a survey. If the original data are presented, then there are usually too many numbers for the analyst to make any sense of the data. This is true even when the data for a single variable are considered. The first step in the summarization process is for the data for each variable taken one at a time for the whole of a sample to be tabulated into a frequency distribution, having grouped the data, if necessary, into a convenient number of classes. A frequency distribution may be in actual counts or in percentages, in cumulative or non-cumulative form. The next stage may be to present the data in a graphical form, using a pie diagram, bar chart, histogram, ogive, etc., as required. A final stage in the summarization process is to calculate and present descriptive statistics such as measures of average, variation, skewness, and kurtosis for each variable. In this way, surveys yielding thousands of numbers on each variable can be summarized into one or two numbers (e.g., an average and a measure of variation) for each variable. This enables comparisons to be made more easily with other surveys and allows the researcher to report his/her results in a condensed form and to incorporate the results using the summary descriptive statistics into the text of the report.

BIVARIATE ANALYSIS is concerned with the quantitative analysis of data where pairs of variables are analyzed together, usually to see if there is any relationship between the variables. The analysis depends upon the types of measurements. CROSS-TABULATIONS can be

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DALE LITTLER

Discontinuous Innovation

This can be viewed as being at the polar extreme of a continuum with CONTINUOUS INNOVATION at the other extreme. It is generally used with reference to technological innovation. It can be seen as involving radical changes in technologies and, consequently, it may result in the development of new demand schedules.

See also Continuous innovation; Innovation

DALE LITTLER

Discount

Discount is the term used to refer to any reduction in price offered to a customer. Discounts are offered to encourage customers to purchase where it is thought they may not otherwise do so. Discounting is widely practiced in organizational markets where price is more often a matter of negotiation than in consumer markets (Blois, 1994). The usual reasons for offering discounts include: to encourage purchase in greater quantity than normal (discount for volume); to respond to competitive developments (e.g., price wars, tendering); to accelerate sales of outdated stock (e.g., discontinued lines); to encourage purchase at "unpopular" times (e.g., end-of-season sales, off-peak electricity tariffs); to reduce a customer's PERCEIVED RISK (e.g., introductory discounts for new products); to provide incentives for another product (e.g., membership discounts); and, illegally, to drive out competition with a view to achieving a monopoly (*see* PREDATORY PRICING).

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Discretionary Income

An element in the ECONOMIC ENVIRONMENT, discretionary income, *i.e.* that part of household net income which remains after fixed commitments, such as mortgage and loan repayments, have been made, is likely to vary from one market segment to another. It represents a challenge for all organizations to be able to persuade buyers and customers to spend a greater proportion of their discretionary income than hitherto on a particular product or service. Changes in discretionary income not only affect those organizations selling directly to households, but also, ultimately, have repercussions on suppliers of capital equipment.

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Discriminant Analysis

Discriminant analysis is used when there are observations from a sample of a population on many variables for cases which belong to two or more known groups. The groups may be owners and non-owners of a particular consumer durable, or good or bad credit risks, or buyers of three different brands of coffee, and the variables could be typical marketing research variables, e.g., socioeconomic, demographic, psychographic, *etc.* variables for each respondent, or the respondent's opinions, perceptions, evaluations, *etc.* measured on a range of RATING SCALES. The purpose of discriminant analysis is to use these data about individuals whose group membership is known to facilitate the classification of individuals whose group membership is unknown, to one or to other of the groups.

In the situation where there are just two groups, a linear discriminant function of the variables is formed, the coefficients of the

See also Marketing environment

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Environmental Scanning

Environmental scanning is the process of examining the MARKETING ENVIRONMENT, usually with the intention of identifying trends and developments in the environment which may require MARKETING STRATEGIES or tactics to be adjusted. The complexity, volatility, and potential strategic significance of environmental developments are becoming more apparent to many organizations and there is increasing attention to using information and communication technologies to cope with the rapidly growing volume of data concerning environmental developments. For example, there are now many commercially available MARKETING INFORMATION SYSTEMS (MkIS) and executive information systems (EIS) which claim to offer environmental scanning services. On closer examination, however, these systems often only scan those aspects of the environment at which they are "directed" (through programming) by the systems designers and managers involved and so they risk perpetuating and legitimizing the very perceptual prejudices which they are meant to correct. Computer systems do, of course, provide a valuable aid to coping with the sheer diversity and volume of environmental data, both in terms of scanning and in terms of analysis and manipulation, but there is no substitute for the human characteristics of alertness, curiosity, and openness-to-innovation which are essential in turning environmental "scanning" into environmental "understanding."

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EPOS

EPOS or electronic point of sale systems record data, concerning goods sold, via highly efficient electronic scanning equipment reading product bar-codes at the retailer checkout. Their introduction has radically improved distribution and merchandise management in the retail sector by providing detailed and accessible information concerning product movement through stores and purchasing behavior, dramatically reducing the paperwork associated with inventory control.

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Ethical Issues

see MARKETING ETHICS

Exchange

While it is often seen as the central concept underpinning marketing, there is some debate over exactly what constitutes exchange. At the simplest level, exchange might be seen as conduct the experiment. However, because the experiment is conducted in an artificial environment, the generalizability of the results of laboratory experiments to the real world is reduced. Copy testing of TV (or press) commercials is an example of experimentation often carried out in the laboratory.

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MICHAEL GREATOREX

Expert Opinion

see INTERPERSONAL COMMUNICATIONS

Expert Systems

A computer program that uses knowledge and inferencing to solve problems can be regarded as a knowledge-based system. When knowledge and inference procedures are modeled after human experts, then such a knowledge-based system is an expert system. In other words, an expert system is a computer program that uses expert knowledge to solve problems in a specific domain. Expert systems technology incorporates some "expertise," some knowledge in a program to enable a relatively inexperienced individual to make accurate decisions, or to provide a backup decision-support system perhaps to facilitate or check the stages in a decision-making process. Thus, an "expert's" knowledge can be decentralized and made more widely available. Expert systems are advisory systems and can provide advice directly to the consumer, so generating a new product. Main applications include fire-risk underwriting in financial services, flight scheduling in the travel industry, and generic marketing uses, e.g., the creation of customer profiles for database marketing and staff training. More "radical" potential uses, such as self-service holiday booking systems, may come into everyday use at some future stage.

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MARGARET BRUCE

Exporting

It is not easy to make a clear-cut distinction between exporting and INTERNATIONAL MARKETING, either for conceptual purposes or in terms of operational practices. However, it could be argued that, whereas exporting entails some elements of international marketing, international marketing can be understood as a business function quite independent of exporting. In international marketing, the emphasis is on: firms' strategy development; the management of marketing functions pertaining to firms' overall international position; and the degree and complexity of their involvements in foreign markets. Exporting may be seen, therefore, as one of the minimal stages of firms' involvements with foreign markets. The characterization of exporting as "selling in foreign markets" is only of limited value, implying that exporting is somewhat hit-and-miss or unfocused.

The point not to be overlooked is that a majority of all international firms, no matter how globally known and dominant today, were at one time small or at least substantially smaller international players. Exporting can then be seen to be a element of the growth path or learning curve of international business operations. In the 1970s and 1980s a substantial number of academic studies examined exporting firms with the center of interest being how they became exporters. There were two dimensions of interest. The first dimension was concerned with the motives that stimulated non-exporters to become exporters: the second with the stages of internationalization, in other words forms or degrees of dependence on foreign business. With respect to the first dimension, the motives would be classified in terms of internal and external impulses, on the one hand, and proactive and reactive factors, on the other, as exemplified in table 1.

The second dimension, which attracted considerable scholarly attention, posited stages of internationalization of the firm through the increasing extension of its exporting activities and their sophistication. The 1970s and 1980s produced a number of models in Europe and the USA, based on industry samples. The weighted average of past observations; the fact that the weights decline exponentially gives a simple formula that enables the computations to be made every time a new observation becomes available thus making timely use of up-to-date data. Simple exponential smoothing is used for data that fluctuate about a level. Data with a trend require a slightly more complicated procedure, such as Holt's method, while data that also contain a seasonal cycle can be handled by Winters' method (*see* Bails & Pepper, 1993, Chapter 8). It is essential that a control procedure is used with exponential smoothing. Typical control procedures are based on cumulative sums of the errors in one-period-ahead forecasts or a tracking procedure such as Trigg's tracking signal. The main advantage of exponential smoothing methods is the simplicity of the computations and the potential flexibility and responsiveness of the methods.

Box & Jenkins (1976) developed a technique that explained the data series in terms of autoregressive and moving average processes. Potential models are identified by examining the autocorrelation and partial autocorrelation functions. The model is then estimated and a series of diagnostic checks test the adequacy of the model. Forecasts are then obtained from an acceptable model.

Trend curve analysis attempts to fashion a relationship between the data series and time as the single explanatory variable. Various forms of relationship such as linear, quadratic, logarithmic, (negative) exponential, Gompertz, *etc.* are fitted using least squares regression where possible, otherwise by using ad hoc numerical methods.

Causal Forecasting Methods.

Causal modeling attempts to identify the underlying determinants of demand. The relationship of these variables with demand is investigated with a view to using the relationship to obtain forecasts. Thus, as well as providing forecasts, causal methods can provide insights into underlying processes, in particular into identifying the variables that affect the variable being forecast. The methods include leading indicators, multiple regression, econometrics, and input-output methods.

A leading indicator is a time series of data for another variable whose changes tend to lead changes in the variable of interest by a fixed period. There may be a reason for the relationship, e.g., sales of drainage pipes may precede sales of roofing tiles by a period equivalent to the difference between the laying of the foundations in a housing development and the building of the roofs. The main use of leading indicators (or diffusion indices) is to predict the overall level of the economy.

In multiple regression, variations in a dependent variable are explained by several independent variables. Time series data or, sometimes, cross-sectional data are used with the least squares method to estimate the relationship. A number of checks are carried out to test the applicability of the least squares method. If a suitable regression equation is found, forecasts of the dependent variable are forthcoming but are based on values of the independent variables which themselves may need forecasting. Although this may be a disadvantage of the regression method as far as forecasting is concerned, the insight into the underlying influences may be invaluable.

Econometric models build upon multiple regression methods and usually involve specifying several (sometimes many depending on the problem) simultaneous relationships between the variables of interest. Special estimation techniques for econometric models are available. While econometric models are used at the company level, they are best known for their use in modeling and forecasting at the national macroeconomic level.

Input-output methods are based mainly upon the transactions between industries as measured by government statisticians in input-output matrices. The focus is on inter-industry flows. Potentially, this should be a good basis for forecasting, especially for industrial markets. However, the collection of data upon which input-output matrices are built is so slow that by the time the tables are published the information is out of date for most practical forecasting purposes.

Qualitative Forecasting Methods

Qualitative methods rely on "soft" data based on the perceptions and subjective judgement of individuals. These may involve the subjective opinions of sales people, sales managers, marketing managers, or subjective forecasters

'Monica' from CACI attempts to use the Christian names of household dwellers to indicate their likely age band, e.g., Ethel and Arthur are names which have an older age profile than Simon and Amanda.

A second problem, known as the "ecological fallacy," refers to the assumption that the behavior of all individuals will be the same within a given geodemographic type. Since geodemographic classifications describe neighborhoods rather than people, it is fallacious to assume that all the people within a given neighborhood will purchase in the same way. Mosaic is one system which has attempted to address both the age and the aggregated data problem by incorporating many variables which are measured at the postcode, rather than at the Enumeration District, level. This allows more precise targeting, since there are typically only 15 households per postcode. In addition, Persona from CCN, is one of the first behavioral targeting systems. If in geodemographic terms "you are where you live," with Persona, "you are what you do." Developed from the National Shopping Survey, it divides UK households into distinctive behavioral types. These types range from so-called "Bonviveurs" to "New Teachers" and "Craftsmen" and "Home Makers." Such data counter another of the weaknesses of traditional Census-based classifications in that they give more information about people's income, assets, leisure activities, and purchasing behavior, which is not available from the Census.

A final problem with Census-based classifications is the age of the data on which they are based resulting from the fact that the Census is conducted only once every ten years in most countries including the UK. Fifty-six percent of the data contained within Mosaic is non-Census information and is updated regularly; although the Mosaic types themselves are only updated every two years. These non-Census data sources allow the classification to be applied to newly built areas.

See also Market segmentation; Segmentation variables

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VINCE MITCHELL

Global Strategy

A global strategy can be considered as a coherent overarching strategy for the parts of the world in which an organization operates. Yip (1989) suggests that it emerges as part of a three-stage process. First, the development of a core strategy or a distinct COMPETITIVE ADVANTAGE, generally in the firm's domestic market. Second, the extension of the firm's geographical reach of the core strategy, which will be adapted to match local features. Third, globalization, viewed as the international marketing of standard offerings (*see* OFFERING) (Levitt, 1983), through the integration of these adapted strategies into a global strategy. This is an obvious simplification of the international development of organizations which may not involve this sequence of stages.

A global strategy tends to be seen as synonymous with a standard strategy across international markets. Such a strategic approach can be regarded as yielding distinct advantages through, in particular, economies of scale. However, as several commentators have noted, there are many barriers toward such a standard global strategy, including differences in the physical environment and CULTURE, and they question the feasibility of a global standardized BRANDING strategy, arguing that the differences, from language alone, far outweigh any similarities. Adaptability and variation in MARKETING STRATEGIES across geographical markets are likely to be the norm. As Bradley (1991) notes, it may be an essential requirement to acknowledge dissimilarities between countries and adjust marketing strategies to suit specific regional requirements. Quelch & Hoff (1986) suggest that there is a spectrum of strategic possibilities with different elements (such as product features, advertising message content) having greater or smaller degrees of homogeneity across markets.

It has been suggested (e.g., Littler & Schlieper, 1995) that many markets may be converging under the influences of more widespread communications, the market DIVERSIFICATION strategies of manufacturers and retailers

Green Issues

see CONSUMERISM

Gross Margin

Gross margin (usually expressed as a percentage of sales) is sales revenues minus the costs of production (e.g., raw materials, components, labor, energy). Calculating the gross margin of a product or service is an important stage in assessing its unique CONTRIBUTION and profitability since gross margin should include the variable costs incurred in production. The allocation of subsequent costs (mostly fixed costs) is often heavily influenced by corporate accounting policy and so may not provide as good an indication of a product's individual profitability.

See also Margin

DOMINIC WILSON

Group Influence

see INTERPERSONAL COMMUNICATIONS

of any sort in their environment . . . when the environment changes, these companies change too. As the needs of their customers shift, the skills of their competitors improve, the mood of the public perturbates, the forces of international trade realign, and government regulations shift, these companies tack, revamp, adjust, transform, and adapt. In short, as a whole culture, they innovate. (12)

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DALE LITTLER

Innovation-Adoption Model

The innovation-adoption model was developed by Rogers (1962) who postulated a number of stages through which a targeted buyer or customer passes, from a state of unawareness, through AWARENESS, INTEREST, evaluation, TRIAL, to purchase/adoption. Awareness relates to the COGNITIVE STAGE of the process, interest and evaluation to the AFFECTIVE STAGE, and trial and adoption to the CONATIVE or behavioral STAGE.

Progression through the stages may or may not be logical and will depend on factors such as: the product or service being offered; stage in the product life cycle; and the buyers their needs, socioeconomic position, present product ownership, personality and perceptions of risk, media habits, *etc.*

See also Adoption process; Diffusion process; Marketing communications

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DAVID YORKE

Interaction Approach

Extensive research by the IMP (Industrial Marketing and Purchasing) Group of researchers into European buyer-seller purchasing relationships has generated significant insights into how such relationships develop (Håkansson, 1982; Turnbull & Valla, 1986; Ford, 1990). The Group describes these relationships in what has become known as the interaction approach to ORGANIZATIONAL MARKETING. In essence, the interaction approach regards purchasing in organizational markets as a multi-faceted and dynamic phenomenon where specific purchases are understood as "exchange episodes" in the evolving relationship between buyer and seller organizations, and between individuals in these organizations. These bilateral exchanges are also seen as part of a much wider and more complex NETWORK of multilateral interactions which bind organizations of suppliers and customers together in seamless "markets."

The interaction approach emphasizes stability and continuity of organizational markets which are evolving through many interrelated buyer-seller relationships, even where a superficial analysis may suggest greater volatility. It is also implied that the textbook dichotomy between "marketing" (by suppliers) and "purchasing" (by customers) may not be the most appropriate way to describe what is essentially a seamless and iterative process (*see* PURCHASING PROCESS). The interaction approach prefers a view of organizational marketing as, in effect, the management of buyer-seller relationships where it is more appropriate to differentiate participants in terms of power, expertise, experience, and cultural affiliation rather than broad organizational membership. This approach also emphasizes the importance of "ATMOSPHERICS" such as personal objectives and expectations, interpersonal familiarity, and levels of cooperation and dependence in understanding specific "exchange episodes." The elements of the interaction approach are summarized in the interaction model which is discussed elsewhere (*see* ORGANIZATIONAL BUYER BEHAVIOR). Acceptance of the interaction approach has significant implications for the management of organizational marketing. Four of these implications are listed here to illustrate the practical significance of the interaction approach:

and include LICENSING, subcontracting, FRANCHISING as well as INTERNATIONAL JOINT VENTURES.

Inter-firm alliances have a long history in international business. Until the early 1980s, these alliances were focused on market entry (*see* INTERNATIONAL MARKET ENTRY AND DEVELOPMENT STRATEGIES) into particular markets and were commonly between firms from developed economy markets and firms or government agencies in less developed or centrally planned economies. In such economies, the option of direct investment was often ruled out or was made unattractive by government restrictions regarding foreign ownership and control. To generalize, these "traditional" alliances were a means of exploiting the Western or Japanese firms' existing capabilities (most often technological know-how, but also marketing and organizational skills) and in this sense were essentially tactical. Any new skills or knowledge generated in the process were typically local market specific and of relatively little value to the rest of the organization.

Recent years have witnessed the rapid growth of various types of inter-firm alliances that are motivated very differently. The recent wave of alliances are not devices to avoid or circumvent government restriction but a means of gaining new capabilities. They are commonly between firms from developed country economies and their focus is on global competitiveness rather than entry into relatively unimportant markets in less developed or the ex-command economies. Of course, capability acquisition may relate to a need to enter, or to enter more rapidly, a major or strategic market such as the USA or the European Union. For example, many of the alliances in the telecommunications field have taken place in order to give participating firms the technical and marketing capabilities to enter and operate in the deregulated US telecom market (Pisano, Russo & Teece, 1988). Similarly, given technological change and uncertainties, an alliance may give the firm an opportunity to "test the technical and market waters" of new or emerging technical fields before full, stand-alone, entry (Mody, 1993). This has, apparently, been the strategy behind many alliances between US and non-US firms in the medical diagnostic and imaging industry (Mitchell & Singh, 1992).

Why should firms rely on alliances to gain global competitive capability? The answer to this question lies in the fundamental new forces that are shaping the global competitive environment. Sheth (1992) has characterized these forces in terms of the emergence of "borderless" markets and economies. Chief among these forces is the tremendous growth of scientific and technological knowledge and the diffusion of the capabilities to commercialize this vast stock of knowledge not only within the Triad economies but also to emerging competitors in East Asian countries such as Korea and Taiwan. A particularly important development in the technology field is rapid growth and specialization within generic technologies such as IT, biotechnology, and new materials which have a wide variety of applications. Technological innovation, increasingly, requires the fusion of a large number of specialisms within generic and other technologies and even technologically powerful firms are not likely to possess all of these themselves. In fact, to obtain the full range of technical knowledge and skills firms may need to build or enter a *network* of alliances.

Another driving force behind strategic alliances is growing integration in economically important regions not only in Europe (where integration has progressed furthest), but also in North America and East Asia. Within Europe, for example, the establishment of the "single" market has persuaded many firms of the potential merit of collaboration through, for example, a joint venture and, frequently, full merger and acquisition. Intra-EU collaborative ventures not only facilitate greater cross-penetration of markets across Europe, but also, and more importantly, can assist European firms to develop pan-European capabilities and meet US and Japanese competition more effectively. At the same time, firms from outside the EU, anxious to create "beachheads" into the European market, form alliances with EU firms in order to achieve this.

Strategic alliances raise difficult management issues. They are double-edged in as much as they can either be an effective short cut to global competitiveness or become a strategic traA realistic approach would be to regard them as the continuation of competition "by other means." Firms enter alliances for selfish reasons. They see alliances as a means of gaining

individuals or organisations, have needs for products in a product class and who have the ability, willingness and authority to purchase such products . . . people seeking products in a specific category" (Dibb et al., 1991). This view is endorsed in the literature on MARKET SEGMENTATION, the process by which overall market definition is subdivided into identifiable sets of buyers similar in terms of demographic, psychographic, or other profiles.

The prevalent view is, then, one of markets as units of analysis with clearly defined boundaries. Yet perspectives offered elsewhere suggest a somewhat more complex understanding of markets. Strategic management literature offers a number of further perspectives, Abell (1980), for example, proposing a three-dimensional concept of markets, with the dimensions as customer group (who is being served with respect to factors such as demographics, user industry, or buyer behavior); customer function (what "need" is being satisfied); and technology (how the customer function is being satisfied). A "market" is consequently defined by the performance of given functions in given customer groups and includes all the substitutable technologies to perform these functions. Such definitions recognize that competing suppliers may define a market in different ways, as may individuals at different levels within the same organization, a recognition shared by Day (1981), who identifies two different perspectives for defining markets, top down and bottom uTop down, or strategic, definitions reflect the needs of strategists to understand the capacity and competitive potential of the business and specify markets in terms of organizational competitive capabilities and resource transferability. Bottom up, or operational, definitions reflect the narrower tactical concern of marketing managers and define markets in terms of patterns of customer requirements, usage situations, and "needs," which can be served in many ways.

Another dimension of market definition is apparent in the literature on BUSINESS-TO-BUSINESS MARKETING, where it is recognized that the importance of individual customers is often considerable and the relevance of aggregate markets therefore lessened. Here, the concept of a "market" might refer to only a single customer (*see* Grönroos, 1989, for further discussion of this).

A number of authors have also identified a disparity between the way markets are defined in marketing literature and in practice. Jenkins *et al.* (1994) elicited definitions of the term "market" from a sample of marketing managers and found that the majority tended to define markets in terms of products or channels (e.g., "the food retail market"), with only a minority of the sample offering definitions in terms of groups of consumers.

It is accepted by some authors at least, then, that the understanding of markets is likely to vary to a greater or lesser extent from marketer to marketer even within a particular organization, significantly from organization to organization with similar offerings, and radically from sector to sector. Others further assert that "the market," whether defined in terms of existing or potential customers, products, or organizational capabilities, is a volatile concept, where boundaries are arbitrary and seldom clear-cut, where definitions are multi-dimensional, and where perspectives shift with changing individual, corporate, and user views of product offerings and changes in the nature and availability of these offerings (*see* Curran & Goodfellow, 1990; Jenkins et al., 1994).

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Micro Environment

The environment of an organization is generally viewed as comprising two components: the MACRO ENVIRONMENT and the micro environment which, unlike the former, consists of elements or activities with which the organization interacts directly and over which it can therefore exert influence, if not control. The major aspects of the micro environment are: competitors; SUPPLIERS; CHANNELS OF DISTRIBUTION; CUSTOMERS; and the media (*see* MASS MEDIA).

DALE LITTLER

Minitab

Minitab is a computer software package used to analyze data, including data obtained in MARKETING RESEARCH surveys. The components of the package concern data input, data modification, data analysis, presentation of results, and communication with other packages. The range of statistical procedures that can be specified is very large and includes all types of DESCRIPTIVE STATISTICS, HYPOTHESIS TESTING, UNIVARIATE ANALYSIS, BIVARIATE ANALYSIS, and MULTIVARIATE METHODS (ANALYSIS).

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MICHAEL GREATOREX

Mission Statement

The mission statement is generally presented as the first stage in the strategic planning (*see* MARKETING PLANNING; STRATEGIC PLANNING) process, depicted as consisting of a number of stages, although it may in fact be formulated at any time. Greenley (1986) suggests that the mission statement has several aims, including: to provide the purpose for the organization; to express the philosophy that will guide the business; to articulate the vision of where the firm will be in the future; to define the business domain, i.e., the customer groups and needs, and the technology to be employed; and to motivate employees by providing them with a clear sense of purpose and direction. Campbell & Tawadey (1992) have devised the Ashridge Mission Model which has four elements: purpose ("why the company exists"); strategy ("the commercial rationale" which embraces the business domain in which the firm is aiming to compete and the competitive advantages that it aims to exploit); standards and behaviors ("the policies and behavior patterns that guide how the company operates"); and values ("the beliefs that underpin the organization's management style, its relations to employees and other stakeholders, and its ethics"). Overall, the mission statement might be expected to provide answers to the questions posed by Drucker (1973): What is our business? Who is the customer? What is value to the customer? What will be our business? What should our business be? It is believed that the mission statement should be aspirational and provide a shared sense of purpose, thereby giving a focus for the efforts of all in the organization. It has various audiences, often with different requirements, including customers, shareholders, employees, and suppliers.

However, mission statements may often be general and bland, perhaps for fear of providing competitors with information about future strategies and because they need to appeal to different constituencies. They may also reflect what the company has been or is doing, rather than what it intends to do.

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DALE LITTLER

and Ford's (1984) further work arguing that skill in the management of such relationships can itself become a strategic asset and an important factor in the selection of interorganizational partners. Nevertheless, it is difficult to avoid the conclusion that research into organizational buying behavior seems to have been less productive than that into CONSUMER BUYING BEHAVIOR, perhaps because organizational buying is highly complex, difficult to categorize (other than simplistically), and explanations depend on many personal and contingent variables.

See also Relationship marketing

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DOMINIC WILSON

Organizational Marketing

Organizational marketing can be thought of as the activity of marketing between organizations, as opposed to marketing between organizations and individual customers, usually referred to as CONSUMER MARKETING. However, such a simple clarification masks many problems of interpretation and definition. For example, the term "organization" includes many groups which are not primarily concerned with generating profit, such as charities, political parties, military groups, local societies, hospitals, and so on.

It is worth highlighting two central issues in organizational marketing which have profound implications for marketing and for understanding organizations more generally. The first issue concerns organizational objectives (*see* STRATEGIC OBJECTIVES), the guiding light of marketing activities. With the increasing realization of how widely marketing can be applied to organizational activities, organizational devices can no longer be thought of in quite such straightforward terms as "profit maximization" or "shareholder asset growth." For example, it is clear that, at least in principle, charities are concerned with altruism, that orchestras have cultural objectives that armies aim at enforcement, and that government agencies are directed at efficient administration rather than generating profits. No doubt, many of these objectives are also applicable to conventional business organizations and their constituent sub-units. It is important to appreciate this multi-faceted and overlapping nature of organizational objectives because this kaleidoscope of objectives provides the direction and momentum for marketing activities.

The second issue is the importance of understanding relationships (*see* RELATIONSHIP MARKETING) between organizations as continuing interactions, rather than as an episodic series of encounters where "manipulative suppliers" engage with "suspicious customers" (Han et al., 1993). Understanding interorganizational relationships as continuing interactions (*see* INTERACTION APPROACH) is important not only to understanding organizations but also to understanding the competitive and strategic dynamics of markets (Håkansson & Snehota, 1989). While the idea of a collaborative interactive relationship is implicit in the idea of marketing as a mutually advantageous exchange, as Chisnall (1995) points out, marketing (more accurately "selling") in business markets has long been presented as an antagonistic zero-sum game where the customer's gain is the supplier's loss. This raises many conceptual and practical questions, not least of which is the difficulty of reconciling traditional views of organizational relationships as necessarily competitive with the

Organizational Segmentation

The goal of organizational segmentation is to divide a large organizational MARKET into smaller components that are more homogeneous with respect to product needs. Griffith & Pol (1994) argue that segmenting organizational markets is generally a more complex process than segmenting consumer markets since: organizational products often have multiple applications, organizational customers can vary greatly from one another, and it is sometimes difficult to decide which product differences are important.

Bonoma & Shapiro (1984) identify a general approach to segmentation, characterized by ease of implementation, which reflects a major trend in and criticism of organizational segmentation studies. Recently, Dibb & Simkin (1994) have reiterated the complaint that selection of segmentation variables is related to the ease of implementation rather than to how valid the segments are in terms of grouping customers with similar requirements. While academics stress VALIDITY, the priority of the practitioner is often to identify segments which can be effectively targeted with a marketing program. In a recent survey of the variables which industrial marketers use in segmentation, the results suggest that variables are chosen more for convenience and actionability than for grouping purchasers with similar needs. The survey found that geographic segmentation bases were the most often used by 88 percent of the sample. PSYCHOGRAPHICS, e.g., purchaser risk perceptions, were used by only 50 percent of companies, while the most theoretically sound and meaningful base, that of benefit segmentation, was used by only 38 percent of companies (Abratt, 1993). Bonoma & Shapiro (1984, 259) argue that: "Clearly a benefits-orientated approach is the more attractive in the theoretical sense, but more difficult for managers to implement . . . often management and researchers face an interesting 'segmentation tension' between the theoretically desirable and the managerially possible."

While it is acknowledged that any starting point for segmentation should be user requirements in the form of needs and benefits (*see* MARKET

SEGMENTATION and SEGMENTATION VARIABLES), the discussion here focuses on the additional descriptor variables which are only used in organizational markets. These have been grouped into macro variables, based on organizational characteristics, and micro variables based on decision-making characteristics.

Macro Variables

These include standard industrial classification (SIC), organizational size, and geographic location. SIC describes an organization's main type of business, e.g., forestry, and is one of the most common variables used to describe business segments. Although this type of information is quite superficial, it is widely available in a standardized and comprehensive form and allows a firm to assess the potential size of a market segment. When using SIC codes, two cautions must be noted. First, all establishments with the same SIC code do not necessarily engage in the same activities. For example, in the grocery store category, large grocery stores sell more than just grocery items. Second, establishments in a given category do not necessarily account for all, or even a large proportion, of the activity in that category.

Organizational size data in terms of total sales volume or number of employees can easily be obtained and related to an organization's need for some products, e.g., insurance and health care plans which can be modified depending on the number of employees in an organization. However, size can be measured in many ways: total size, size by division, size and number of individual branches, sales value, asset value, other types of activity measure, and number of employees, which can sometimes be related tangentially to purchaser requirements. Dickson (1994) describes two "natural" organizational segmentation variables as being the size of the account and growth potential of the account. If an organization has much of its business with a relatively small number of clients, it cannot help but adopt a RELATIONSHIP MARKETING approach. Such individual relationship segmentation makes consideration of other broader segmentation variables somewhat redundant, but not all companies are in a position to adopt this relationship approach.

Geographic location can indicate purchaser needs when the industry itself is dependent upon the geography of the area, for example, coal mining and other natural resource industries. Purchasing practices and expectations of companies may also vary by location, e.g., in

Personal Influence

see INTERPERSONAL COMMUNICATIONS

Personal Selling

Personal selling is the process of informing customers and potential customers and persuading them to purchase products and services through oral personal communication in an exchange situation, either face to face or on the telephone (*see* TELEMARKETING). It is a two-way channel of communication (*see* MARKETING COMMUNICATIONS) which has a number of advantages: customers can inquire, discuss, or even bargain; there is immediate, interactive response; a company can get feedback; and the company can relate to specific consumer needs. Personal selling aids in the cultivation of buyer-seller relationships (*see* RELATIONSHIP MARKETING), especially in organizational buying (*see* ORGANIZATIONAL BUYING BEHAVIOR).

The characteristics and personality of sales people is important, in particular because persuasion techniques, including the use of inducements, may be relevant. Customers may see personal selling activities as biased and react negatively to their obligation to listen and to persuasion techniques, *etc*. It is an expensive form of communication, and potential customers may not always be accessible.

Personal selling takes place in the home, in stores and other organizations (i.e., in business-to-business interactions) and involves the SALES FORCE and sales persons who as well as providing information may be active in tasks such as order taking, delivery, and market research.

See also Communications mix; Marketing communications; Sales management

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Personality

Personality refers to those characteristics that account for differences among people and are predictive of their behavior. Such differences evolve from heredity, personal experience, and environmental influence. Personality includes intelligence but is usually defined as accounting for non-cognitive behavior, referring chiefly to emotional and social qualities together with drives, sentiments, and interests characteristics significant in daily living and social interactions. Personality is usually described in terms of traits such as self-confidence, dominance, autonomy, deference, sociability, defensiveness, and adaptability. In understanding personality and its resulting impact on consumer product and brand choice, media preferences, etc., various frameworks have been considered; these include Horney's classification of compliant, aggressive, and detached people (Horney, 1958), and Reisman's typology of tradition, inner and other-directed people (Reisman et al., 1960). Further, numerous research investigations have focused on consumer personality and product/brand choice (e.g., Cohen, 1967; Kassarjian, 1971; Alpert, 1972; Villani & Wind, 1975; and Kassarjian & Sheffet, 1991).

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organizations want the information presented in the media to be favorable, so as to stimulate consumer demand for their product/service or create favorable attitudes toward the company (e.g., as a result of community involvement). Many organizations will, therefore, prepare publicity material, i.e., company-and product-oriented information and news, which is made available to the media editors (and sometimes directly to consumers and other interested parties), in the hope that this may reach the company's target audience. However, publicity is generally controlled by the MASS MEDIA and, therefore, may be favorable or unfavorable with respect to a company and its products (e.g., in consumer reports).

The main advantage of publicity for the receiver/consumer is its credibility, typically attributed to an independent source.

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Purchase Decisions

see CONSUMER DECISION-MAKING PROCESS

Purchase Intentions

see CONSUMER DECISION-MAKING PROCESS

Purchasing

Purchasing (sometimes also referred to as procurement) is the professional activity of buying goods and services on behalf of organizations. In practice, purchasing tends to be more professionally organized in larger organizations and can be quite informally organized in smaller organizations. The importance of a professional approach to purchasing is now widely recognized as organizations pay increasing attention to issues of cost and quality control where purchasing can make a major contribution. Heinritz illustrates the importance of professionalism in organizational purchasing at the macroeconomic level by pointing out that the combined purchasing of the largest 100 US corporations amounts to about 10 percent of the entire US economy (Heinritz, 1991) clearly it is important to manage such a vast responsibility in an efficient and professional manner. At an organizational level, the importance of purchasing can be illustrated by noting that in a typical manufacturing operation there is likely to be about three times as much investment in materials (depending on inventory and production policies) as there is in labor. Thus, equal percentage reductions would return much greater economies in purchasing costs than in labor costs. Nevertheless, much greater managerial attention has generally been paid, historically, to achieving economies in the labor process than in the material side of organizational management. Baily & Farmer (1990) suggest that the importance of purchasing in an organization will significantly increase when the PRODUCT LIFE CYCLE of the organization's output becomes shorter (e.g., computer suppliers), or when the organization's markets become particularly volatile (e.g., TV production companies), or when the cost of the organization's purchases form a particularly large proportion of its income (e.g., armed forces). Other factors likely to increase the significance of purchasing could be suggested, including economic recession, increasing competition, the introduction of new technology (reductions of labor costs through automation leave a higher priority on managing purchasing costs), and legislation requiring open tendering (as opposed to routine re-ordering).

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Purchasing Process

The purchasing process or buying process in ORGANIZATIONAL

MARKETING has been analyzed and modeled as a cycle with various "phases" or "stages." Robinson, Faris & Wind (1967) not only distinguished three "buy classes" (which they refer to as "NEW

Regression and Correlation

The possibility of a relationship between a pair of variables can be investigated in a scatter diagram where each pair of values is plotted as a point on a graph where the axes are used to represent the variables.

Simple correlation measures the strength of a relationship between two variables. If both variables are measured on metric scales, the best measure is the simple product-moment correlation coefficient which ranges from 1 to +1. A correlation coefficient numerically equal to 1 indicates a perfect linear relationship while a value of zero indicates no relationship at all and values in between indicate the amount of scatter among the points on the scatter diagram. High values of correlation coefficients indicate strong linear relationships while low values indicate weak relationships. A positive correlation coefficient indicates that high values for one variable are associated with high values for the other, similarly low values of the two variables occur together; a negative coefficient indicates that high values on one variable are associated with low values of the other variable and vice versa.

Correlation between pairs of variables measured on ordinal scales can be measured using measures such as Kendall's tau and Spearman's rank correlation coefficient.

Bivariate regression measures the (linear) relationship between a pair of variables; it fits the straight line to the scatter of points that best represents the form of the relationshiOne variable (Y) is designated as the dependent variable and the other (X) is the explanatory or independent variable. The relationship is specified as Y = a + b*X + u where u is the error term that accounts for the scatter of points around the straight line Y = a + b*X. The "least squares" method is the basis of the procedure for obtaining numerical estimates of the parameters a and b (*see* Jain, 1994, pp. 166167).

Multiple regression is an extension of simple regression where more than one independent variable is used to explain variations in the dependent variable.

Regression equations, while usually linear, may be non-linear. The dependent variable could be the sales of beer, the several explanatory variables could be the price of beer, the price of wines and spirits, beer advertising expenditure, consumers' income, and temperature, with quarterly data for ten years being available for each variable. Relationships are estimated using computer programs, e.g., MINITAB, the STATISTICAL PACKAGE FOR THE SOCIAL SCIENCES or SPSS, *etc.* Coefficients are estimated, t-tests and F tests are used as tests of significance covering individual variables or groups of variables, although in complicated situations these tests may be approximate only. Regression equations can be built up using step-wise methods based on appropriate test procedures. Regression is probably the most frequently used statistical technique. Fitting a regression equation allows a researcher to see the influence of each independent variable on the dependent variable; in particular some variables may be seen to have little or no effect. Once a regression equation has been obtained, predictions of the dependent variable can easily be obtained given values of the independent variables.

Regression works best when all the variables involved are measured on metric scales, but can be adapted, sometimes with difficulty, for use with other types of measure. For instance, a variable measured on a nominal scale can be replaced by several dummy variables.

Mathematical statisticians have shown that the least squares estimation procedure has optimal properties under certain assumptions. Among the assumptions are that the errors are independent of each other (no auto-correlation), have zero mean and constant variance (no heteroscedasticity), there is no relationship between the dependent variables and the errors, and there is no exact or very strong relationship between the dependent variables (no multicollinearity). In addition, it is advantageous if the errors are normally distributed. The computer packages used in estimation have tests to see if these assumptions hold and part of the skill of the user is to know what variation of the basic least squares technique is appropriate in circumstances where particular assumptions have been shown to be inapplicable.

Econometricians have developed special estimation techniques for models involving interdependent variables where there are several simultaneous relationships to estimate. For instance, sales may depend upon prices, advertising expenditures, and the weather but at the

Retail Service

Retailing is a service industry. Many companies have recognized that good customer service can differentiate them from the competition. Providing a good service is desirable in that it may encourage customers to return. This may entail enhancing the shopping experience to make it more enjoyable, relaxing, and rewarding.

Service to the customer can be incorporated into every element of retail activity from the selection of goods for sale to the convenience to the customer of store location and opening times.

In order to provide a level of service deemed appropriate, the retailer may engage in extensive staff training, provide a modern and comfortable store environment, and develop policies designed to reduce customer dissatisfaction, such as money-back guarantees and easy exchange of goods.

Although retailing can be seen as a service sector industry, both goods and services can be purchased from stores. Recently, financial service providers such as banks and building societies have begun to see themselves as retailers.

The current use of self-service within stores can be seen as a reduction of customer service although it is not necessarily viewed negatively by consumers (Bateson, 1985). Conversely, retailers are becoming adept at providing different forms of customer service, the more innovative of which are often copied by competitors. They key is to find elements of service that are valued by consumers.

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Retail Strategy

see RETAILING

Retailer Patronage

This is the adoption of an outlet or supplier by a customer, especially on a frequent basis. Understanding the basis for store patronage may allow retailers to develop their MARKETING MIX such that they increase their attractiveness to target customer groups, possibly raising market share and profitability.

The reasons for patronizing a given store are many and varied and include the convenience of store location; previous experience with the store; reputation; pricing; availability and suitability of merchandise; and word of mouth.

In addition to patronizing a certain store, the consumer may develop loyalty toward a certain BRAND or product. These two examples of shopping behavior should not be confused.

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Retailers

see RETAILING

Retailing

This embraces those activities concerned with selling goods or services to the final consumer or another person acting on his/her behalf.

Retailing need not take place exclusively in a shop setting. Home shopping via a printed catalog and mail order is a firmly established phenomenon. Less widely available is television-based shopping through a fiber optic cable, although this continues to grow. The future is likely to see wider use of computer-based shopping "online" with the use of a modem and standard telephone line.

Retailing takes place in many forms. The typical examples include everyday shopping for clothing and food, *etc*. However, retailing is also the method by which we acquire mortgages or investment policies from banks and building societies. It is also the medium through which dental treatment is received and paid for; airline or concert tickets are booked over the telephone or through an agent; soft drinks are bought from vending machines.

Although highly visible to the consumer on the high street or through catalogs and home shopping systems, the retail industry is heavily samples are difficult to select and expensive and time-consuming to use but are preferred by statisticians as rules and formulae derived by mathematicians can be used to allow results from the sample to be related to the population. Non-probability samples are quicker and cheaper to implement and are often preferred by practicing market researchers.

The sample size depends on a number of factors such as the importance of the decision and the level of accuracy desired, the number of variables, the variability of the data, the extent of the decomposition of the sample in order to study segments, and finally, a factor often overlooked by statisticians, the resources available to the researcher.

The sampling plan involves the implementation of the preceding decisions and leads to the actual selection of the sample. The elements selected for the sample are contacted and measurements taken. This involves a substantial amount of office and field work. Data, concerning all the cases in the sample, are collected together and analyzed. The results are interpreted and suggestions for action or further research are made in a report submitted to the client.

Probability Samples

In probability samples, the probabilities of the individual elements in the population being selected for the sample are known.

Simple Random Samples

In simple random sampling, all of the individual elements in the population have an equal chance of being selected for the sample. A frame or list of the entire population of interest is essential. All of the elements in the frame are given numbers and the numbers of the elements who are to make up the sample are selected at random, by drawing from a hat, by using tables of random numbers, or by a computer using a random number generator. In telephone sampling, the numbers are selected and dialled automatically using a technique called random digit dialing.

It is important to note that an interviewer standing on the street and subjectively selecting people as they walk past will not obtain a random sample. Such samples should not be called random or probability samples and could better be described by a non-technical term such as haphazard samples.

Systematic Samples

This is very close to simple random sampling. A list of individuals or items in the population is available. The sampling fraction (ratio of the desired sample size to the size of the population) is determined, say, 1 in 20, then a number is chosen at random in the range 1 to 20, say, 8: then the 8th item in the list and every subsequent 20th item, i.e., the 8th, 28th, 48th, 68th, *etc.* individual is selected for the sample. This is a random sample for at the outset of the process every individual in the population has an equal chance of selection. A possible danger occurs if there is a cyclical pattern to the list that leads to the sample being unrepresentative of the population, but this danger is usually slight. One advantage of systematic sampling over simple random sampling is that the mechanism of selecting the individuals for the sample is simpler the random selection is done only once and the effort required is less. Another possible advantage is that a fully detailed frame is not required. For instance, if every 20th customer passing a store is intercepted and interviewed a systematic random sample of people passing by the store can be obtained without knowing the full sampling frame. Thus, for some populations, systematic sampling can be used in shopping mall surveys.

Stratified Samples

The population is divided into strata (the equivalent marketing term is segments,) such that every element of the population is in precisely one of the strata. Stratified sampling is most suitable when there is much similarity between the elements within each stratum but differences between elements in different stratum. A probabilistic sample, usually a simple random sample, is selected from each stratum, thus ensuring that each stratum is adequately represented. Stratified sampling differs from quota sampling in that the sample elements are selected probabilistically rather than by judgement or convenience as is the case with quota sampling.

Stratified samples can be of two kinds, either with uniform or variable sampling fractions. In the former, the sizes of the samples drawn from the strata are proportionate to the sizes of the populations in each stratum, thus using uniform questionnaire. Survey methods are usually classified by mode of administration, the three main modes being personal, telephone, and postal interviewing.

Personal Interviews

Personal interviews usually take place either in the home of the respondent or in a public place such as the street or a shopping mall.

In face-to-face interviews in the home, it is the interviewer's job to contact the respondent, often selected by the research director using some form of probability sampling (*see* SAMPLING), pose the questions, and record the answers. Lengthy interviews are possible and the interviewer can use physical stimuli as part of the interviewing process. The respondent is able to seek clarification of confusing questions or terms and the interviewer is able to observe the respondent, for instance, to see if the questions have been understood. In-home, or door-to-door, interviewing is expensive and its use is declining.

Street or shopping mall intercept interviews are the commonest type of personal interview. Interviewers intercept passers-by and either question them on the spot or take them to a nearby facility to conduct the interview. It is possible to get a random sample of passers-by by selecting every nth passer-by. However, it is unlikely that the population of interest will pass by the places where interviewers are located. For this reason mall intercept surveys are rarely statistically representative of the required populations and rely on quota sampling procedures to ensure some amount of representativeness. They are cheaper than door-to-door interviews and it takes less time to complete an intercept survey.

In direct computer interviewing, the computer presents the questions to a respondent on a screen and the respondent uses a keyboard or a mouse to answer. These are often used in shopping malls or at conferences and trade shows. For some surveys, respondents are selected by interviewers as in other types of personal interviewing research; in other surveys the computer is placed in a prominent place and interested passers-by select themselves as respondents. As well as freeing the interviewer from posing the questions and recording the answers and reducing data inputting time and expenses, this method has an extra advantage in that interviewer bias is low.

Telephone Interviews

Telephone interviewers, stationed at a central location, present their questions using the telephone to interviewees over a wide area. Computer-assisted telephone interviewing (CATI) is growing quickly. As in other computer assisted interviewing methods the questionnaire is programed into the computer. The interviewer reads the questions from the screen and records the answers directly into the computer. The computer can be programed to make the calls, for instance using random digit dialing, and subsequent recalls can be made when initial calls are unanswered.

Flexibility is the main advantage of computer-presented questionnaires. The questions can be varied according to earlier answers, e.g., buyers of a brand may be asked one set of questions and non-buyers a different set. Also, order problems caused in some closed questions where possible answers are presented to respondents can be averted by the computer varying the answers from respondent to respondent.

Low cost and the speed with which a survey can be carried out are two other advantages of telephone interviews. Interim results and updates are easy to obtain as the data are recorded immediately. Interviewer bias is low, respondents can feel that their anonymity has been maintained, and sensitive questions can be posed with less embarrassment than in face-to-face interviews. On the other hand, it is difficult to use physical stimuli as part of the interview although the use of fax machines can ease this problem. The fact that not every household has a telephone, that some numbers are ex-directory, and that an individual member of a large household has a smaller chance of being chosen than a member of a small household, means that a sample may not be truly representative of a specified population.

Postal Surveys

Questionnaires are delivered to the respondents who return completed questionnaires by post to the researcher. Postal interviews are widely used. They allow a large sample to be contacted very cheaply and the absence of an interviewer cuts out interviewer bias. On the other hand, complex questionnaires are unsuitable and the questionnaire has to be

manufacturers' brands (e.g., Heinz) and distributors' brands (e.g., Safeway), and loyalty may prevail with respect to stores.

Definitions of brand loyalty have evolved and are typically concerned with a degree of consistency in the preference for each brand by a consumer, over a specified period of time. Some definitions also refer to "biased choice behavior" with respect to branded merchandise, or "consistent" purchasing of one brand, or the proportion of purchases a consumer (or household) devotes to the brand most often bought. There are inherent dangers in looking at sequences of purchases to define and measure loyalty as individuals and households may be buying more than one brand on a regular basis (e.g., toothpaste, breakfast cereals).

Further, Day (1970) offers a two-dimensional concept of brand loyalty, bringing together attitudes and behavior. He asks "Can behavior patterns be equated with preferences to infer loyalty?," and distinguishes between spurious and intentional loyalty. Spurious loyalty may just be habit or consistent purchase of one brand due to non-availability of others, continuous price deals, better shelf space, *etc*. Intentional loyalty occurs when consumers buy a preferred brand, as would be evidenced by some attitude measurement. When a consumer is intentionally loyal and insists on a particular brand, he or she will be prepared to shop around for this brand, or defer purchase if the brand is unavailable rather than accept a substitute.

Research has been unable to pinpoint particular determinants of brand loyalty, though a number of empirical investigations have suggested and looked for relationships between brand loyalty and: personal attributes, e.g., socioeconomic variables; group influence; levels of demand; sensitivity to promotion; and store factors.

Nevertheless, manufacturers and distributors are concerned to encourage loyalty to their brands and switching away from other brands. Consumers switch brands for reasons of: curiosity with respect to new/different brands; disappointment with present brand; reassurance with respect to a favored brand; chance; inducement; and availability. Additionally, consumers may be multi-brand buyers for reasons of: indifference; perception that brands are perfect substitutes; for variety's sake; several preferences within a household; and as a response to availability and promotions.

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BARBARA LEWIS

Brand Managers

see MARKETING ORGANIZATION

Brand Preference

see BRAND LOYALTY

Branding

see BRAND

Break-Even Analysis

A break-even analysis is meant to identify the break-even point, i.e., the point in time at which the sum of fixed (or "indirect") costs and variable (or "direct") costs involved in the production and distribution of a good or service is matched by the sum of its accumulated sales. The break-even point can be calculated by using the following formula:

break-even point = fixed cost/(price variable cost)

Beyond this break-even point the profitability of the good or service will be a function of the excess of sales revenues over variable costs. Break-even analysis is an important aspect of PRICING calculations in that it can help to show the profitability of a product over time according to different assumptions about price, demand, and the allocation of costs (many costs, especially fixed costs, will be shared by several products and allocation can be problematic). The difficulty of anticipating demand response to different pricing policies emphasizes keting and Purchasing (IMP) Group (Håkansson, 1982 & 1987; Ford, 1990). This recognition has led to the development of the INTERACTION and NETWORK approaches to business-to-business marketing, where the role of MARKETING MANAGEMENT is seen in terms of the management of a range of individual buyerrelationships in the context of a broader network of interconnected supplier, buyer, and competitor organizations.

The various differences in emphasis between business-to-business marketing and consumer marketing have led to attempts to develop the scope of the MARKETING CONCEPT and to reappraise such marketing tools as the MARKETING MIX, which is seen as inappropriate in its traditional form.

See also Marketing; Marketing concept; Marketing management; Marketing mix; Relationship marketing

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FIONA LEVERICK

Buy-Feel-Learn Model

The buy-feel-learn model in MARKETING COMMUNICATIONS suggests that in some situations buyers/customers do not follow the logical LEARN-FEEL-BUY sequence. The BFL model typically applies to IMPULSE PURCHASING and/or for new brands, where attitudes, knowledge, and liking/preference are developed after purchase rather than prior to it.

See also Feel-buy-learn model; Learn-feel-buy model

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Buyer Behavior Models

Parallel to the development of thought about the variables that are important in understanding CONSUMER BUYER BEHAVIOR have been attempts to organize the variables into models of the buying process and consumer behavior. The purpose of such models is to try to understand the buying process and aid market research. Models serve to simplify, organize, and formalize the range of influences which affect purchase decisions, and try to show the extent of interaction between influencing variables. Some models are descriptive and others decision models.

Descriptive models are designed to communicate, explain, and predict. They may postulate at a macro level some variables and the relationships between them (e.g., sales, income, price, advertising); or, at a micro-level, consider more detailed links between a variable and its determinants (e.g., the effect of advertising on sales). In addition, a model at a micro-behavioral level may create hypothetical consumers and dealers who interact with resulting behavior patterns being investigated. The well-known, available, models of consumer buyer behavior are descriptive and include those of Howard & Sheth (1969), Nicosia (1966), Andreasen (1965), for the marketer to define the target groups, to set objectives for each, and to evaluate the most cost-effective means of reaching the target(s) and attaining the objectives. A different mix, for example, would be employed at different stages of the PRODUCT LIFE CYCLE. A similar situation exists for products or services of high or low value (where the degree of PERCEIVED RISK in the target's mind will vary) and depending on whether the target group is concentrated or dispersed.

See also Marketing communications

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Communications Research

Communications research is aimed at optimizing the effectiveness of communications through *ex ante* and *ex post* evaluations of different elements of the COMMUNICATIONS MIX. ADVERTISING effectiveness tends to receive more emphasis because it usually commands much higher expenditures than other elements of the communications mix. Pre-testing (before the communication is used on the public at large) may be employed to assess reactions to different forms of the communication in order to identify the version which is likely to yield the most favorable response. A variety of research techniques may be employed, ranging from the gathering and analysis of attitudes to laboratory tests using equipment to measure physiological responses, such as pupil dilation, heartbeat, and blood pressure. Post-testing can include evaluating consumers' ability to recall or to recognize communications (generally advertisements).

The relationship between sales and expenditure on communications is much more difficult to ascertain. However, by the use of carefully designed experiments (*see* EXPERIMENTATION) it may be possible to measure the sales effect of, say, advertising. For example, Du Pont's Paint Division divided its 56 sales areas into high, average, and low MARKET SHARE territories. In one third, Du Pont allocated the normal amount to advertising; in another third, it allocated two and a half times the amount; and in the final third, four times the normal amount. The experiment suggested that an increased spend on advertising increased sales at a diminishing rate, and that the sales increase was weaker in Du Pont's high market share territories (Buzzell, 1964). Other research on effectiveness has attempted to identify an historical relationship between sales and, for example, the expenditure on advertising using advanced statistical techniques.

Generally, though, there are significant difficulties in assessing the impact of communications on sales. First, without carefully controlled experimentation, one cannot conclude that there is any direct link between the communication and the sales/profits secured; there are too many other variables involved. Even if all the extraneous variables are controlled, there might still be some external influence, unthought of by the experimenters, that may affect the results.

Secondly, the full impact of the communication may be spread over time. Taking the case of advertising, some people who are acquainted with the advertising in the early stages of the campaign may react quickly; others may, for various reasons, delay a response. A further group of people may not learn of the advertising for some time after it starts. In the same way, the full effects of reducing or stopping advertising may not become apparent for some time; there may well be a "carry over" effect. Thus, when considering the impact of advertising at any given time, it is possible to have a distorted picture of its general effectiveness. It may well be that there is a steep rise in sales stemming from the advertising, but this may be because the advertising has *brought forward* sales that, in its absence, would have been made some time in the future; so the total sales may be unaffected. Of course, this may well be what the advertiser desired as he or she will have the advantage of obtaining, perhaps, a higher market share (and sound corporate strategy will be informed by a close monitoring of the evolving requirements of the various constituencies that the organization has to satisfy, and in particular of its existing and potential customer targets.

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Correlation

see REGRESSION AND CORRELATION

Cost

The production and distribution of any good or service involves costs which will vary over the life cycle (*see* PRODUCT LIFE CYCLE) of the good/service. These costs can be divided into fixed costs and variable costs. Fixed costs are those which are incurred in order for production to take place and so are, broadly speaking, not directly related to the volume of actual production (e.g., costs of R&D, premises, production assets, basic workforce), whereas variable costs are those which vary directly in proportion to the level of actual production (e.g., costs of materials and energy). Investment in capital assets (and therefore the level of fixed costs) is generally higher at the start of a product's life cycle than toward the end. It can sometimes be very difficult to identify the costs of a product unambigously, especially where fixed costs are shared by a wide range of products at different stages of their life cycles. Corporate accounting policies (e.g., in depreciation and asset valuation) can also affect cost calculations. However, assessing costs is obviously a crucial part of assessing price, despite the many problems involved.

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Cost Leadership Strategy

This is one of the GENERIC STRATEGIES proposed by Porter (1980) (*see* COMPETITIVE STRATEGY). Companies having the lowest costs should be in a strong position with regard to: *competitors,* because they will always be able to undercut them, while taking advantage of a higher margin to invest in increasing market share, new product development, and other corporate development policies; *suppliers,* because they can more easily absorb increases in costs; *customers,* because they are able to respond to demands for lower prices; and *substitutes,* because they will be better able to react to them in terms of cost. In order to be a cost leader, the company must have low overheads, be highly efficient, and generally not direct resources to activities which are seen as being extraneous to achieving continued lowest cost. Companies may follow a focused cost leadership strategy aimed at particular customers or market segments (*see* MARKET SEGMENTATION), or a broad market cost leadership strategy. There are risks to the emphasis on cost leadership, in particular the bases of customer choice may move toward NON-PRICE FACTORS and technological change may shift the COMPETITIVE ADVANTAGE to rivals, including late entrants.

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DALE LITTLER

Cost Per Thousand

Media efficiency is usually measured in terms of the cost per thousand exposures among members of the target audience (viewers, listeners, readers). However, this is often too simple. The target audience may use a variety of media and, thus, combinations of media must be considered in arriving at an efficient MEDIA SCHEDULE. Unfortunately, even with six media, any choice of three will involve 20 potential different combinations. Computer models assist in MEDIA PLANNING.

used to compare variables measured on nominal scales or even variables measured on interval scales where the cases are grouped into classes. At the other extreme, simple correlation and regression (*see* REGRESSION AND CORRELATION) is useful for data measured on interval scales. If one variable is measured on a nominal scale and the other on an interval scale, the nominal variable can be used to split the sample into subsamples, and arithmetic means for the other variable can be calculated to enable the subsamples to be compared. GRAPHICAL REPRESENTATIONS such as scatter diagrams, bar charts, *etc.* are useful aids in bivariate statistical description.

The methods of MULTIVARIATE METHODS ANALYSIS, including those methods which require an understanding of statistical inference for maximum appreciation, can be used in a descriptive, explorative way. Methods such as multiple regression (*see* REGRESSION AND CORRELATION), DISCRIMINANT ANALYSIS, FACTOR ANALYSIS, CLUSTER ANALYSIS, CONJOINT ANALYSIS, and MULTIDIMENSIONAL SCALING are available in computer analysis packages to help the researcher analyze the quantitative data on many variables obtained in surveys.

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MICHAEL GREATOREX

Design

The term "design" covers a wide range of activities architecture, interior design, graphic design, industrial design, and engineering design. Designers usually specialize in one of these disciplines. All design terms involve the creative visualization of concepts, plans, ideas, and the representation of those ideas (as sketches, blueprints, models, or prototypes) so as to enable the making of something that did not exist before, or not quite in that form.

Marketing managers tend to regard design as a tool to differentiate products, to entice consumers to buy; and consumers want the design to satisfy a given need fun, function, price, *etc.*

Also, design is referred to as "the process of seeking to optimise customer satisfaction and company profitability through the creative use of major design elements (performance, quality, durability, appearance and costs) in connection with products, environments, information and corporate identities" (Kotler & Rath, 1984). Design activities lead to the creation of new products or services, new packs, corporate identities, and advertisements. It is design that takes the values of the organization and the ideas about the product or service and transforms these into the desired artifacts. To communicate the Body Shop's mission statement, "We will be the most honest cosmetic company," this has to be translated into a strategy for design in terms of: a corporate identity program, the product presentation, the labeling and container design, and the retail outlets.

Mounting evidence supports the case that investment in design expertise contributes to commercial performance (Lorenz, 1986; Walsh et al., 1992). Walsh *et al.* (1992) carried out an international study of different industries, ranging from electronics to furniture, to assess systematically the economic effect of design investment on business performance. The results of the study showed that design investment made a positive contribution to business performance, but only if the design resource was well managed and integrated with other corporate activities, notably marketing and production. Another study of over 200 British firms found that investment in design positively influenced project performance. Over 90 percent of products launched into the market achieved profitability and a return on investment within a short time frame (average 15 months). Critical factors affecting project outcome were top-level commitment to design investment and the ability of managers, particularly marketing, to liaise effectively with the design resource (Potter et al., 1991).

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BARBARA LEWIS

Direct Mail

Direct mail is a part of DIRECT MARKETING and, specifically, is ADVERTISING that is sent directly to the mailing address of a target customer. Thus, it offers the advertiser the opportunity for high audience selectivity and TARGETING, and wide-ranging geographic flexibility. It can be personalized (via individual letters) but much direct marketing is either lacking in personalization or is personalized with computer fill-ins, leading to a "junk mail" appearance.

Evidence of the growth of direct mail is seen in the: generation and sale/purchase of computer-based mailing lists, i.e., databases (*see* DATABASE), so that direct mail messages (*see* MESSAGE) may be carefully targeted to create consumer AWARENESS and/or to generate ACTION; the growth of specialized direct mail agencies (*see* AGENCY); and the increasing marketing orientation of the postal services with various incentive discounts.

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Direct Marketing

Direct marketing is sometimes confused with DIRECT MAIL. It is not a medium but a marketing technique, comprising an interactive system of marketing, which uses one or more communications media (direct mail, print, telephone, i.e., TELEMARKETING, broadcast) for the purpose of soliciting a direct and measurable consumer response. Its objective is to make a sale or obtain a sales lead enquiry.

Computers are an indispensable tool in direct marketing, in particular in generating personalized direct mail sources. Indeed, the success of direct marketing depends on the acquisition and maintenance of a DATABASE of customers or potential customers.

The growth of direct marketing has been stimulated by socio-economic changes (e.g., an aging population, single-person or single-parent households, and working women with less shopping time), the increasing use of credit, a consumer convenience orientation, rising DISCRETIONARY INCOME, and developing computer technology and communications media.

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Directional Matrix

This summarizes the major growth strategies. As defined by Ansoff (1965), it consists of two parameters: markets and technologies, subdivided according to whether or not they are "new" or "existing." The quadrants are: *market penetration* (*existing markets and technologies*) with the aim being to increase volume sales through, for instance, higher market share or greater per capita consumption from, for example, new uses for the product; NEW PRODUCT DEVELOPMENT, involving the introduction of products based on new technologies into existing markets; *market development*, which involves extending the geographical reach of existing products; and DIVERSIFICATION, the introduction of products based on new technology into new markets. It is obvious that the last strategy is the most risky option. Although overly simplistic and general, the framework may be useful for practitioners when formulating specific development strategies. It does not draw the distinction between organic, or internal, development, and external development through mergers and acquisitions.

See also Corporate strategy

the action of voluntarily transferring ownership of a product or service to another in return for another object deemed to be equivalent in value. Wider definitions of the scope of exchange might not see payment as a necessary condition or indeed might not restrict the scope of exchange to two parties or to products and services. The debate is paralleled by that on the nature and scope of marketing itself and is well summarized in Bagozzi (1975).

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FIONA LEVERICK

Exhibitions

Exhibitions or trade shows are an element in the marketing COMMUNICATIONS MIX and are used, primarily, for ORGANIZATIONAL MARKETING and are usually industryspecific. They are designed to promote supplier organizations and their products/services, identify prospective customers, and are integral to building relationships (*see* RELATIONSHIP MARKETING) with existing customers.

Their success is often evaluated in terms of "number of enquiries received" at the event, as other measures such as "orders placed" may take place after the exhibition or trade show, and in any case may be a reflection of other communication activities.

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Existing Demand

see DEMAND

Experience Curve

The experience curve is a composite of several factors including: the learning curve, first observed in the US aircraft industry in the 1930s, by which workers become more efficient with the number of times they repeat a task; economies of scale; the substitution of more efficient factors of production; and the general use of technological advances. By plotting unit costs against cumulative production, a downward sloping experience curve is produced. It is suggested (Hedley, 1976) that unit costs decline by 20 to 30 percent for each doubling of cumulative production, but only through organizations actively seeking to capitalize on experience curve effects by, for example, investing in labor-substituting technologies.

The experience curve underpins the BCG methodology for business PORTFOLIO ANALYSIS (*see* BCG MATRIX) and results in an emphasis on striving to achieve maximum MARKET SHARE (since this suggests greater cumulative experience). However, the strategic implications of the experience curve can be questioned (*see* Porter, 1979). For instance, a firm's market share dominance, and therefore its alleged greater experience, can be undermined by superior innovative technology, while later entrants to an industry can purchase plant and equipment which embodies accumulated experience in the form of, for example, latest versions of the technology.

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DALE LITTLER

Experimentation

Experimentation is a type of primary marketing research (*see* PRIMARY RESEARCH) in which the experimenter systematically manipulates the values of one or more variables (the independent variables), while controlling the values of other variables, to measure the effect of the changes in the independent variables on one or more other variables (the dependent variables).

Experimentation is often used to infer causal relationships. Causation cannot be inferred unless there is evidence that (1) the change in the independent variable(s) occurs before or simultaneously with the change in the dependent variable(s), (2) the effects of other extraneous variables are measured or controlled, and (3) there is a strong association between the changes in independent and dependent variables in the way predicted by hypotheses. Unfortunately, the scientific process is such that, even if these conditions are satisfied, one can never prove causation, only infer that a causal relationship may exist.

The need to rule out other causal factors in order to infer that the changes in the experimental variables cause the changes in the dependent variables is the reason behind the control of other possible causal factors. Control is obtained by devices such as (1) use of a control group which receives no treatment, (2) randomization, where test units are assigned to different experimental and control groups at random, (3) matching, where test units are matched on background variables before being assigned to groups, (4) use of a laboratory where conditions are controllable, (5) use of specific experimental designs that control extraneous variables, and (6) measuring and accounting for the effect of extraneous variables using statistical techniques such as multiple regression or analysis of covariance.

There are many types of experimental design. The simplest, the "after-only" design, involves changing the independent variable (the treatment) and following this with measurement of the dependent variable. Obvious weaknesses include the lack of a benchmark for comparison purposes and failure to control for the effect of extraneous variables. The "before-after" design which takes measurements of the dependent variable both before and after the treatment does allow effect of the treatment to be measured by the difference between the before and after measurement. This design suffers from a lack of control of intervening variables.

The "before-after with control group" design (with cases assigned to groups at random) can help to overcome the problem of intervening variables in that changes to many intervening variables will affect both groups and so the effect of the treatment can be measured when the before-after differences for the treatment group and the control group are compared.

Statistical designs permit the effect of changes to more than one independent variable to be measured. They allow the researcher to control for specific extraneous variables and an efficient design will allow several effects to be measured using as small a number of observations as possible. A randomized block design is useful when there is one major extraneous variable in addition to the dependent variable and treatment variable. The units being tested are assigned to groups or blocks defined by the extraneous variable, the experiment is carried out on the test units and the results analyzed to see if the treatment has an effect and to see if the effect is different in the various blocks. A Latin square design is similar to a randomized block design except that it allows the experimenter to specify blocks using two non-interacting external variables thus allowing the experimenter to control for two extraneous variables. A GraecoLatin square allows the experimenter to control for a third non-interacting extraneous variable.

A factorial design is used to measure the effects of two or more independent variables. Factorial designs allow interaction effects to be measured.

Data obtained from such experimental designs are analyzed using statistical methods such as analysis of variance (*see* STATISTICAL TESTS).

Experiments can take place in the field or in the laboratory. The advantage of field experiments is the high degree of realism that can be generated. Unfortunately, there is a lack of control, especially over intervening variables such as the weather, competitors, and the economy at large. What is worse is that the researcher may not be aware of changes to these variables. Field research is harder to conceal from competitors who have an opportunity of early discovery of possible new developments. Field research often turns out to be time-consuming and costly. However, for TEST MARKETING of new products or for measuring the effects of advertising, field experiments in actual market conditions may be necessary.

Laboratory experiments allow the researcher more control over not only the possible extraneous variables but also the measurement of the dependent variables and the changes to the independent variables. It is easier to use electronic/mechanical devices to measure dependent variables in the laboratory and the changes to the independent variables can be speeded up to reduce the time needed to

and the development of free trade areas, such as the European Union, leading to more standardization across markets.

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Globalization

Globalization is best described as a process of deepening internationalization. The major actors in the global economy, firms and governments, are both impacted by this process and also have helped to shape its development. So far as firms are concerned, internationalization has been an uninterrupted process of increasing significance and intensity since the 1950s. Three aspects of this process are particularly noteworthy.

First, an increasing number of firms have been involved in international production. Leading firms from all major capitalist countries have followed the earlier example of their US and UK rivals and have become more and more international in their scope, utilizing not only international trade but also direct foreign investment, and other forms of international production such as LICENSING, INTERNATIONAL JOINT VENTURES, and subcontracting.

Second, there has been a sectoral widening of international production.

Thus, while, during the 1960s, the most rapid growth of international production took place in manufacturing, since then it has been the service sector that has experienced the most rapid growth in internationalization. This tendency has been most prominent in banking and financial services. Other business-related services such as advertising and accountancy have also experienced growing internationalization.

Finally, it is important to note that international business activities have experienced qualitative as well as quantitative expansion. These qualitative changes relate to the increasing process of intra-firm integration of international business activities. Most firms have changed from being international to being more multinational or even global in their internal organization (Leong & Tan, 1993). An international firm is one for whom its domestic market is of predominant importance and which views international business as a way of further exploiting assets and capabilities developed for the domestic market. A multinational firm treats foreign markets as being equally important to the home market. A global firm makes little distinction between foreign and domestic markets.

Although direct participation in international production is still confined to a relatively small number of firms, all firms are nevertheless impacted by the process of internationalization. For one thing, firms in almost all industries face direct competition from international rivals. As an example, the majority of firms in the fast food industry are very small with only local marketing horizons; however, the most fierce competition faced by such firms comes from global firms such as McDonalds or Pizza Hut. Further, technological change is breaking down industry boundaries and, as a consequence, firms experience (unexpected) competition whose origin is often from outside their domestic market. For example, traditional postal businesses are increasingly being impacted by electronic mail and other computer network services.

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Mo YAMIN

Graphical Representation

The results of MARKETING RESEARCH can be presented in graphical form as part of the reporting procedure. Quantitative analysis, starting with the summarization procedures of the construction of frequency distributions or calculation of measures such as totals or measures of average and variation, is taken a stage further with the presentation of the results of quantitative research in the form of pie diagrams, line charts often showing graphs over time, bar charts, histograms, ogives, and scatter diagrams.

A pie diagram is simply a circle divided into sections with each section representing portions of a total. For instance, the total sales in a market can be represented by the area of the circle with sections representing competitors' sales, thus permitting market shares to be presented. Pie diagrams allow relative sizes at any moment to be presented. It is possible to present a few pie diagrams side by side to show shares in different situations, e.g., at two different times or in two different markets. In this case the total area of the circles would vary to represent the totals in the different situations.

The line chart is useful for depicting results over many periods. It is the common time series graph with time measured on the horizontal axis and the variable(s) of interest measured on the vertical axis. When more than one variable is presented, different colored lines or dashed and dotted lines can be used to identify the particular variables. A stacked line chart showing a total and its components stacked on each other shows how relative sizes or shares change over time and is similar, yet preferable, to a series of pie diagrams.

A bar chart has many variations. The magnitude of a variable is represented by a bar on a graph. The sales of each of several brands in a period can be represented in a bar chart by horizontal (or vertical) bars. Another simple version of a bar chart shows measures of a variable over time as a series of vertical bars as an alternative to a line chart as a means of depicting a time series. In pictograms, the bars are converted to pictorial representations of the variable. Thus, if the variable is sales of wine, a horizontal bar could be replaced by a number of bottles in a row. If several variables are to be represented over time, a simple bar chart can be replaced by a grouped bar chart in which the values of the variables for each period are represented by groups of bars placed next to each other, one group for each period. Alternatively, if the several variables are components of a total, a stacked bar chart can be used.

One use of a bar chart is to depict the numbers of times each value occurs for a variable measured on a nominal scale, e.g., the numbers of males and females in a sample. If the variable is measured on an interval scale that is split into a number of contiguous classes, the numbers in the classes can be represented in a histogram by a series of adjacent vertical rectangles, the areas of which are proportional to the frequencies, and the bases of the rectangles are determined by the width of each class. This is the standard way of representing frequency distributions, e.g., the distribution of heights in a sample of first-year male college students. When the data are based on a sample, the histogram may be a series of rectangles that give a very rough approximation to the population distribution which for some variables is the smooth bell-shaped curve known as the normal distribution.

If the frequencies are cumulated to show the numbers of cases below (or greater than) a series of values of the variable, then a cumulative frequency curve or ogive can be plotted. When the variable is normally distributed the less-than cumulative frequency curve will be S-shaped.

The relationship between two variables can also be represented on a scatter diagram. If one variable can be identified as the dependent variable it will be represented on the vertical (or Y) axis with the independent variable on the horizontal (or X) axis. Each pair of values is represented on the graph and a scatter of points builds uIf the points are scattered all over the graph then prima facie there is little or no relationship between the variables (a low correlation coefficient will confirm this). On the other hand, if there is a pattern to the points, then the analyst will be able to spot a possible relationship for further investigation using perhaps regression methods (*see* REGRESSION AND CORRELATION).

See also Types of measure

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MICHAEL GREATOREX

< previous page page_73 next page >

marketing planning should be focused on key customers in target markets (including foreign markets) rather than just on products/ services;

investment in product design and technology should only be made where this is based on an understanding of customer requirements;

integrated team selling should be developed and managers should be appointed to coordinate all aspects of key customer relationships;

the supplier's marketing function should be more closely integrated with the customer's purchasing function.

See also Relationship marketing

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DOMINIC WILSON

Interaction Model

see INTERACTION APPROACH

Interest

Interest is a measure of a buyer's/ customer's/consumer's state of mind *vis-à-vis* a product or service. It is a part of the AFFECTIVE STAGE in a number of models of MARKETING COMMUNICATIONS i.e., the development of a positive attitude as a prerequisite of purchasing the product or service (*see* AIDA MODEL and INNOVATION-ADOPTION MODEL). Measures of evaluation are, as with most elements at the affective stage, difficult.

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DAVID YORKE

Internal Audit

An internal audit is one part of the MARKETING AUDIT (the other being EXTERNAL AUDIT) and involves examination of the internal operations, strengths, and weaknesses of an organization. There are many ways to approach this audit but all methods involve, in essence, the allocation of all internal operations and assets into various categories labeled judgementally according to whether they are perceived as "good" or "bad" for the organization. Thus, one method recommends the identification of "strengths" and "weaknesses" while another method would be to identify "core" activities and "peripheral" activities (Prahalad & Hamel, 1990). Porter (1980) suggests that internal activities can be analyzed in terms of "value added" (*see* VALUE CHAIN) with the implication that operations which add little "value" to the organization's output should be improved, or minimized (if they are unnecessary), or subcontracted (if they lie outside the organization's core competence). All these methods of identifying internal strengths and problems risk, through disaggregation, losing sight of the collective synergies arising from the operations of the organization as a whole. Thus, an activity such as an annual Christmas Party or a weekly newsletter to customers may not seem to add significant value to the organization's offerings but cancellation could have important implications for the perception of an organization's commitment to its stakeholders.

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Internal Marketing

The role of an organization's personnel in service quality has come increasingly to the forefront, and investment in people becomes integral to the service-profit chain (*see* Schlesinger & Heskett, 1991b):

internal service quality ® employee satisfaction ® employee retention ® external service quality ® customer is black"). Target marketing, by contrast, starts by assuming pervasive diversity and searches for groups or SEGMENTS that may have similar preferences for a particular offering. However, the tension between standardization and adaption is particularly important for the international marketer, as the potential for economic benefits from standardizing across countries could be very substantial while the diversities may be very great due to significant differences in culture and other environmental conditions between countries (*see* INTERNATIONAL MARKETING ENVIRONMENT).

In INTERNATIONAL MARKETING, complete program standardization means offering the same product or product line at identical prices through identical distribution systems and promotional policies to customers in different countries. Program standardization is, thus, concerned with the degree to which different elements in the MARKETING MIX are treated in the same or a similar manner by a firm that operates internationally. Process standardization, on the other hand, refers to the uniformity in the approach chosen by a multinational firm in analyzing market potential and the formulation of MARKETING PLANNING for different countries. The vast majority of the literature is concerned, however, with program standardization.

The main attraction of standardization is clearly the scale economies that may result from it, not only in production but also in R&D and product development and possibly in advertising and promotional expenditure. Levitt (1983) puts particular emphasis on technology and scale factors in advocating standardization. An uninterrupted production run from one center will allow the firm to move rapidly up the learning curve, thus reducing per-unit cost very rapidly. Operating on a large scale will also provide sourcing efficiencies, e.g., purchasing large amounts of raw materials and other inputs gives a multinational the power to bargain with suppliers. Doglus & Wind (1987) are more skeptical and point out that economies of scope and flexible manufacturing increasingly make it feasible to make adaptation without incurring increasing costs or diseconomies of scale. Economies of scope arise if it is cheaper to produce a number of different products or product varieties together in one plant than it is to produce each in a separate plant. The basis for economies of scope is a number of interconnected technical developments known as "flexible" manufacturing systems.

In spite of much debate between the advocates of standardization and adaptation, little is known regarding the impact of standardization on corporate performance and until recently the performance issue had not received any research attention. Samiee & Roth's (1992) work is probably the first systematic investigation of the link between standardization and performance. They found no significant difference in performance between firms that stressed standardization and those that did not.

See also International product adaptation

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MO YAMIN

International Strategic Alliances

An alliance is any contractual or cooperative relationship between two organizations for a specific purpose. Relationships between firms can be conceived of in terms of a spectrum at one end of which is "arm's length" exchange. This is purely price-mediated and involves no commitment or promise regarding the future behavior of either party. At the other end of the spectrum is a merger or union between two organizations. Alliances occupy the mid-range between arm's length exchange and merger. Thus, an alliance involves some degree of long-term commitment between the parties manifested either through a legally binding contract or through a more informal agreement to cooperate. The duration of the relationship in an alliance is indeterminate but, unlike a merger, it is not permanent.

Particular forms of alliances can be very varied

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FIONA LEVERICK

Market Demand

The term market demand most usually refers to the total demand for a product or service over a specific period of time. It is used in relation to either individual products or services or product or service categories.

FIONA LEVERICK

Market Exchange

see EXCHANGE

Market Manager

Market managers are responsible for the marketing activities for particular markets or clusters of customers. They may have profit responsibility. A market manager structure is likely to be a feature of organizational markets where companies are marketing to several, perhaps diverse, customer groups with somewhat differing requirements. Thus, a manufacturer of paint will sell not only to consumer markets, but also to professional decorators as well as industrial users which will comprise possibly several markets (maritime, process plant, etc.).

Such managers can be expected to foster and maintain customer relationships (*see* RELATIONSHIP MARKETING) with key customers, develop an understanding of their requirements, and, increasingly in organizational markets, develop a problem-solving capability and provide a "solutions" package. They will, therefore, have to act as a focus for coordinating all the different activities, both internally and from external parties, involved in providing the appropriate offering. In some instances, managers may be appointed for key, major, customers. Such an approach contrasts with the product manager (*see* PRODUCT MANAGER) structure.

DALE LITTLER

Market Penetration

This is one of the strategies identified in Ansoff's (1965) directional policy matrix (*see* DIRECTIONAL MATRIX). It is generally regarded as aiming at increasing the firm's MARKET SHARE within its existing markets. This can be achieved in at least one of three ways: increasing purchases by existing customers, winning over the consumers of competitors' offerings, and converting nonusers to purchasers of the firm's offerings.

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Market Segment

see MARKET SEGMENTATION

Market Segmentation

Smith (1956) first defined market segmentation as "a rational and more precise adjustment of product and marketing effort to consumer or user requirements, it consists of viewing a heterogenous market (one characterised by divergent demand) as a number of smaller homogenous markets." If it is assumed, or known, that all consumers in a market have similar needs and wants, then an undifferentiated or total market approach can be adopted by a company using a single MARKETING MIX to satisfy consumers. The Coca Cola company's early marketing of only one drink, of only one size, is an example of this approach. If the market has heterogeneous needs, then a TARGET MARKET approach can be adopted. Here, an organization attempts to subdivide the market into clusters of customers with similar requirements and tailor its marketing mix to each cluster. This approach involves additional costs for product modifications and associated administrative, promotional, and inventory costs. In completely heterogeneous markets, where each customer's requirements are different, the only way to satisfy everyone is by offering tailor-made or bespoke products. Nowadays, this is more prevalent in organizational markets (*see* ORGANIZATIONAL MARKETING). However, in some consumer markets, FREQUENCY, IMPACT, and continuity of advertisements. Overall, they wish to be cost-effective in their choice of media and so choices will be closely related to the relative costs of the available media.

See also Advertising

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Media Schedule

A media schedule is an operational activity which results from MEDIA PLANNING, designed to achieve particular objectives with respect to REACH, FREQUENCY, and IMPACT. The schedule relates to the timing of ADVERTISING expenditures which depends on the product/service, the stage in its life cycle, seasonality of purchase, and COMMUNICATIONS OBJECTIVES.

Macro scheduling relates to choices between schedules over a year or a season (e.g., with respect to tourism services), with allowances for lagged effects and advertising carry-over. Micro scheduling is concerned with allocation over a shorter period of time, and possible advertising timing patterns, namely, concentrated, continuous, or intermittent, which in turn relates to the rate at which new buyers appear in the market, purchase frequency, and forgetting rates.

In making media scheduling decisions, organizations are inevitably also concerned with the individual media costs of reaching target audiences (*see* COST PER THOUSAND) and, hence, to achieve a cost-effective mixture of reach and frequency of message exposure.

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Message

Message is central to the communication between the sender (the organization) and the receiver (the various publics) and captures the values that an organization wishes to convey to its various publics. Messages emanating from organizations products, brands, and corporate identity are expressions of their "corporate voice," of their heritage and personality and serve to differentiate and support their POSITIONING in the market place. The choice of the company name "Rockwater," for example, was chosen because "it implied strength and stability. It was substantial, appropriate internationally in the English-speaking offshore industry and did not have negative connotations in other languages. It sounded mature and authoritative and gave the impression that it had always been there" (Lee, 1991).

The message can be conveyed in various forms (or media), such as TV advertisements, printed leaflets, billboards, corporate identities, electronically via multimedia systems, Internet, and so on (*see* COMMUNICATIONS MIX). Regardless of the form used to convey the message and reach different publics, certain organizational values will be presented and perceptions and opinions of the organization formed by the publics it reaches. Levi advertisements, for example, reinforce the company's heritage and its American birthright, the product's quality and durability, as well as a progressive, youthful, and sexual image.

If the messages coming from an organization fail to match with expectations, then the publics may be confused and communication can be made more difficult. A recent example is Lever's "Persil Power" washing liquid which was launched as a safe and effective product. However, after numerous washes it was claimed that the innovative ingredient had a deleterious effect on certain fabrics. After a few months in the marketplace, the product was withdrawn but at significant cost, including a fall in MARKET SHARE of Persil products. Lever had then to build up the public's belief and trust that their existing products were effective and safe. Perrier had faced a similar situation when a potentially harmful ingredient was discovered and the product was withdrawn from the market. Again, the company had to regain the public's trust in the product.

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increasing representation of these relationships as fundamentally mutually dependent and collaborative.

Both these issues are inextricably linked also with the role of the manager in STRATEGIC MANAGEMENT as an individual with personal objectives and discretionary power rather than, as seems to have been assumed in much of the marketing literature, as a strictly rational organizational servant routinely enacting corporate executive policies (Pettigrew, 1975).

It could be argued, therefore, that organizational marketing is not only an important aspect of marketing but also that it has raised issues with profound implications for a better understanding of marketing and of organizations more generally. In line with these developments in the understanding of the role of marketing, organizational marketing can be seen not simply as the marketing of products and services between organizations but more broadly as the management and development of EXCHANGE relationships between organizations.

As a rule, organizational markets are more complex and larger than consumer markets, if only because for every consumer market there are usually several upstream organizational markets manufacturing and supplying the products marketed to consumers. There are also many large and complex organizational markets providing services where conventional payment may not be involved (e.g., churches, charities, schools, hospitals) or where there may be no direct connection with consumers at all (e.g., military forces).

Another important distinguishing feature of organizational markets is the nature of DEMAND. Demand in organizational markets is derived from a combination of many factors, depending on the market in question. For example, in industrial markets demand is derived from the requirements of downstream suppliers of various consumer goods and services. In government markets demand may also be a function of political and legislative commitments, economic circumstances, political priorities, and lobbying. Forecasting this derived demand is, therefore, highly complex and depends on understanding the needs and circumstances not only of immediate organizational customers, but also of subsequent supplier/customer exchanges right down the VALUE CHAIN to the eventual consumer. Inevitably, many organizations are unable to do much more than respond to the anticipated requirements of their immediate customers. One potentially useful approach to this problem of forecasting demand in organizational markets is to build particularly close relationships with selected customers in various key segments. There can, of course, be many other reasons for building such relationships but the advantage with respect to forecasting problems is that such relationships can provide intimate insights not otherwise available into the competitive position of strategic customers and so of their markets and customers more broadly. (*See also* RELATIONSHIP MARKETING.)

Much of the theory discussed above seems most obviously appropriate to the more important occasions of organizational marketing to NEW TASK purchasing and major accounts, to complex customer requirements and intensely competitive markets. However, it should not be forgotten that much of organizational marketing is concerned with routine purchasing in relatively familiar circumstances and with few immediate implications for competitive positions or strategic dynamics. On such occasions the application of the processes and principles discussed above remains relevant but the practice of organizational marketing is more likely to reflect compromises based on experience, work priorities, and common sense.

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Organizational Purchasing

see ORGANIZATIONAL BUYING BEHAVIOR

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BARBARA LEWIS

Physical Distribution

see CHANNELS OF DISTRIBUTION

PIMS

see PROFIT IMPACT OF MARKETING STRATEGIES

Planning Style

Planning is traditionally associated with a process (*see* STRATEGIC PLANNING; SWOT ANALYSIS) which involves formal analysis of the organization and its environment and the development of appropriate means of meeting the objectives which the organization has established. There are some major advantages of planning per se. Quinn (1978) suggests that planning imposes a discipline on managers to look ahead periodically; results in communication of "goals, strategic issues, and resource allocation;" and helps the implementation of strategic changes. It provides a baseline against which to assess performance, while as Loasby (1967) notes, the major value of formal planning "is in the raising and broadening of important issues that are liable otherwise to be inadequately considered."

One possible pitfall of much planning is to extrapolate into the future without taking account of possible discontinuities. Some would suggest that UNCERTAINTY undermines much formal planning, although this would point to the necessity of engaging in CONTINGENCY PLANNING and of ensuring that the plans have scope for flexibility to take account of the unexpected. Mintzberg (1973) suggests that planning is one of three possible strategic modes (*see* ADAPTIVE STRATEGY; ENTREPRENEURIAL STRATEGY) and is most appropriate for stable environments.

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DALE LITTLER

Point of Purchase

Point of purchase is the place at which the purchase (by an individual or a group) of a product or service is made. This may be, for example, in the home, in a retail store, or at a place of work. In terms of MARKETING COMMUNICATIONS, it is argued that the most effective techniques to be used at the point of purchase are PERSONAL SELLING, SALES PROMOTION, and PACKAGING, as each can have a direct and immediate impact on the decision to purchase. Some ADVERTISING (usually in retail stores) may also be used, although its effectiveness is difficult to measure.

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Political Environment

The political environment is one of the elements of the MARKETING ENVIRONMENT. This aspect is concerned with political developments such as new and proposed legislation at local, national, regional, and global levels, as well as attempts to influence such regulatory developments through lobbying and disseminating information.

See also Environmental analysis

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conclusions based upon the results of any single study and reported replications of studies, which would allow discernible patterns to be seen, are few (*see e.g.* Novak & MacEvoy, 1990). The consumer research literature also contains several critical articles questioning the RELIABILITY (and VALIDITY) of psychographic concepts and measures (*see* Lastovicka, 1982; Wells, 1975).

See also Market segmentation; Segmentation variables

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VINCE MITCHELL

Public Relations

Public relations is an element in the marketing COMMUNICATIONS MIX and may be defined as "the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organisation and its publics" (Jenkins, 1988). Thus, it is a conscious and positive attempt to maintain an organization's image. Groups, or publics, at whom public relations activities are aimed, include customers and potential customers, shareholders, employees, competitors, suppliers, and government. A variety of techniques may be used in implementing a positive public relations program, including press releases/conferences, newsletters, the production of brochures, posters, and videos, and the support of community activities.

See also Publicity; Sponsorship

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Publicity

Publicity is "non-personal communications in news story form, regarding an organisation and/or its products and services, that is transmitted through a mass medium at no charge (to the organisation)" (Dibb et al., 1994).

Media editors wish to publish information and news stories about organizations and their products, services, *etc*. to encourage favorable consumer response to the media sources (e.g., sell more newspapers). At the same time, same time prices may depend upon sales, competitors' prices, and the cost of production; advertising expenditure might depend upon last year's profits and competitors' advertising expenditure; and so on. To describe this situation, several equations involving some of the same variables are needed. Special econometric estimation techniques are available to fit these equations in computer packages such as Shazaam.

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Regulated Pricing

Regulated pricing is a convenient term to refer to the practice of setting prices externally, usually through regulatory agencies (e.g., legal fines, wage councils) or political decisions (e.g., prescription charges, income tax). Some prices can be very closely influenced by such external agencies without necessarily being completely determined by them (e.g., interest rates, gas tariffs), while other prices can vary within a range which may be limited by such agencies (e.g., telephone and electricity tariffs). There are also some international regulatory agencies which can have a similar effect on national pricing levels (e.g., OPEC, GATT, EEC).

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Relationship Marketing

Relationship marketing can be seen as stemming from a growing body of literature expressing dissatisfaction with conventional marketing theory when applied to the areas of BUSINESS-TO-BUSINESS MARKETING and SERVICES MARKETING, with Berry (1983) being one of the first researchers to introduce the concept. The major concern is that the traditional marketing paradigm, based on the marketing mix and the concept of exchange, was developed using assumptions derived from studies of the US market for consumer goods and the resulting short-term transactional focus is inappropriate for business-to-business and services marketing where establishing longer term relationships with customers is critical to organizational success.

In contemporary marketing, the term relationship marketing is most commonly used to describe a long-term approach to marketing strategy, in which developing and maintaining relationships with individual customers is seen as of fundamental importance, rather than taking a "one sale at a time" approach. It has many similarities with the International Marketing and Purchasing (IMP) Group's approach to business-to-business marketing (*see* BUSINESS-TO-BUSINESS MARKETING), where the notion of building long-term relationships with business customers is well documented. Relationship marketing has been used to refer to the development and enhancement of relationships with bodies other than external customers, such as the organization's own staff (*see* INTERNAL MARKETING), as well as its suppliers, referral sources, influence markets, and recruitment markets.

Writing on relationship marketing, Grönroos (1990) proposed a marketing strategy continuum, ranging from "transaction marketing," which was seen as more suitable for consumer packaged goods, through to relationship marketing, which was seen as more suitable for business-to-business marketing and, especially, services marketing. However, the relationship marketing concept has been extended to the area of CONSUMER MARKETING. Copulsky & Wolf (1990), for example, use the term in a highly specific sense to refer to the building of a database of current and potential consumers which records a wide range of demographic, purchase, and lifestyle information. The database is then used to select suitable customer targets for the promotion of products or services (direct mail is particularly commonly used), the message contained in the promotion being differentiated according to customer characteristics and preferences. The response of each customer to this and any further promotional activity is tracked to monitor the cost of acquiring the customer and the lifetime value of his or her purchases.

The rationale forwarded for the use of the relationship marketing concept in consumer markets is the high degree of correlation emphasis placed on the use of each technique should be decided by the retailer based upon the nature, behavior, and interests of the customer group at which the promotion is aimed as well as the objectives of the promotion, the nature of the product to be promoted, and any wider market considerations.

The purpose of such communication may be to encourage sales by informing the customer about new products, new price structures, special offers, or other arrangements, such as philanthropic causes helped by the donation of a proportion of each sale.

In order to be effective, the communicated message should be encoded in a manner understood by the target customers. Hence, retail promotions are carefully devised to convey the desired meaning to the customer. This may include straightforward information about a product and/or some element of persuasion to buy. If this meaning is misunderstood, the communication will be lost and the promotion expense wasted. In many societies, the consumer is typically bombarded with numerous commercial communications on a daily basis. Therefore, in order to be noticed, a retail promotion needs to attempt to convey something different. The promotion also needs to be remembered by the consumer who may require repeat exposure to it.

The promotion itself needs to be targeted at key customer groups, be they existing, new, or potential. It is unlikely that a blanket promotion would appeal to all customer segments.

The main measure of promotional effectiveness is the number of extra sales gained that can be attributed to it.

Regulations for conducting such activity are laid down by statute.

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Retail Security

Retail security concerns several main areas including in-store shoplifting, staff pilferage, premises security regarding shopbreaking, hold-ups and the personal security of staff members, as well as customers. The relative significance and incidence of each varies between different retail activities. Prevention measures include, inter alia, store detectives, electronic merchandise tag systems, closed-circuit television, security mirrors, chain and loop alarms on merchandise, fitting room tags, secure merchandising cabinets, well-lit high-visibility store layouts, strong rooms, security systems, frontage grilles and shutters, external bollards preventing ram raiding, appropriate security procedures and practices, and general staff training on security matters (Cox, 1978; Green, 1986). Activities involving large-volume cash handling and transactions, such as financial services retailing, are particularly vulnerable and security is an even greater and growing concern. The number of armed raids on financial services outlets in the UK more than doubled between 1989 and 1992, and appears to be doubling every 12 months in London (Hughes, 1994). Risk of violence to both customers and staff members are real worries and extra security measures and procedures are required. Since financial service activities have become more retail orientated, considerable research has been undertaken to develop more flexible security systems required for the modern open-plan branch formats, that have replaced the more traditional branch "bunker" security concepts. More effective staff security training is essential, particularly with the increasing threats of violence and the frequency of hostage-taking. The use of high-profile security systems, bullet-proof shop furniture and bandit screens, vacuum tubes transporting cash directly to and from counters to strongrooms, safes, rising security screens and shutters that seal off the sales area are all common practices. Counseling provision for victims is also desirable to combat any postraid trauma.

See also Financial services retailing

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sampling fractions for each stratum. The latter method, when the sampling fractions of the different strata vary, can be used to increase the efficiency of the sampling by reducing the sampling error of the estimate of the sample mean. Maximum efficiency is obtained when the sampling fractions of the different strata are proportionate to the variance within each stratum. Thus, small sampling fractions occur when there is little within-strata variation; larger sampling fractions are taken in strata where there is more variability. This makes commonsense as when the elements within a stratum are very similar only a small sample needs be taken to get an accurate measure, while larger samples are required to get similar accuracy for strata containing much variability.

Stratified random sampling with variable sampling fractions requires some estimates for the different strata, e.g., the variances, within each stratum, of the variable of interest. It may be possible to base such estimates on information from previous surveys or on the results of pilot surveys.

Cluster Samples

(Also referred to as multistage sampling and area sampling). The population is divided into groups; again every member of the population belongs to precisely one group. Cluster sampling works best when each group is similar and typical of the population as a whole. A random sample of the groups is selected and within each selected group a random sample of individuals is selected. The idea can be extended to more than two stages, but at each stage it is essential that each selection is by use of a probability sampling method.

Often the division into groups is done geographically to reduce interviewing costs by having samples of individuals living close together. Thus, if the basic frame is the electoral roll, a number of parliamentary constituencies are chosen at random, then within the chosen constituencies a number of wards are chosen at random, then within the chosen wards a number of individuals are chosen at random. However, while this reduces interviewing costs, it is likely that the clusters differ from one another and thus it is possible that the clusters selected at the first stage are not typical of the population as a whole.

Non-Probability Samples

Convenience Samples

Individuals are chosen because they are handy for the researcher. For example, students make up many convenience samples in research carried out by university marketing lecturers, retailers interview their customers, magazines invite their readers to use tear-out questionnaires, *etc.* It becomes difficult to generalize the results to any sensible population and there is the danger that the sample is untypical of a population, should the researcher have actually specified a population in the first place.

Purposive Samples

Individuals are selected with some purpose in mind, e.g., in research concerning a new computer, university lecturers may be selected because they are (supposed to be) intelligent, articulate, opinion leaders, etc., whose opinions might be more useful than the views of a purely random sample of the population.

Judgement Samples

Individuals are chosen to get a sample that, in the judgement of the researcher, is typical of the population. Thus, examples of judgemental samples are: (1) the stores selected for testing new product packaging, (2) constituencies selected for opinion polling, and (3) individuals to take part in focus group sessions. Experience has shown that biases inevitably enter into judgement and that the samples may be non-typical of the population.

Snowball Samples

Initial respondents are selected and after being interviewed, these respondents are asked to suggest other individuals who belong to the target population. These respondents in turn are asked for suggestions and the sample snowballs. This method has use in industrial buyer-seller research where buyer-seller relationships are being studied; buyers are asked to nominate sellers who nominate other buyers who nominate other sellers, *etc.* It is useful when the researcher has initial difficulty in identifying members of the target population and without such a method may have many unproductive interviews.

Quota Samples

The researcher first of all selects variables to be used as control variables now incorporated in the STATISTICAL PACKAGE FOR THE SOCIAL SCIENCE or SPSS, and the PROC CALIS procedure in SAS and EQS, now available in a PC version.

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Suppliers

It is an axiom of marketing that suppliers are CUSTOMERS too (Kotler & Levy, 1973). A graphic illustration of this point is provided by the Mandarin words for "buy" and for "sell" which are virtually identical the difference being in intonation. It is self-evident that any marketing transaction requires a "supplier" as well as a "customer" but the logical extension of this into "supplier strategies" as well as "customer strategies" has been given much less attention in the marketing literature until relatively recently. Now there is widespread recognition of the importance of fostering long-term relationships with suitable suppliers and there is considerable research into such crucial issues as: understanding marketing strategy in terms of a NETWORK of suppliers (Håkansson & Snehota, 1989); the management of customer/supplier relationships (Han et al., 1993); and the advantages and disadvantages of long-term "partnership" between customers and suppliers (Lamming, 1993; Matthyssens & Van den Bulte, 1994). Rather less attention has been given to the costs and problems involved in collaborative relationships between suppliers and customers, and to the situations when such relationships may be less appropriate (i.e., when the risks of providing a supplier with privileged access may exceed the potential benefits).

See also Relationship marketing

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Survey Research

Introduction

Survey research is one of the four main sources of PRIMARY DATA, the others being OBSERVATION, QUALITATIVE RESEARCH, and experimental research. Surveys can provide information on past and intended behavior, attitudes, beliefs, opinions, and personal characteristics. While the data provided by surveys are basically descriptive, appropriate analysis of the survey data can provide evidence of association between variables.

Surveys involve asking people (respondents) questions, either verbal or written. The term sample survey indicates that survey data have been collected from a sample of a population. Data are collected with the aid of questionnaires through the mail or by means of computers or administered to individuals or groups in face-to-face interviews in the home or in the street or using the telephone.

In cross-sectional studies, data are collected at a single point in time from a cross-section of the population. Typical analysis of cross-sectional surveys involves attempting to measure characteristics of the population as a whole and/or breaking down the sample into subgroups and seeing if behavior, opinions, *etc.* vary between the groups.

In longitudinal studies, respondents are studied at different moments in time in order to examine trends and changes, if any, over time.

Types of Surveys

Surveys usually involve the use of structured interviews with the interviewer or respondent following the wording and order provided on a