

Full Length Research Paper

Services officer cognitions toward marketing planning: A hierarchical cognition of marketing audit model

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This study applied means-end chain analysis and the concept of marketing audit to develop a hierarchical cognition of marketing audit model of services officer cognitions toward marketing planning processes. The hierarchical cognition of marketing audit model revealed the marketing audit checklists that should be prioritized by managers, how managers can satisfy their employees to achieve their goals and how companies can obtain valuable resources needed to enhance competitive advantage. Ultimately, by applying the hierarchical cognition of marketing audit model and the resource-based view, researchers can perform firm-specific marketing audits, identify core marketing competences and explore new business opportunities. By properly and effectively using core resources, businesses can achieve sustainable competitive advantage by creating value for both customers and employees.

Key words: Marketing audit, means-end chains.

INTRODUCTION

Businesses that market their own brands require effective marketing planning and activities. Efficiently managing such planning and activities enables businesses to generate competitive advantages in core competences. Wernerfelt (1984) formulated the resource-based view of firms, which views internal firm capabilities and resources as the key determinants of competitive advantage. This resource-based perspective considers resources and capabilities to be competitive advantages if they are firm-specific, rare, durable and difficult to imitate or substitute (Wernerfelt, 1984; Barney, 1991; Heracleous, 2003). Using such resources and capabilities to formulate effective marketing and managerial plans can help businesses weather global economic recessions.

Marketing planning in particular requires an understanding of factors directly associated with the customer response to business marketing efforts such as advertisements, branding, pricing and promotions (Stevens et al., 2005). Thus, businesses require professionals who can systematically assess, evaluate and improve the market-

ing planning needed to enhance competitive advantage. Marketing audit attempts to achieve these advantages by examining internal and external influences on marketing plan and by reviewing the plan itself. Marketing auditing is the comprehensive, systematic, independent and periodic examination of the external marketing environment, internal marketing goals, objectives, operations and efficiency of a business (Kotler et al., 1977). Practically, marketing auditing provides a thorough evaluation of marketing performance.

Marketing audits encompass the entire range of marketing activities. Researchers have categorized the components of marketing audit and have developed checklists for practical use (Kotler et al., 1977; Schewe et al., 1983; Cohen, 1991; Stanton et al., 1991; McCarthy et al., 1993). In large-scale enterprises, marketing activities may be too complicated to audit whereas the limited human resources in small-scale enterprises may make auditing difficult. To survive in a dynamic business environment, marketing audits deemed appropriate for individual businesses must cover as many aspects of marketing as possible with minimal time and cost.

Given the differentiation of national regulations and cultures, the general content of marketing audits may not

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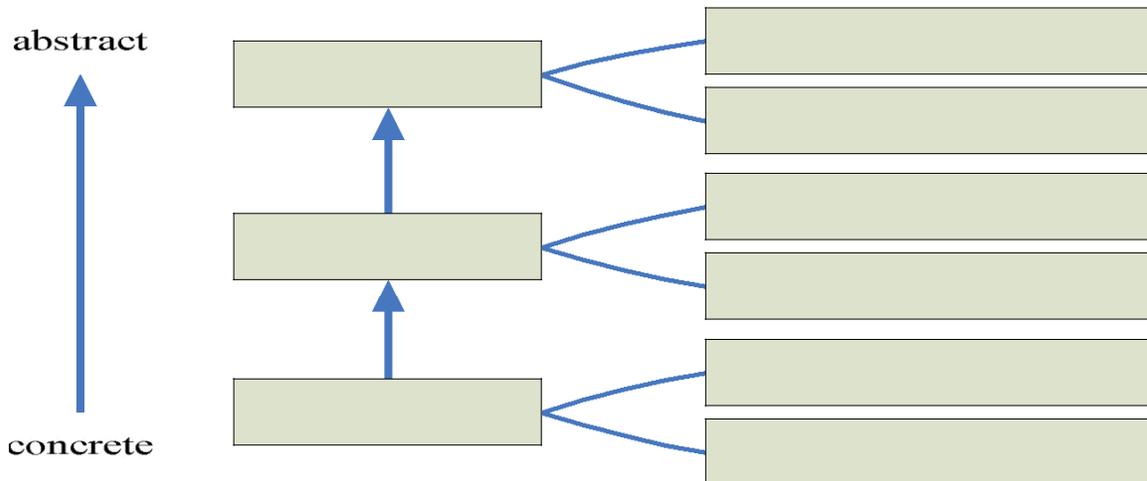


Figure 1. The concept of means-end chains.

fit businesses requirements in some global industries. Although general marketing auditing checklists have been proposed in earlier studies, none has been designed for a specific country or industry. For example, businesses in different industries may have different operating procedures, different stages of computerization and different communication methods. Different scales of businesses may confront different marketing conditions. Thus, the marketing audit checklist should be altered to fit different businesses in different industries to maximize its effectiveness.

Theoretically, the performance of a marketing audit depends heavily on whether a company periodically examines internal and external influences on marketing planning and whether marketing officers adopt the recommendations of the audit and effectively implement the marketing plan.

Unfortunately, the success or failure of a marketing strategy depends on how marketing staff implement the marketing plan, how they treat customers and how they respond to customer needs. Thus, understanding marketing staff cognitions toward a particular marketing strategy can help marketing auditors clarify the causal connection between business performance and marketing activities. In the marketing literature, the means-end chain (MEC) analysis developed by Gutman (1982) is the predominant approach for analyzing staff or customer cognitions of a particular product or event (Lin and Wang, 2008; Bourne and Jenkins, 2005).

This study applied MEC analysis and marketing auditing concepts to develop the hierarchical cognition of marketing audit (HCMA) model of employee cognitions toward particular marketing planning processes. Further, by integrating concepts of MEC theory, marketing auditing and a resource-based view, researchers can perform firm-specific marketing audits to reveal marketing core competence and to explore new business opportunities.

THEORETICAL BACKGROUND AND CONCEPTUAL FRAMEWORK

Means-end Chains (MECs) and value satisfaction

MEC concept

In marketing literature, MEC theory is widely used to decode three key aspects of consumer-product knowledge: product attributes (A), consequences (C) and personal value (V). A product attribute preferred by a customer assumedly yields the consequences of using it, leading to customer's value satisfaction. The associations that the consumer makes between attributes, consequences and values are termed means-end chains (MECs) (Kaciak and Cullen, 2006). By analyzing such chains, researchers attempt to explain how product preferences and choices are related to central life values (Gutman, 1982).

Figure 1 illustrates the traditional view of means-end hierarchies as having three levels of abstractness in the consumer mind. The lowest level includes product attributes, which can be categorized as physical characteristics such as color and size, or abstract characteristics such as style and quality. Functional and psychosocial consequences are at higher levels. Functional consequences are derived by directly experiencing product consumption while psychosocial consequences are derived from psychological cognitions of consumers. In the highest levels are values including instrumental and terminal values. Instrumental values are the cognitive representations of preferred modes of conduct or behavior while the terminal values are the end states of being that are preferred by consumers (Rokeach, 1968; Rokeach, 1973) (Figure 1).

Methodology of MEC theory

Data for MEC methodology were collected by one-on-one in-depth

Table 1. MEC development and linkage changes.

Author	Pitts et al. (1991)	Kerin et al. (1992)	Pieters et al. (1995)	Ter Hofstede et al. (1999)
Development	Use linkage information to formulate marketing strategy	Propose new price-quality-value linkage to understanding the differentiations among retailers.	Using benefit factor in MEC analysis	Reveal the differences between regional or global product categories
Analysis	MANOVA and Laddering	Content analysis, LISREL and matrix	Laddering and conjoint analysis	APT, ANOVA and K-means
Linkage content	Attribute-Consequence-Value	Price-Quality-Value	Attribute-Benefit-Value	Attribute-Benefit-Value
Data Collection	Questionnaire	Focus group	In-depth interview	Mail survey
Research	Business moral and immoral	Telephone interview		
Object	behavior	Shopping experience	Weight loss	Yogurt

interviews. Researchers applied a laddering technique to analyze how consumers perceive the self-relevant outcomes of product use and consumption by asking them the following questions:

- 1) Which attributes influence your product or service purchases?
- 2) Why are these attributes important to you?
- 3) What benefits or consequences do these attributes provide after you use the product or service?
- 4) What value do you obtain from these benefits, and why?
- 5) What brands do you purchase frequently, and why do they have the attributes, consequences and values you mentioned previously?

Content analysis and laddering technique were performed to code all collected data as attributes (A), consequences (C) or values (V) and then construct a hierarchical value map, which is a tree diagram that graphically represents consumer perceptions and cognitions of a particular product or service (Pitts et al., 1991; Ter Hofstede et al., 1999; Rekom and Wierenga, 2007). The hierarchical value map was used to analyze the cause-effect relationships between attributes, consequences and values and explain why a product attribute was important to consumers and how the attribute influences the consumer decision making process. Thus, the hierarchical value map can be used by product designers to design products or services tailored to specific consumer demands (Kerin et al., 1992; Lin, 2003; Rossiter and Percy, 2001; Pieters et al., 1995).

Although MEC analysis is useful for revealing the cause-effect relations of attributes, consequences and personal values in a tangible product, the linkage contents of A-C-V must be amended to meet the requirements of other research objects rather than that of a tangible product. Table 1 lists some example articles whose research objects may be an event rather than a tangible product or whose linkage contents have been changed from A-C-V linkages to other linkage types (Table 1)

Marketing audit

The marketing audit, which is considered an important diagnostic tool in marketing management, is defined as "a comprehensive, systematic, independent and periodic examination of a company's- or business unit's - marketing environment, objectives, strategies, and activities with a view to determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance (Kotler et al., 1977; Brownlie, 1993)." The marketing audit is expected to be comprehensive, systematic,

independent and periodic. A comprehensive audit aims to analyze the marketing environment, objectives, strategies, and organization. Typically, company marketing efforts should be evaluated periodically and systematically to ensure that marketing efforts are effective in dynamic environments. Further, marketing audits should be conducted by a professional who is independent of the operation but belongs to the company. The marketing audit should analyze six major components: environment, strategy, systems, organization, productivity and function (Kotler et al., 1977). Table 2 shows the different objectives of marketing audits according to the literature, but most studies tend to focus on strategies and organization (Table 2)

Theoretically, the marketing audit should be conducted when managerial activity in marketing commences and continually throughout the entire managerial process (Kotler et al., 1977; Wilson, 1982; Macdonald, 1982; Schewe et al., 1983; Cohen, 1991; Stanton et al., 1991; McCarthy et al., 1993). In practice, an organization may be uncertain whether the general process of the marketing audit is suitable or what issues should have priority.

Resource-based view and customer value satisfaction

From a resource-based perspective, a firm should have some heterogeneous and imperfectly mobile resources to transform a short-term competitive advantage into a sustained competitive advantage (Barney, 1991). If the resources are rare, valuable, inimitable and non-substitutable, they can help the firm achieve above average returns. Figure 2 illustrates the basic concept of the resource-based view (Figure 2).

For a resource to become a potential competitive advantage, it must create customer value (Collis and Montgomery, 1995). Barney (1991) indicated that a valuable resource must allow the firm to implement strategies for effectively and efficiently meeting customer needs and wants. Restated, providing value to customers is essential for obtaining competitive advantage. If resources cannot provide value to customers, they are not a potential source of advantage (Morgan and Hunt, 2002; Das and Teng, 2000).

Integrating MEC, marketing auditing and a resource-based View

According to the literature, MEC is the predominant approach for understanding consumer cognitions of marketing planning, and the marketing audit is the foundation of marketing planning to explore business problems and opportunities. Using MEC to reveal the cognitions of marketing staff toward a marketing audit can help mana-

Table 2. Marketing audit coverage and components.

Name components	Kotler et al. (1977)	Cohen(1991)	Stanton et al(1991)	Schewe et al. (1983)	McCarthy et al. (1997)
Marketing environment	x	x	x		
Marketing strategy	x	x	x		x
Marketing organization	x	x	x	x	
Marketing systems	x	x		x	
Marketing productivity	x				
Marketing function	x				
Marketing plan		x		x	x
Marketing tactic		x		x	
Implementation		x			
Market philosophy			x		
Marketing objectives			x	x	
Marketing manpower			x	x	x
Financial resources			x		
Marketing performance			x		
Marketing method				x	

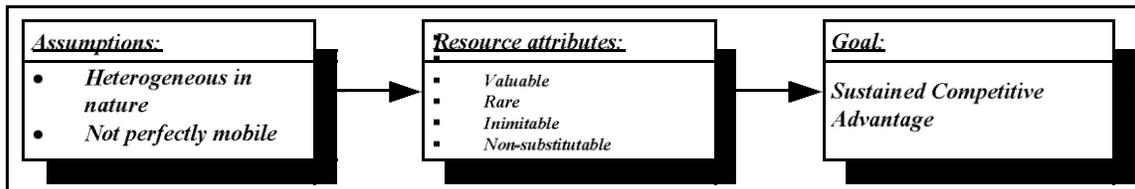


Figure 2. The Concept of Resource-based View.

gers clarify the priority issues of the marketing audit. Further, while the auditor examining the marketing functions of a company may provide some initial results for managers, managers can then use them to amend their marketing functions and tactics in order to cope with environmental changes. The company can then benefit from the marketing audits by using the MEC hierarchies to analyze the thoughts of marketing staff or customer services staff. Thus, based on MEC theory and the marketing audit, this study proposes the hierarchical cognition of marketing audit (HCMA) for comparing the cognitions of customer services staff with the marketing focus of the business. Practically, if the customer services staff can commit to their business and are willing to achieve the goals of the business, they can create value not only for the business, but also for their customers.

The analytical results of HCMA and interviews with professionals reveal the importance and weight of each marketing audit component, which can then provide a reference for determining the auditing order. If managers can analyze the relation of a branch (or a sector) turnover and marketing expenditure, they can adjust the distribution of external and internal resources. A company that optimizes the use of its resources, knows its core competence and copes with environmental change can be viewed as having sustainable competitive advantage. Figure 3 shows how the MEC concept, marketing auditing and the resource-bases view were integrated in this study (Figure 3).

PROPOSITIONS

Cognitive hierarchies of services officers in banking industry

Recently, the attribute-consequence-value chains of MEC

have been either modified for other linkage contents or extended to more layer chains for application in different research themes and objectives (Polly, 1983; Pitts et al., 1991; Piters et al., 1995; Ter Hofstede et al., 1999; Rossiter and Percy, 2001, Lin, 2003).

This study applied the hierarchical cognition of services officers in a marketing auditing process as a base for modifying attribute-consequence-value chains to “audit checklist-enterprise benefit-personal value” chains. Because companies can benefit from marketing audits and because resources can be allocated efficiently, this study assumed that implementing the marketing audit generates immediate benefits that contribute to the ultimate analysis of marketing audit value by employees and their value satisfaction. The marketing audit checklist, enterprise benefits and personal value are thus assumed to be linked hierarchically in cognitive structures. Such cognitive structures can be accumulated to build a tree diagram, which is referred to here as a hierarchical cognition of marketing auditing model (HCMA).

Figure 4 illustrates the similarities between traditional MEC and the HCMA chains (Figure 4). To confirm the “audit checklist-enterprise benefit-personal value” linkage, the researchers classified the marketing audit components and interviewed 29 bank customer services officers.

The following excerpts are from three of these interviews:

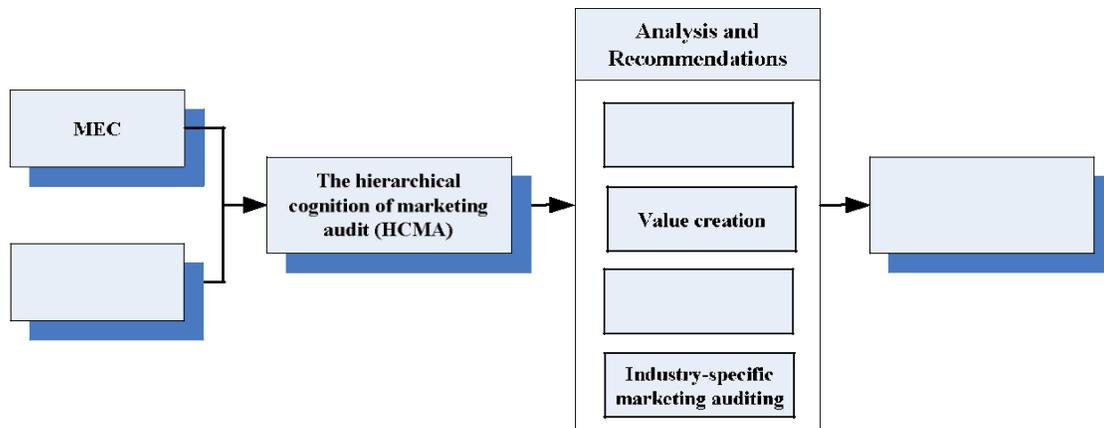


Figure 3. Integrating MEC, marketing auditing and a resource-based view.

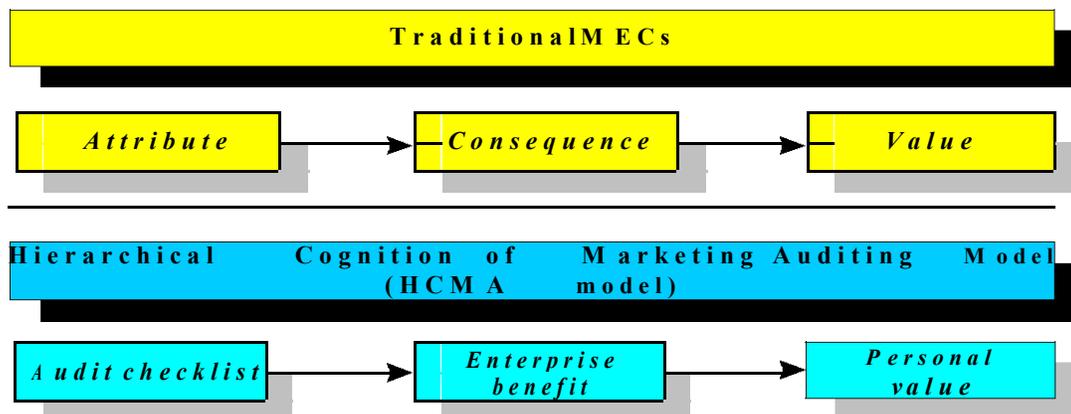


Figure 4. The hierarchical cognition of marketing auditing (HCMA) model.

Interview (I)

Interviewer: Do you think that the marketing activities of your bank should be evaluated after contacting your customers?

Customer services officer: Yes.

Interviewer: Based on your experience, can you think of any marketing activities that require before-and-after evaluations?

Customer services officer: The methods of contacting our customers. Customer contact by customer service personnel was not performed well.

Interviewer: Can you say something more specific?

Customer services officer: Sometimes our customers did not really understand our products, and they constantly complained after making purchases.

Interviewer: How would you benefit if your bank provided a service to reduce these complaints?

Customer services officer: Reducing customer complaints means that we accurately respond to customer demands and turn dissatisfied customers into satisfied customers. That improves our operating performance, and competi-

tive advantage would be enhanced accordingly.

Interviewer: Is it beneficial to you?

Customer services officer: Of course. When operating performance improves promotions occur. If I am promoted to a higher position, I would feel a sense of achievement.

Interview (II)

Interviewer: You say you hope your bank can provide complete education and on-the-job training in sales of financial products. Why?

Customer services officer: Because if I understand the product I am selling, I can provide complete information to customers. Not only can I reduce the time and money spent on sales, I can also enhance my professional image.

Interviewer: So, providing complete product information is very important to you.

Customer services officer: Sure. Efficiently providing complete information not only reduces the time and money spent on sales, it also provides more time to develop

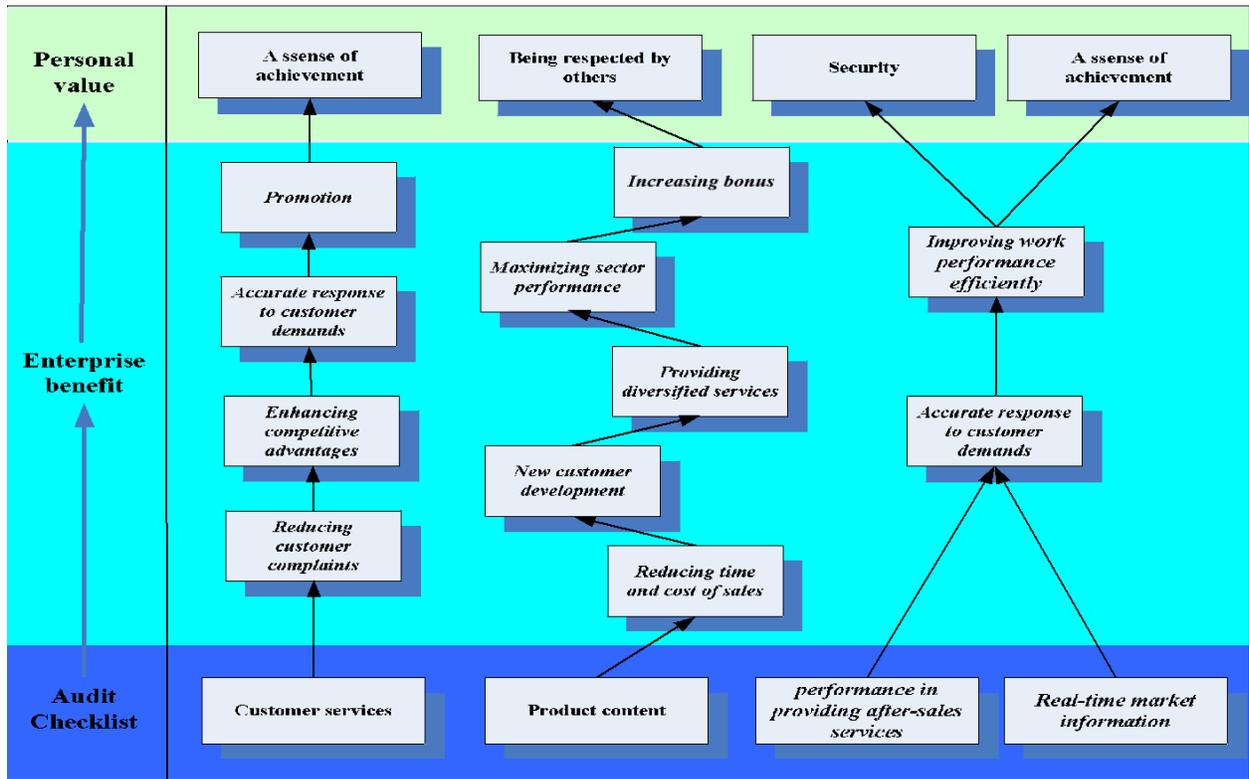


Figure 5. The hierarchical cognition of a marketing audit map.

new customers and provide diversified services, which then maximize sector performance.

Interviewer: Can maximizing sector performance do you any good?

Customer services officer: Of course. My bonus would increase, and I would be respected by others in my sector.

Interview (III)

Interviewer: You said you think that your bank should provide marketing specialists with real-time market information and periodically evaluate their performance in providing after-sales services. This would enhance the competitive advantage of the company. Why do you think that?

Customer services officer: Because without real-time market information, marketing specialists cannot accurately respond to customer demands.

It becomes difficult to improve work performance efficiently. In Taiwan, the human touch is needed to bolster the relationship between sales personnel and customers. We cannot just sell our products to customers. The after-sales services play an important role in keeping our customers, so we try to maintain long-term relationships with our customers. Once we are able to establish long-term relationships with our customers, we feel security of life,

and we consequently feel a sense of achievement. The in-depth interviews revealed that “audit checklist-enterprise benefit-personal value” linkages do exist in the cognitive structures of customer services officers. Based on the three in-depth interviews above, Figure 5 shows a hierarchical cognition of a marketing audit map (Figure 5).

Based on the literature and evidence from preliminary interviews, this study constructed a tree diagram, the hierarchical cognition of marketing audit map, of the inner mind of customer services staffs. Through MEC laddering, the marketing audit can yield particular benefits from its usage, which can then be used to analyze value satisfaction in customer services staff. The more components and items of the market audit that marketers believe are important, the more “audit checklist-enterprise benefit-personal value” linkages may occur. Hence, the following is proposed:

Proposition 1: The more a particular marketing auditing item is emphasized by bank customer services officers, the higher the linkage frequencies of “audit checklist-enterprise benefits”.

Further, customer services officers believe that, by achieving company goals and creating value for their company, they can be promoted, and their personal values can be satisfied accordingly. Hence, the following is proposed:

Proposition 2: The more importance given to a particular enterprise benefit by bank customer services officers, the more linkage frequencies of “enterprise benefits-personal value” are generated.

The hierarchical cognition of marketing auditing (HCMA) model can help managers understand what employees require from the company (*i.e.*, providing real-time information and providing on-the-job training). If the company can effectively provide employees needs and wants, work expectations of the employees can be satisfied. Mowday et al. (1982) indicated that an institution should satisfy the basic work expectations of employees to build staff commitment. Such employee commitment and satisfaction helps achieve personal value satisfaction (Lawler and Porter, 1967). Thus, while bank employees recognize the importance of marketing audits and believe it can benefit the bank, the bank should provide them with necessary assistance so that their work expectations and personal needs can be satisfied accordingly. Thus, we propose the following:

Proposition 3: Based on the important audit checklist of the HCMA map, the company should meet employee demands to satisfy their work expectations.

Proposition 4: The more a company satisfies employee values, the greater the likelihood of the employees becoming committed to the company and serving their customers well.

Implications of resource construction toward the marketing audit

Businesses should possess unique core competences to achieve sustained competitive advantages (Barney, 1991; Hill and Jones, 1995). Marketing audits can reveal problems and opportunities in external and internal environments (Kotler et al., 1977). Businesses that understand these problems and opportunities can survive in dynamic environments and identify their core competences. By performing HCMA analysis, businesses can implement useful and specific market audit checklists for identifying problems and opportunities. Hence, we propose the following:

Proposition 5: Based on the analytical results of the HCMA model, businesses can perform firm-specific or industry-specific marketing audit checklists to establish the competitive components of marketing audits

MANAGERIAL IMPLICATIONS AND FUTURE RESEARCH

By applying the HCMA model, this study effectively established the cognitive hierarchies of marketers and evaluated the importance of the audit checklist. Simulta-

neously, the audit checklist derived from the empirical results of HCMA model can be introduced to personnel during on-the-job training. After training, the company can evaluate whether employee satisfaction increases, whether employee commitment improves and whether employee competence is creates internal resource advantages. Once employees are satisfied and commit to the company, they are willing to serve their customers well and create value for their customers. Loyal employees are a valuable resource. Clearly, if a company uses the HCMA model proposed in this study to understand which audit should be emphasized first and what the employees think of the marketing audit, it can implement its company-specific marketing auditing process and formulate effective strategies for satisfying its employees and customers. This study mainly provides managers with the concept of integrating the MEC, marketing audit and resource-based view for enhancing competitive advantage. The following are suggestions for future research:

- 1) Compare auditing costs and performances and analyze the marginal benefit of implementing a marketing audit so that managerial personnel can use the analytical results as a reference in future auditing.
- 2) Differentiate marketing audits in different industries and formulate industry-specific audit checklists.
- 3) Given the limitations of costs and time, identify the most appropriate marketing audit checklist.
- 4) According to the resource-based view, substitute the original “attribute-consequence-value” linkages for “resource-enterprise benefit-sustained competitive advantage” linkages. Further, in accordance with Lin (2003), the three-layer “resource-enterprise benefit-sustained competitive advantage” linkage can be expanded to a four-layers “resource characteristic-resource-enterprise benefit-sustained competitive advantage” linkage.

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