

**BBMB STAFF PERCEPTIONS TOWARDS MARKETING
PRACTICES, CONSUMERISM, GOVERNMENT REGULATIONS
AND MARKETING EFFECTIVENESS**

by

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ABSTRAK

Objektif kajian ini adalah untuk mengetahui tanggapan pengguna terhadap amalan-amalan pemasaran, kepenggunaan, peraturan-peraturan kerajaan dan keberkesanan pemasaran. Responden yang terdiri daripada kakitangan Bank Bumiputra Malaysia Berhad telah mengisikan dan mengembalikan soal-selidik tersebut, memberikan kadar sambutan sebanyak 32.72%.

Hipotesis yang diuji dalam kajian ini ialah; faktor-faktor demografi dan kaitan-kerja dijangka menjelaskan perbezaan-perbezaan tanggapan terhadap berikut:

- a) Amalan-amalan Pemasaran
 - i. Falsafah Perniagaan
 - ii. Mutu Keluaran
 - iii. Pengiklanan
 - iv. Aktiviti-aktiviti Pemasaran Lain
- b) Penglibatan Pengguna
 - i. Tanggungjawab Pengguna
 - ii. Kepenggunaan
- c) Penglibatan Kerajaan
 - i. Peraturan-peraturan Kerajaan
 - ii. Harga dan Kawalan Harga
- d) Keberkesanan Pemasaran

Menggunakan beberapa tatacara ujian bersesuaian, keputusan-keputusan berikut telah didapati:

1. Berbanding dengan responden lebih muda, responden lebih tua didapati mempunyai tanggapan lebih tinggi terhadap falsafah perniagaan, mutu keluaran, aktiviti-aktiviti pemasaran lain dan tanggungjawab pengguna.
2. Responden yang berkahwin didapati mempunyai tanggapan yang lebih tinggi terhadap aktiviti-aktiviti pemasaran lain tetapi mempunyai tanggapan yang rendah terhadap keberkesanan pemasaran BBMB berbanding dengan mereka yang bujang.
3. Jawatan kerja didapati mempunyai hubungan yang bererti terhadap mutu keluaran, pengiklanan dan harga dan kawalan harga. Khususnya, kakitangan eksekutif mempunyai tanggapan lebih tinggi terhadap harga dan kawalan harga daripada kakitangan perkeranian.
4. Responden berpengalaman didapati amat berbeza daripada mereka yang kurang pengalaman tentang tanggapan kepada falsafah perniagaan, mutu keluaran, pengiklanan, aktiviti-aktiviti pemasaran lain, tanggungjawab pengguna, kepenggunaan, peraturan-peraturan kerajaan, harga dan kawalan harga dan keberkesanan pemasaran BBMB.

Selanjutnya, keputusan asas statistik menunjukkan responden mempunyai tanggapan yang kurang baik terhadap mutu barangan. Keputusan juga menunjukkan ramai responden berasa kerajaan harus mengambil lebih banyak langkah bagi memastikan para perniagaan mengambil lebih perhatian terhadap pengguna dalam amalan-amalan pemasaran mereka. Penemuan yang dilaporkan ini harus ditafsirkan kepada had utama latarbelakang—sampel hanya terdiri daripada kakitangan bank sahaja. Kajian di masa hadapan harus meluaskan lagi sampel merangkumi kumpulan perkerajaan lain bagi menyatakan tanggapan berbeza dikalangan bidang pekerjaan.

ABSTRACT

The objective of this research was to examine consumers' perception towards market practices, consumerism, government regulation and marketing effectiveness. The respondents were the staff of Bank Bumiputra Malaysia Berhad who filled in and returned the questionnaires, giving a response rate of 32.72 percent.

The hypothesis tested in this research was; demographic and job-related variables are expected to explain variations in perceptions towards the following:

- a) Marketing Practices
 - i. Philosophy of Business
 - ii. Product Quality
 - iii. Advertising
 - iv. Other Marketing Activities
- b) Consumer Involvement
 - i. Consumer Responsibilities
 - ii. Consumerism
- c) Government Involvement
 - i. Government Regulations
 - ii. Price and Price Control
- d) Marketing Effectiveness

Using appropriate test procedures, the following results were obtained:

1. In comparison with younger respondents, older persons were found to have significantly higher perceptions towards the philosophy of business, product quality, other marketing activities, and consumer responsibilities.

2. Married respondents were found to have significantly higher perceptions towards other marketing activities but lower perception BBMB marketing effectiveness than the single respondents.
3. Job designation was found to be significantly related to perceptions towards product quality, advertising and price and price control. In particular, the executive staff had a higher mean perception towards price and price control than the clerical staff.
4. Experienced respondents were found to differ significantly from the less experienced ones with regards to philosophy of business, product quality, advertising, other marketing activities, consumer responsibilities, consumerism, government regulations, price and price control and BBMB marketing effectiveness.

In addition, basic statistical results showed that the respondents had poor perception of product quality. The results also showed that a large number of respondents felt that the government should take more measures to ensure that businesses take greater interest of consumer in their market practices. The findings reported should be interpreted against the background of a major limitation- the sample comprised bankers alone. Future research might seek to broaden the sample to include other occupational groups to ascertain differences in perceptions across different occupations.

Chapter 1

INTRODUCTION

1.1 Introduction

Between 1962 to 1982 (Barksdale, et. al., 1982), consumers in most industrialized nations have insisted that business organizations demonstrate greater responsibility in serving the needs of society. In ordinary organized ways, articulate and energetic consumer groups have not only demanded safer products and more truthful advertising, they have also pressed for improvements in promotional activities, repair services, product warranties and complaint handling procedures.

During the period a number of special conferences have been held to discuss various facets of the consumer movement, and hundreds of articles, monographs, and books have been published on consumerism, consumer satisfaction, dissatisfaction, and complaining behavior (Andreason, 1977; Diamond et. al., 1976; Greyser et. al., 1974; Grnhaug, 1977; Handy et. al., 1975; Morris et. al., 1978; and Westbrook et. al., 1978). Within this expanding body of literature, the majority of the empirical studies focus on individual products or services-examining consumer dissatisfaction with and complaints about specific products. At the macro or systems level-exploring consumer perceptions toward the operations of the overall marketing system only a few studies have been concluded (Barksdale et. al., 1972, 1976, 1980; Greyser et. al., 1977; Hustad et. al., 1973; and Kangum et. al., 1975). All of these studies have consistently revealed that consumer discontent is high and that buyer dissatisfaction is widespread across product groups and consumer segments.

At the macro as well as micro levels, several national and cross-national studies have focused on consumer perceptions towards marketing systems and subsystem in reference to industrialized nations. President of the International Organization of Consumer Unions (IOCU), Anwar Fazal (1978) had stated that consumerism has developed into a full fledged international movement with active membership in both developing and developed countries, a network of programs and influence in the various forums at the international level. The styles and activities of the various consumer organizations provide a diversity that reflects the realities of the varying situations-from gentle clubs for better motherhood to tough, public interest groups; from student consumer groups to very large bureaucracies and from one person's home-based operations to very large publishing and testing organizations. However, Kaynak (1985) and Thorelli (1981) have pointed differently among others, less attention has been allocated to consumerism issues in developing and less developed countries. There, consumerism is still in its early stage of growth.

In Malaysia (*Utusan Konsumer*, June 1997), it was reported that village folk were falling prey to unscrupulous and dangerous marketing practices in several remote areas in the country. The scam which has persisted for years and some decades, was rediscovered in a recent Consumers' Association of Penang probe where the cheating and violations of the law found more blatant. As part of the survey, CAP probe team had gone down to a few small towns in some rural parts of Penang Island. They returned with bagfuls of stuff that were enough to "convict" the Government's entire enforcement squad. Some of the findings, indicate that most such shops have sold:

- Contraceptive pills which have a string of side-effects, are regulated by law and are supposed to be sold only under strict supervision and at licensed outlets.

- *Tikam-tikam*, a rigged gambling board game that outlawed since 1953.
- Deafening toys, gambling toys and toys that come packed in misleading boxes.

Then CAP field workers reported that some sundry shops surveyed were also filthy and the things sold there were all covered with dust. Such sundry shops have become a convenient dumping ground for illegal, defective or shabby goods, or unpopular and “problematic” drugs that might not have a market in urban areas. CAP questioned, “Just where is the enforcement?” Further, CAP believed the scandal also thrives in many other rural areas in other states in the country and urged the authorities to wake up and do their job.

Based on isolated studies such as Hilger and Dahringer’s (1982) cross-cultural study of consumer alienation from the marketing system in the United States of America and India, there seems to be a dearth of studies focusing on consumer perceptions towards the functioning of marketing systems in third world countries.

1.2 Purpose of the Study

The purpose of the study is to determine which of the demographic factors and job-related factors explain differences in consumer perceptions towards marketing practices, consumerism, government regulations and marketing effectiveness in a developing country, Malaysia.

1.3 Design of Investigation

This study investigates the demographic and job-related factors (independent variables) and their relationship with consumers' perceptions towards marketing practices, consumerism, government regulations and marketing effectiveness (dependent variables). The sample of the study comprised staff of Bank Bumiputra Malaysia Berhad within Penang State.

1.4 Definitions of Key Terms

1.4.1 Marketing Practices

Kotler (1982) defined marketing:

Marketing is the analysis, planning, implementation, and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets for the purpose of achieving organizational objectives. It relies heavily on designing the organization's offering in terms of the target market needs and desires, and on using effective pricing, communication, and distribution to inform, motivate, and service the markets.

1.4.1.1 Philosophy of business

The marketing concept is essentially business philosophy, an ideal or a policy statement (Barksdale and Darden, 1971; McNamara, 1972, Barksdale et. al., 1982). The business philosophy can be contrasted with its implementation reflected in the activities and behaviors of an organization (Kohli and Jaworski, 1990). In keeping with tradition, they used the term "market orientation" to mean the implementation of the marketing concept. Hence, a market-oriented organization was one whose actions were consistent with the marketing concept.

1.4.1.2 Product quality

Quality can be defined broadly as superiority or excellence (Zeithaml, 1988). By extension, perceived quality can be defined as the consumer's judgment about a product's overall excellence or superiority (Lewin, 1936). Zeithaml (1988) added that perceived quality is (1) different from objective or actual quality, (2) a higher level abstraction rather than a specific attribute of a product, (3) a global assessment that in some cases resembles perception, and (4) a judgment usually made within a consumer's evoked set.

1.4.1.3 Advertising

Advertisement is a message printed in a newspaper or magazine, broadcast on radio or television, sent to individuals through the mails, or disseminated in some other fashion, that attempts to persuade readers or listeners to buy a particular product, favor a particular organization, or agree with a particular idea. It is paid for by the advertiser and may be prepared by the advertiser or, more commonly, by a professional advertising agency.

National advertising, which promotes the products or the identity of a firm that markets nationwide, is the dominant form of advertising. Retail and other local business advertising is second in importance. Other types include trade advertising, which addresses retailers, asking them to stock and promote the advertised brand; industrial advertising, which sells goods from one producer to another; and professional advertising, from producers to professionals, such doctors, who influence consumer purchases.

1.4.1.4 Other marketing activities

Generally, other marketing activities are public relations, retailing and merchandising, sales, transportation, wholesaling and marketing research.

1.4.2 Consumer Involvement

1.4.2.1 Consumer responsibilities

The consumer responsibilities are the of consumers' problems that they should face and tackle seriously and effectively, i.e. to realize the information available to most people needed to become well-informed consumer, to be knowledgeable to their purchases, it is worthwhile to shop around to find the best buys, and to concern for the environment. These consumer responsibilities should influence their product choices.

1.4.2.2 Consumerism

Hart and Stapleton (1992) stated that consumerism is a movement by individuals and pressure groups designed to ensure that 'consumers' interests are safeguarded. In a society where marketing orientation is universal, consumerism would be said to be obsolescent since, by definition, the consumers' interests would be fully catered for by the competing firms. In fact, consumerism has aims which may be identified with those of marketing. Consumerism (Baker, 1984) is concerned with protecting consumers from all organizations with which there is an exchange relationship. Jack (1987) regarded consumerism as a social movement that attempts to develop the rights and powers of consumers in relationship to those of sellers and suppliers which includes the promotion of the position of the consumer in society.

No doubt, consumerism has many meanings, which often mirror the various interests of businesses, government, consumer groups, and academic researchers (Ferber,

1970). These definitions run the gamut from reflecting the basic search of people to get better values for their money to challenging society's goal which calls for an ever-increasing amount of material goods. Consumerists of the first type believe that prices are too high, quality and safety of goods are not adequate, and service facilities need to be improved. The latter range of meanings of consumerism leads to questions of whether the emphasis should be on increasing material wealth or whether it might be better to focus more resources on public welfare, health, and education programs, and better leisure facilities and programs. Some analysts have defined consumerism as "the organized efforts of consumers seeking redress, restitution, and remedy for dissatisfaction they have accumulated in the acquisition of their standard of living" (Buskirt and Rothe, 1970). This definition can be broadened usefully by dropping the requirement that consumerism be limited to organized efforts. Kotler (1972 and 1982) defined consumerism as "a social movement designed to augment the rights and powers of buyers in relation to sellers." To better understand this definition, first look at a short list of the many traditional rights of sellers in the U.S. economic system:

- Sellers have the right to introduce any product in any size and style they wish into the marketplace so long as it is not hazardous to personal health or safety; or, if it is, to introduce it with the proper warnings and controls.
- Sellers have the right to price the product at any level they wish provided there is no discrimination among similar classes of buyers.
- Sellers have the right to spend any amount of money they wish to promote the product, so long as it is not defined as unfair competition.
- Sellers have the right to formulate any message they wish about their product provided that it is not misleading or dishonest in content or execution.
- Sellers have the right to introduce any buying incentive schemes they wish.

While the traditional buyers' rights, the followings are some of the rights come immediately to mind:

- Buyers have the right not to buy a product that is offered to them.
- Buyers have the right to expect the product to be safe.
- Buyers have the right to expect the product to turn to be essentially as represented by the seller.

However, this definition may be too limiting if it implies that pressure is focused only on business. Aaker and Day (1974) observe that consumerism "encompasses the evolving set of activities of government, business, independent organizations that are designed to protect the rights of consumers." Consumerism is concerned with protecting consumers from all organizations with which there is an exchange relationship. There are consumer problems associated with hospitals, libraries, schools, police forces, and various government agencies, as well as business firms. This same notion was expressed by Senator Charles Percy (1973), who describes the consumer movement as "a broad public reaction against bureaucratic neglect and corporate disregard of the public."

The broad concept of consumerism is used in this study because of the many industries and organizations with which consumer researchers are involved. Many consumer researchers are involved in understanding consumer research for business, but many others are concerned with the same issues in government agencies, charitable and charity-related institutions, and any other organization that exists to serve the public (Kotler, 1975).

1.4.3 Government Intervention

1.4.3.1 Government regulations

A broad and loosely defined concept, government regulation includes any public policy that operates by imposing constraints on private individuals or organization, especially business firms. As a form of government interaction, it is distinguished from taxation, subsidy, and direct provision of services. Regulation seeks to achieve governmental goals, such as protecting the public from dangerous products or unfair sales practices, while leaving most business decisions to the discretion of management and the test of the market (Grolier, 1996).

1.4.3.2 Price and price control

In economics, the price system is the basic mechanism through which the decisions of consumers, businesses, government, and resource suppliers are communicated and synchronized in a free-enterprise economy. It is primarily through the price system that a capitalistic economy determines what goods and services are to be produced, what productive techniques are to be employed, and how total output or income is to be distributed. Determined by the interaction of supply and demand, prices are measures of the relative economic value of both products and resources.

1.4.4 Marketing Effectiveness

A marketing orientation contributes greatly to an organization's effectiveness (Kotler, 1982). The organization's effectiveness is reflected in the degree to which it exhibits five major attributes of a marketing orientation. They are:

- 1) *Customer philosophy.* Does management acknowledge the primacy of the marketplace and of customer needs and wants in shaping the organization's plans and operations?

- 2) *Integrated marketing organization.* Is the organization staffed to carry out marketing analysis, planning, implementation and control?
- 3) *Adequate marketing information.* Does management receive the kind and quality of information needed to conduct effective marketing?
- 4) *Strategic orientation.* Does management generate innovative strategies and plans for achieving its long-run objectives?
- 5) *Operational efficiency.* Are marketing activities selected and handled in a cost-effective manner?

Kotler (1977) ascertained that people tend to confuse marketing effectiveness with sales effectiveness. That was their big mistake and in the end it hurts sales as well as marketing. A company or division may have a top-notch sales force that could not perform better. But if the salesmen did not have the right products to sell, know the best customers, and have the best values to offer, their energy counts for little.

According to him, one way to view the difference between marketing and sales was in terms of the difference between seeding a field and harvesting the crops. Good marketing work is tantamount to planting seeds; without planting, there would be no future crops. Good sales work is equivalent to efficiently harvesting the crops. In the short run, the harvest may be good and sales will take the credit. But if there is no reseeded by marketing, heavy sales effort will be for naught.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews previous studies on the topic. This study compares the level of consumers' perceptions towards marketing practices, consumerism and government regulations.

The literature of consumers' perceptions is vast and diverse, particularly among developed countries. Study of consumer perception can be found under different disciplines such as anthropology, psychology, social sciences, business management and human behavior.

Similarly, there are different research streams depending on the level of analysis- individual, group and organizational- and the research questions. There is also a need to further distinguish between the research design approach- antecedent and process research. In antecedent approach case, the focus is on identifying the facilitators and inhibitors of consumer perception and is cross-sectional in design.

2.2 Review of the Literature

Marketing is the process by which goods and services are sold and purchased. The process may be a simple act of exchange or an intricate, sensitive mechanism, whereby goods and the title to them are moved from sellers to consumers. Simple marketing

activities began with the development of a nonsubsistence economy and interregional trade, including caravan and maritime commerce. Village fairs, town markets, and peddlers were all involved in primitive marketing activities. Later, general stores, traveling salespeople, 20th century chain store became the chief marketing agencies. Modern marketing practice has evolved into a complex and diverse field includes a wide variety of special functions such as philosophy of business, product quality, advertising, consumer responsibilities, government regulations, prices and price control, marketing activities, and marketing effectiveness.

Modern domestic marketing in the US has been greatly affected by a consumer movement that calls for better and safer products, more efficient services, and truthful advertising. Extensive government regulation in almost all fields—from advertising to transportation—has also necessarily claimed the attention of marketers.

The Reagan Administration's spokesperson for consumer affairs, Virginia Knauer (Assael, 1984), claimed that consumers are not concerned with product safety, labeling, better information, or other consumerist issues. He had said in 1981 (*The New York Times*, 21st. August 1982), "The number one consumer concern was inflation and now it is high interest rates and unemployment. These are the things that turn people on, not labeling or so called consumer issues." The Harris poll agreed with Knauer that high prices and interest rates were the major consumer concerns. But consumers were also worried about some of the same issues as consumer activists namely:

- unsafe products,
- failure to live up to advertising claims,
- misleading labeling,
- after-sales service and repairs, and

- the environment.

Although Harris poll found that consumers are concerned with consumerist issues, it also found a greater mistrust of consumer activists than in the 1970s. In 1976, 22% of the respondents in a similar survey agreed with the statement that activists such as Nader were out of touch with consumer interest (*Advertising Age*, 30th. May 1977). In the 1982 poll, 45% agreed with the statement (*The New York Times*, 17th. February 1983). Apparently, some consumers feel that consumer activists are "too far out in front" on many issues, and as the Harris poll found, "do not consider the cost of what they are asking for (*Ibid.*). But despite misgiving about the position of many consumerists, people in the Harris survey felt conditions would get worse if the government decreased regulation.

Results of the Harris poll suggest that the average consumer takes a middle ground between consumer activists and big business. Consumers recognize the limits of too much regulation of business activities, but they also feel that the government has an important role in ensuring consumer interest (Assael, 1984). Several authors who have addressed the issues of:

- a) Consumerism are Bloom et al. (1981, 1986), Greyser et. al. (1974, 1977), Kaynak (1985), Kotler (1972) and Thorelli (1981).
- b) Consumer satisfaction/Dissatisfaction are Andreasen (1977), Day (1983) and Westbrook (1978).
- c) Complaining behavior with varying degrees of generality and orientation are Day (1981), Warland et. al. (1984, 1986).

As the principal targets of consumers' activities and demands (Greyser and Diamond, 1974), businessmen, especially marketers, are often perplexed and distressed by

consumerism. Yet whatever their perception-accepting, cautious, or rejecting-most businessmen regard consumerism with growing interest and concern. Kotler (1972) stated that consumerism was born for the third time in this century in the middle of 1960's as a result of a complex combination of circumstances, not the least of which was increasingly strained relations between current business practices and long-run consumer interests. To many businessmen, it came as a shock because they thought the economic machinery, creating the highest standard of living in the world, was beyond consumer complaint. But the movement was inevitable, partly because of the success of the economic machinery in creating complex, convenient, and pleasing products. His assessment was that consumerism would be enduring, beneficial, pro-marketing, and ultimately profitable. Consumerism mobilizes the energies of consumers, businessmen, and government leaders to seek solutions to several complex problems in a technologically advanced society. One of those was the difference between serving consumer desires efficiently and serving their long run interest. To marketers, consumerism said that products and marketing practices must be found which combine short-run and long-run values for the consumer. Consumerism said that a societal marketing concept was an advancement over the original marketing concept and a basis for earning increased consumer goodwill and profits. The enlightened marketer attempts to satisfy the consumer and enhance his total well-being on the theory that what was good in the long run for consumers is good for business.

At the micro level, studies have explored:

- a) Consumer dissatisfaction with and complaints about specific products or services. At the macro level, national and cross-national studies have explored consumer perceptions towards marketing practices, consumerism and government regulations (Barcksdale et. al., 1972, 1976, 1980, 1982), (French et. al., 1982), and (Gaski et. al., 1985, 1986).