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A RECONCEPTUALIZATION OF PREANNOUNCEMENT: ANTECEDENTS AND OUTCOMES RELATED TO NEW PRODUCT SUCCESS

BY

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ABSTRACT

A RECONCEPTUALIZATION OF PREANNOUNCEMENT: ANTECEDENTS AND OUTCOMES RELATED TO NEW PRODUCT SUCCESS

By

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This research examines new product success based antecedents and outcomes of a firm's propensity to preannounce via the development and testing of a model that, first, goes beyond competitive and economic antecedents and outcomes that have been the primary focus of previous preannouncement research and, second, investigates preannouncements as strategic marketing communications aimed at influencing the perceptions and attitudes of a broad array of industry stakeholders. The empirical study uses a sample of 290 CEOs and Presidents from industries characterized as manufacturers of new products and tests the measurement and conceptual models via confirmatory factor analysis and structural equation modeling, respectively. Within the context of the model, the results indicate that competitive equity building, defined as a firm's tendency to pursue a high profile leadership position within its industry, is the main driver of a firm's propensity to preannounce. Regarding outcomes, the findings indicate that a firm's propensity to preannounce positively influences the firm's new product success through both industry receptiveness and the firm's ability to marshal resources.

This dissertation is dedicated to my husband and best friend, Trevor Iles, whose love and support has helped me to always seek new challenges in life; my son, Matthew, who I am confident will grow to be a man that I will greatly admire; my daughter, Katherine, who has shown me that being a mother is the greatest gift of all; and my parents, Elizabeth and Herbert Schatzel, for the unwavering love and encouragement they have always offered me.

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INTRODUCTION

1.1 Background

Firms communicate with a variety of current and prospective industry participants such as buyers, employees, channel members, investors, competitors, and other industry observers and experts. Often the communication focuses on what a firm intends to do. Eliashberg and Robertson (1988) defined a firm's formal and deliberate communication of intended future market actions, such as a new product introduction or price change, as a preannouncement.

For the firm, preannouncement is a highly appealing and strategic marketing communication tool. It is appealing to management as a low cost signal to competitors, customers, and other industry participants of the firm's future intended actions. Notions of the future influence both competitor and buyer behavior in many product categories, especially durables and high technology goods. The use of preannouncements as a means to articulate the firm's future intentions provides a valuable management tool that can reduce buyer uncertainty and switching costs, impact market influencers (e.g., industry experts and observers), encourage standardization, preempt competitor action, trigger a hasty competitor reaction, and effectively position general opinion regarding the company. Preannouncements, as compared to traditional advertising, are relatively quick and inexpensive for the firm to produce and thus provide an efficient and timely means of response to marketplace queries such as new product status, future R&D efforts, and joint venture plans.

However, preannouncement risks also exist. Preannouncements can trigger a response by a competitor. For example, new product preannouncements give competing firms the opportunity to shorten leadtimes related to new product imitation, as well as initiate actions within the marketplace that distort new product introduction results, such as price promotion on competing products. Another preannouncement risk is product line cannibalization through postponement; that is, buyers delay purchases of existing product lines in anticipation of the new product. Risks to firm reputation are also present and result if the preannounced action goes unfulfilled. Lastly, preannouncement risks include the possible triggering of antitrust response such as those related to price fixings charges (e.g., airline industry) and the creation of market overhang by new product preannouncements.

The growth of the Internet as an information search tool provides low cost access to preannouncements for both consumers and businesses. This access was previously available only via more costly routes such as clipping services or personal search of various media sources. Firms also use intranets, a confidential web site for use by authorized personnel, to distribute news items of interest regarding competitors, suppliers, customers, and general industry conditions. The news items can be accessed via Internet news wire services and web sites, browsed and sorted by key word (e.g., company name), downloaded and then distributed via the firm's computer network. Consumers and investors also use the Internet to search for information as part of pre-purchase evaluation or to stay current with product and industry trends. America OnLine, the U.S.'s largest online service provider, provides access to such information via its "Company News" service area where users can enter the company name or stock ticker and receive recent press releases referencing the firms they are interested in.

Preannouncements are generally made by or are subject to the approval of senior level management. Preannouncements in press release form are often accompanied by quotes from top management. Interviews with trade business press (e.g., Business Week, Wall Street Journal, CNBC) are another form of preannouncement where firm management often discuss future intended actions (e.g., new product introductions). Additionally, key management personnel may give speeches at trade related conferences (e.g., Economic Clubs) that include preannouncements (e.g., plans to enter a new geographic segment).

Statements by CEOs and senior executives can be assumed to reflect the mindset of the firm's leading strategists and therefore enhance preannouncement credibility. The control and distribution of preannouncements by senior level management suggests that CEOs and other top level managers, via preannouncements, participate directly in the marketing of the firm's strategy to a broad base of market constituents (e.g., channel members, investment community, industry observers/experts, as well as, buyers).

In short, preannouncements provide two forms of benefits: (1) for firms, they are an inexpensive and responsive communication tool with which to affect a wide range of industry constituents and (2) for other industry participants, such as buyers, investors, channel members, competitors, and industry observers and influencers, they are an efficient, timely, and credible source of information regarding a firm's future actions.

1.2 Gaps in Previous Research

Previous research has largely been restricted to the examination of new product (Chaney, Devinney, and Winer, 1991; Eddy and Saunders, 1980; Eliashberg and Robertson, 1988; Farrell and Saloner, 1986; Heil and Walters, 1993; Lane and Jacobsen, 1995; Lilly and Hockney, 1997; Rabino and Moore, 1989; Robertson, Eliashberg, and Rymon, 1995) and pricing preannouncements (Heil and Robertson, 1991; Heil and Langvardt, 1994). Additionally, when examining a firm's use of preannouncements, previous research has wholly focused on a firm's likelihood to make a single discrete preannouncement (e.g., a new product preannouncement), in contrast to the examination of a firm's preannouncement propensity; the latter considers the firm's tendency to issue preannouncements at different times, with differing content, and using different distribution channels (e.g., press releases, executive interviews, meetings with key customers).

Previous preannouncement research has primarily been investigated from a competitor interplay or game theoretic perspective (Eliashberg and Robertson, 1988; Heil and Langvardt, 1994; Heil and Robertson, 1991; Heil and Walters, 1993; Moore, 1992; Robertson et al., 1995). Game theory largely focuses on the moves within the game and considers neither firm-level effects, nor the influence of strategic goals (e.g., engendering new product success) on a firm's use of preannouncements. The predominant use of this perspective generally excludes the examination of relationships amongst a firm's preannouncement propensity and organizational, strategic, and marketing antecedents.

Previous research regarding buyer-related preannouncement antecedents has largely restricted its focus to the use of preannouncements as a means to reduce buyer switching and information search costs (Eliashberg and Robertson, 1988; Farrell and Saloner, 1986, Lilly and Walters, 1997). This perspective does not consider the use of preannouncements as part of an information based marketing strategy directed at influencing the formation of consumer preferences and the development of industry standards (Carpenter and Nakamoto, 1989, 1990).

Another research gap concerns the examination of preannouncement outcomes, which has been wholly limited to the behavioral responses of competitors (Eliashberg and Robertson, 1988; Heil and Langvardt, 1994; Heil and Robertson; 1991; Heil and Walters, 1993; Moore, 1992; Robertson et al., 1995) and investors (Chaney, Devinney, and Winer, 1991; Downes and Heinkel, 1982; Eddy and Saunders, 1980; Lane and Jacobsen, 1995) to individual preannouncements. This perspective does not consider the possible effect of preannouncements on attitudes, and excludes the examination of preannouncement consequences related to other important market constituents such as buyers, employees, channel members, and industry influencers and observers. Examination of attitudinal outcomes related to these groups is particularly relevant given that previously proposed motivators of preannouncement include the firm's desire to build support and interest for a product, reduce market uncertainty, and enhance firm image.

Lastly, the literature reflects few empirical studies regarding either preannouncement antecedents or outcomes. Most studies have been conceptual (Heil and Robertson, 1991; Heil and Langvardt, 1994) and the few empirical studies that have been done focus on analyzing managerial interviews (Lilly and Walters, 1997; Rabino and

Moore, 1989) and smaller, convenience samples of 100 or less (Eliashberg and Robertson, 1988; Heil and Walters, 1993; Moore, 1992).

In summary, previous research gaps include:

- the use of a narrow conceptualization that does not do justice to the complexity and breadth of preannouncement's content and its application;
- the predominance of a competitor interplay or game theoretic research perspective that largely excludes antecedent effects related to organizational, strategic, and marketing variables;
- the examination of buyer related antecedents largely from the perspective of switching cost and information search effects;
- the investigation of outcomes primarily from the perspective of competitor and investor behavioral responses to individual preannouncements;
- the limited number of robust and rigorous empirical preannouncement studies.

1.3 Purpose of the Dissertation

The purpose of this dissertation is to extend the research on preannouncement by addressing the previous research limitations identified in Section 1.2. Thus, the research objectives include:

1) Developing a broader conceptualization of preannouncement that includes a larger scope of preannouncement content, investigates a firm's propensity to issue numerous preannouncements, and provides for an improved characterization of preannouncements.

2) Modeling the antecedent conditions that influence a firm's propensity to preannounce by developing a conceptual framework that incorporates previously unexamined organizational, strategic, and marketing factors.

3) Model outcomes by developing a conceptual framework incorporates the consideration of attitudinal outcomes related to buyers, employees, channel members, and industry influencers and observers.

4) Extending the generalizability of results, as compared to previous studies, by improving upon the characteristics of the sample frame and data collection techniques.

The research will be restricted to the study of preannouncement antecedents and outcomes related to a firm's goal of engendering new product success. This restriction is selected to ensure that the research is particularly relevant to managers and provides for the development of an integrated antecedent/outcome framework.

1.4 Methodological Basis For Answering Research Objectives

This dissertation will make use of survey methodology as its primary means for data collection. Top management's key roles in preannouncement activity, both as a source of content and sanction, motivates their use as key informants. Given the sensitive nature of the information provided in survey responses, a single key informant will be used. This also provides the advantages of anonymity and reduced risk to the respondent thus increasing the likelihood of their candid response (Kohli, 1989). Regarding self-report bias, previous empirical research has largely concluded that the areas of organizational culture, structure, and processes are relatively free of covariate inflation effects (Crampton and Wagner, 1994).

The sampling frame will be comprised of senior level executives of private and public sector U.S.-based firms that conduct business activities necessary for the development, supply, and marketing of new products and/or technologies. The selection of this sampling frame ensures that the respondents will be cognizant of buyer, channel member, employee and investor related issues that may impact a firm's preannouncement actvities.

The study's constructs will be tested for convergent and discriminant validity using confirmatory factor analysis (Fornell and Larker, 1981) and measurement reliabilities will be evaluated using Cronbach's alpha coefficient. The testing of hypotheses will be performed using structural equation modeling (SEM). This method will provide for the testing of interdependencies and interrelationships among constructs, as well as an examination of total antecedent effects on focal dependent variables.

1.5 Research Questions Addressed

Based on the objectives set forth for this dissertation, the following three research questions will be investigated:

1. What is the appropriate conceptualization of preannouncement that incorporates:
    a. a marketing communications scope of strategic breadth (i.e., beyond new product introduction and pricing information);
    b. the consideration of a firm's preannouncement propensity in contrast to a firm's likelihood to issue single discrete preannounements; and
    c. a framework of preannouncement attributes that can be used to characterize preannouncements?

2. What is the appropriate conceptual framework of antecedents that incorporates:
    a. the reconceptualized preannouncement construct;
    b. conditions that influence preannouncement propensity including previously unexamined organizational, strategic, and marketing factors; and

3. What is the appropriate conceptual framework of preannouncement outcomes that:
    a. includes the investigation of previously unexamined attitudinal outcomes related to buyers, employees, channel members, industry influencers, and observers.

1.6 Summary and Overview of Remaining Chapters

Chapter 1 provided an overview of this dissertation. Background information regarding preannouncements was presented, as well as a review of gaps in extant literature. The research objectives relevant to this dissertation were stated and their contribution to preannouncement research was discussed. A brief overview concerning methodological tools and the rationale for their selection was also provided. Chapter 2 presents a critical review of relevant literature and provides the theoretical foundation for the development of hypotheses relevant to the stated dissertation objectives. This chapter also summarizes previous research limitations, discusses gaps within the literature, and presents the research hypotheses to be tested. Chapter 3 details the research design and methodology used in this dissertation. This chapter links research objectives and the testing of hypotheses to information needs and data sources. The survey instrument is described and the data collection processes are reviewed.

Chapter 4 presents empirical results related to measurement reliabilities, construct validity, and hypotheses testing. Lastly, Chapter 5 presents conclusions, evaluates the contributions, and summarizes the overall research effort with respect to implications for theory development and manager behavior. Future research directions are developed and limitations to the study are also presented.

Chapter 2

CRITICAL REVIEW OF LITERATURE AND HYPOTHESES DEVELOPMENT

2.1 Overview of Market Signaling

A signal is any action by a firm that provides a direct or indirect indication of a firm's intentions, goals, motives, or internal situation (Porter, 1980). Signals are activities or attributes of a firm which, by accident or design, alter the beliefs or convey information to other market actors (Spence, 1974). Market signals convey information that affect market beliefs, as well as expectations about the signaling firm.

Market signals can take two forms. Signals can be a behavioral action of the firm (e.g., organization changes, launch of a new product, increases in product advertising) or a communication of an action that has already been taken (e.g., acquisition or divestiture) or is intended to be taken (e.g., new product preannouncement). Thus, signals, both intentional and unintentional, convey information, either by action or communication (the lack of action or communication by the firm when one is anticipated may also be considered a signal).

Market participants or signal recipients may infer additional beliefs or expectations about the signaling firm based on the action or communication. For example, if a firm purchases a large tract of land in a geographic region new to the firm, competitors may infer that the signaling firm has plans to expand into the region.

Thus market signals by a firm:

- Can be intentional or unintentional.
- Convey information.
- Can be an action or a communication.
- Can concern past, current, or future actions by the signaling firm.
- Can provide insights into the signaling firm's perceptions of future industry states.
- Can be "send to" and "received by" one or more market participants.
- Affect the signal recipients' beliefs and/or expectations regarding the firm.
- Can cause the recipient to make additional attributions regarding the signaling firm.

Previous research has primarily examined: 1) what motivates firms to intentionally signal and 2) what factors influence the likelihood that a recipient will respond to a firm's signal (e.g., competitors and investors). Extant literature provides that a firm's decision to intentionally signal is largely based on its consideration of the potential gains and costs accruing from the signaling event (Eliashberg and Robertson, 1988). That is, the firm infers how its signal will affect the beliefs, expectations, attitude, and, ultimately the behavior of the signal recipient(s) and then evaluates if the potential benefits (e.g., reduction in buyer switching costs) outweigh the potential costs (e.g., competitive cueing). Simply put, a tradeoff analysis is conducted by the firm in its efforts to decide whether to signal or not.

Previous investigation regarding a signal recipient's likelihood to respond has been limited to competitive and investor responses. Factors proposed to motivate response include the recipient firm's 1) abilities to effectively and accurately receive the signal (Heil and Robertson, 1991; Heil and Walters, 1993), and 2) assessment of the signal's effect on their "livelihood" (e.g., market share, profitability, market position, stock price).

The action-reaction perspective that guides much of signaling research has motivated the extensive use of a game theoretic, competitive behavior paradigm by signaling researchers in their efforts to study antecedents of firm signaling and the likelihood and type of response by recipient(s) (Eliashberg and Robertson, 1988; Heil and Robertson, 1991; Heil and Langvardt, 1994; Porter, 1980).

For the purpose of this dissertation, the research focus will be limited to a subset of signals, firm preannouncements, which entail deliberate communications by the firm regarding future intended actions, as opposed to behavioral actions, unintentional signals, or communications regarding past actions. This approach is consistent with previous research and allows for the consideration of preannouncement as a directed activity by firm management intended to influence market participants based upon notions of the future. The relevance of future actions will be further explicated within Section 2.2.

2.2 Review of Previous Preannouncement Conceptualizations

2.2.1 Definition

In their seminal article, Eliashberg and Robertson (1988) define preannouncement as the formal and deliberate communication before a firm undertakes a particular marketing action such as a price change, new advertising campaign, or product line change. The act of preannouncement is a firm level, multifaceted process comprising informal and formal components under the direction of management (Rabino and Moore 1989).

2.2.2 Content

Previous research has largely studied preannouncements concerning "typical" future marketing actions by firms such as price changes and new product introductions (see Table 1). Firms also preannounce "atypical" future marketing actions such as the formation of strategic channel relationships (e.g., alliances) or changes to organizational form (e.g., joint ventures). Firms, therefore, signal their internal stances regarding a broad variety of intended actions. However, previous research has largely examined preannouncement activity from a restricted content focus.

Additionally, previous research has generally classified preannouncement content by the future action itself (e.g., price change or new product introduction). Within the context of new product preannouncements (NPPs), Lilly and Krishnan (1996) proposed that NPPs can vary according to the amount of comparative information that is provided. However, theirs is the only previous study to address content attributes other than the planned action itself.

2.2.3 Timing

In addition to content, preannouncements can differ according to the timing or degree to which the communication is issued in advance of the intended action. The importance of timing is evident when one considers that preannouncements are issued in advance of intended actions and results from a selection process by the preannouncing firm.

Late preannouncements (i.e., those communicated temporally proximate to the intended action) have been proposed to preclude retaliatory actions by a competitor due to lack of adequate response time (Eliashberg and Robertson, 1988).

Table 1 – Previous Future Action Research

Future Marketing Action	Previous Research
Price Changes	Eliashberg, Robertson, and Rymon (1993) Heil and Langvardt (1994) Heil and Robinson (1991) Moore (1992) Porter (1980)
New Product Introductions	Chaney, Devinney, and Winer (1991) Eddy and Saunders (1980) Eliashberg and Robertson (1988) Farrell and Saloner (1986) Heil and Robertson (1991) Heil and Walters (1993) Lane and Jacobsen (1995) Lilly and Krishnan (1996) Lilly and Walters (1997) Porter (1980) Rabino and Moore (1989) Thomas, Eliashberg, and Rymon (1995)

Table 2 - Lilly and Walters (1997) Preannouncement Timing Propositions

Motivating Factor	Relationship to Preannouncement Timing
Likelihood for Competitors' to Retaliate	Positively Related to Late Timing
Cannibalization Risks to Current Products	Positively Related to Late Timing
Degree of Complementary Products	Positively Related to Early Timing
Innovativeness of New Product	Positively Related to Early Timing
Complexity of Product	Positively Related to Early Timing
Buyer Switching Costs	Positively Related to Early Timing
Length of Purchase Decision	Positively Related to Early Timing
Buyer Loyalty	Positively Related to Early Timing
Degree to Frozen Product Features	Positively Related to Early Timing

Early preannouncements (i.e., those communicated well in advance of intended action) provide for the development of complementary products by ancillary support firms and reductions in buyer switching costs (Farrell and Saloner, 1986; Lilly and Walters, 1997; Rabino and Moore, 1989). Although timing is largely accepted as a varying attribute of preannouncements, little previous research exists regarding this topic beyond that offered by Lilly and Walters (1997) (see Table 2).

Regarding new product preannouncments (NPPs), these authors propose that competitive factors, product factors, buyer-related factors, and firm features influence the selection of preannouncement timing by signaling firms. Additionally, if the objective of the preannouncement is to inform and receive feedback, thus implying a desire for informational exchange, the NPP timing tends to be earlier rather than later.

Examination of Lilly and Walters' proposed antecedents of preannouncement timing selection by a firm indicate that many may be highly related and thus concerns regarding confounding effects are raised. For example, product innovativeness, product complexity, and buyer loyalty may indeed covary with each other as well as with buyer switching costs. Despite some possible shortcomings, Lilly and Walter (1997) nonetheless provide an exploratory inventory of propositions related to an important feature of preannouncements - their timing as its relates to the future intended action.

2.2.4 Target Audience

Preannouncements can vary according to the recipient or target audience of the signal (e.g., competitors, buyers, and investors) (see Table 3). Previous research has also proposed that preannouncements can be targeted at multiple constituents in keeping with the strategic objectives of the firm and its decision to preannounce (Eliashberg and

Table 3 - Previous Target Audience Research

Target Audience	Previous Research Efforts
Competitors	Eliashberg and Robertson (1988) Heil and Langvardt (1994) Heil and Robertson (1991) Heil and Walters (1993) Lilly and Walters (1997) Thomas, Eliashberg, Rymon (1995)
Buyers	Eliashberg and Robertson (1988) Farrell and Saloner (1986) Lilly and Krishnan (1996) Lilly and Walters (1997) Rabino and Moore (1989)
Investors	Chaney, Devinney, and Winer (1991 Eddy and Saunders (1980) Lane and Jacobsen (1995)

Robertson, 1988; Lilly and Walters, 1997; Rabino and Moore, 1989). For example, preannouncements can be targeted at consumers in advance of new product introductions to reduce switching costs, assist consumer learning, or delay purchase of competing products. Competitors can be targeted for preannouncement as a means to enforce competitive norms of conduct, elicit cooperative response, or preempt their development of a "like new product". Preannouncements can also be targeted at investors to effectively and favorably position the firm and its products within the financial community and develop the firm's reputation for innovativeness, particularly important in technology industries.

However, little research has been conducted regarding the effect of preannouncements on other important constituent groups such as employees, channel participants, and opinion influencers/leaders. In their seminal study, Eliashberg and Robertson (1988) asked 87 managers to identify their "targeted audience" for recent preannouncements by their firms. The managers' most frequent response was that the firm's salesforce was the primary target. Customers were the next most frequent selection, followed by distributors. Lilly and Walters (1997) also indicate that employees and channel members are often targeted for preannouncement activity as their research proposes that possible "interdepartmental and channel confusion" may influence a firm's decision not to preannounce a new product.

Lastly, previous research has not examined opinion leaders or influencers as possible targets for preannouncement. Opinion leaders or influencers are persons or organizations regarded by a group, or by other people, as having expertise and knowledge on a particular subject (Eliashberg and Shugan 1997). The group or individual uses the opinion leader as a source of information and counsel regarding the subject, and their beliefs, expectations, and ultimately their attitudes may be affected by the opinion leader's comments and perspectives (e.g., Car and Driver Magazine's assessment of new car models). Opinion leaders or influencers pervade many industries such as entertainment, high technology, consumer durables, and financial services (Eliashberg and Shugan 1997).

As previously discussed, the targeted audience of a preannouncement can be one or more of the constituents in the preannouncing firm's marketing environment. Previous research has proposed that management can target preannouncements not only by category of target audience but also by the number or range of audiences selected. That is, multiple signal recipients can be selected such that the resultant target audience is large and non-exclusive (e.g., Microsoft's Windows 95 pre-launch advertising). In contrast, the targeted audience can also be small and more exclusive such as preannouncements targeted at only select employees, key customers and industry analysts (Lilly and Walters, 1997). Previous research, however, has largely not studied target audience exclusivity within the context of firm preannouncement activity.

2.2.5 Channel of Communication

Preannouncements are deliberate communications about what a firm intends to do (Eliashberg and Robertson, 1988). But how is that communication delivered to the targeted audience(s)? Preannouncements can be delivered via press releases, media interviews with company management, trade show speeches, conventional advertising, and management meetings with employees, customers, suppliers, distributors and investors. Thus, the means or channel by which the communication is delivered can vary. Preannouncements can be delivered via channels within which firm management has a high degree of control over the communication's distribution, content, and format (e.g., conventional advertising). Lower levels of control would be present when the communication is part of a media interview by firm executives (e.g., interviews on CNBC).

2.2.6 Intensity

Previous competitive signaling research has recognized that firm signals indeed can be repeated or are part of a series of related signals (Moore, 1992). Extant literature (see Table 4) proposes that multiple signals have a greater influence on the signal recipient (Moore, 1992), affect a firm's signaling reputation (Heil and Robertson, 1991), provide for improved signal interpretation and response by the signal recipient (Heil and Robertson, 1991), and affect the relative importance of the recipient's inferences drawn from the signals (Heil and Langvardt, 1994).

However, previous preannouncement research has largely examined preannouncements as discrete single events rather than a series of communications (related or unrelated) issued by a firm. The lack of consideration of preannouncements as multiple signaling events provides that the intensity of the preannouncement, related characteristics such as frequency (number of preannouncements within a specific time frame) and cycle time (temporal distance between preannouncements), as well as the effect of multiple preannouncements on the targeted audience(s) remains underexamined.

2.2.7 Towards An Improved Preannouncement Conceptualization

Examination of the extant preannouncement research suggests the complexity and variety of preannouncement attributes such as content (e.g., information and details

Table 4 - Effects of Multiple Competitive Signals on Signal Recipient

Multiple Signals influence more than a single signal (Moore, 1992)
Firm Signaling Reputation is related positively to its fulfillment of past signals (Heil and Robertson, 1991)
Correctness of signal interpretation and response by signal recipient is positively related to the number and similarity of previous signals received from same sender (Heil and Robertson, 1991)
Inferences drawn from recent multiple signals gain importance relative to prior beliefs (Heil and Langvardt, 1994)

provided), timing (e.g., how far in the future is the preannouncement targeted?), target audiences(s) (e.g., who is the targeted audience(s) and how exclusive?), channel of communication (e.g., what degree of control does the firm have over preannouncement?) and, lastly, intensity (e.g., number, frequency, spacing of preannouncements) have been largely underinvestigated. An improved preannouncement conceptualization that incorporates these attributes may allow researchers to consider 1) a broader field of preannouncement application, 2) the firm's propensity to issue multiple preannouncements that vary in timing, content, targeted audience, exclusivity, channel of distribution, and intensity, and 3) the tendency of firms to issue, over time, a number of unrelated preannouncements or related ones that are part of a preannouncement campaign (e.g., progressive unveiling of new product attributes).

The following definition is provided as a means to re-examine the preannouncement phenomena from a broadened application and target audience perspective:

Preannouncement is a formal communication by a firm that provides a direct or indirect indication of its intended future actions. The preannouncement communication can be directed at one or many constituent parties within the firm's general market environment including buyers, suppliers, distributors, employees, investors, industry experts and observers, and government regulatory agencies -- in all cases, both current and prospective.

Preannouncements can be categorized as possessing five key attributes (see Table 5). First is preannouncement timing. Preannouncements regarding a planned future action or management commentary regarding future industry trends and conditions can be targeted at time frames years or days in the future. Thus preannouncements can be considered as positioned along a timing continuum. An early preannouncement (i.e., larger advanced time frame) provides lead-time for buyers to reduce switching costs (e.g., capital requirements and learning curves) and for channels of supply and distribution to be adequately established. It can hinder competitor activity in the market by providing future alternatives for buyers to consider. Perhaps, most overlooked in previous research, early preannouncement allows the firm to position itself as an industry leader, innovator, and a force that will impact future industry standards (Rabino et al., 1995).

The second preannouncement attribute is specificity. At the low end of the specificity continuum, firm preannouncements provide somewhat vague evidence of management's intended future actions (e.g., future expected use of magnesium casting in

Table 5 - Key Attributes of Preannouncement

Attribute	Description	Parameters	Examples
Timing	How far in advance of targeted time frame the firm is preannouncing	Varies from years(early) to days (late) in advance	Intel's projected home PC usage in the year 2005 (early); IBM's announcement of price cut in the next fiscal quarter (late).
Specificity	Degree of message content specificity and detail	Varies from vague and generalized (low) to highly detailed and specific (high) content	Whirlpool's expected consolidation of various product lines within the next few years (low); Ford unveils their 1999 Lincoln Continental at Geneva Auto Show (high).
Channel	Degree of control the firm has over the message content, format, and distribution	Varies from low controlby the firm (indirect) to high control (direct)	Scott McNeally (CEO of Sun Microsystems)is interviewed on CNBC (indirect); America Online begins a pre-launch advertising campaign for their new 3.5 software (high).
Target Audience	Number and variety of audiences targeted by the message	Varies from exclusive (narrow) to non-exclusive (wide) audience targets.	Bill Gates addresses VIPs at his Technology Conference (narrow); Compaq Ads for their forthcoming PC (wide)
Intensity	Within a time period, the number and spacing of related preannouncements	Varies from many preannouncements temporally proximate (high) to few or even one preannouncement with greater temporal spacing between communications (low)	Ford Motor Company's Lincoln Navigator prelaunch advertising campaign (high); Chrysler Corporation preannouncement of Vice-Chairman Robert's Lutz's end of year retirement (low)

small displacement engines by Ford's executive engineering staff). Preannouncements can also possess high specificity where comprehensive details are provided regarding a specific future marketing action (e.g., release date, features, and pricing for a new car model).

The third attribute of preannouncements concerns the means or channel of the message communication. One end of this continuum is anchored by indirect communication channels which are characterized by the company's lower degree of control over message distribution, content and format (e.g., media interviews by company executives). Firms preannouncing via direct channels would possess a higher degree of control over the communication of the message and would often make use of traditional marketing communications tools such as advertising to deliver the message (e.g., Windows 95 pre-launch advertising campaign).

The fourth attribute of preannouncements is the targeted audience. Previous research has indicated that preannouncements can be directed at one or more of the constituents of the firm's market environment including employees, investors, buyers, and competitors (Eliashberg and Robertson, 1988; Heil and Langvardt, 1994; Heil and Robertson, 1991; Chaney et al., 1991; Wind and Mahajan, 1987; Lilly and Walters, 1997). Preannouncements that possess some exclusivity of audience focus would be narrow band preannouncements. An example of such a preannouncement would be management conferences with key investor community analysts. A firm preannouncement that is declared in a manner to ensure wide and non-exclusive distribution (e.g., new product pre-launch advertising) would be a wide band preannouncement.

Lastly, previous research has conceptualized firm preannouncements as discrete single events. However, firms often, over time, issue a number of preannouncements regarding a future intended action. A set of related preannouncements comprise a preannouncement campaign. Within the set, each individual preannouncement can vary in timing, specificity, channel of communication, and target audience. For example, firms often migrate, over time, from conditions of low preannouncement specificity (e.g., broad description of product attributes, credibility linkages, "laundry lists" of possible actions) towards more specific messages (e.g., detailed listing of product features, distribution channels, prototype display).

The preannouncement campaign itself could vary from conditions of low intensity (i.e., low frequency and greater temporal spacing between individual preannouncements) to high intensity (i.e., high frequency and smaller temporal spacing). Firms seeking to influence a critical mass of opinion leaders within a short time frame may engage in a highly intense preannouncement campaign.

2.3 Antecedents of Preannouncement Propensity

2.3.1 Overview

One major research objective of previous preannouncement research has been the ability to explain and predict preannouncing versus non-preannouncing behavior by firms. A firm's use of preannouncements (preannouncement propensity) is largely based on its assessment of the benefits of preannouncing versus the costs or risks inherent in the activity (Eliashberg and Robertson, 1988). Previous research has been wholly restricted to the examination of antecedents of new product preannouncements and the effects of two broad categories, product development/adoption and competitor related variables (see Table 6).

Additionally, previous studies have been largely conceptual in nature (Heil and Langvardt, 1994; Heil and Robertson, 1991) and the empirical studies that have been done focus on analyzing managerial interviews (Lilly and Walters, 1997; Rabino and Moore, 1989) and smaller, convenience samples of 100 or less (Eliashberg and Robertson, 1988).

2.3.2 Product Development and Adoption Antecedents

Rabino and Moore (1989) propose that a firm is more likely to make use of preannouncements if the future product is higher in price, more complex or significant to the buyer. The authors note that the "sheer dollar value of a mainframe computer, up to $5 million, might require an extended preannouncement process in keeping with the need to provide an adequate planning window for the prospective customer". Preannouncements allow buyers the opportunity to manage the pace of product adoption, reduce switching costs (e.g., obsolescence of incumbent capital base) or spreading them over a longer investment time horizon (Eliashberg and Robertson, 1988).

Switching costs can also arise from consumer learning requirements (e.g., high information search). However, Eliashberg and Robertson (1988) found no empirical support for a positive relationship between consumer learning requirements and preannouncement propensity. Their study describes consumer learning as the buyer's requirements to expend major learning resources in advance of product adoption due to the product's complexity or discontinuity with past products. Lilly and Walters (1997) provide some needed insight regarding the null result when they propose that the

Table 6 - Previously Proposed Antecedents of Preannouncement Propensity

Proposed Relationship	Citation	Support?	Method Used to Test
NPD Antecedents			
Price of New Product (+)	Moore & Rabino (1989)	Not applicable	Limited Mgmt Interviews
Complexity of New Product (+)	Moore & Rabino (1989)	Not applicable	Limited Mgmt Interviews
Significance of New Product (+)	Moore & Rabino (1989)	Not applicable	Limited Mgmt Interviews
Consumer Switching Costs (+)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Consumer Learning Requirements (+)	Eliashberg & Robertson (1988)	No	Survey of 87 Managers Probit Analysis
Likelihood of Customer Confusion (-)	Lilly & Walters (1997)	Not applicable	Interviews with 50 Managers
Firm Desire to Hype Product and Build Interest (+)	Lilly & Walters (1997)	Not applicable	Interviews with 50 Managers
Keep Special Customers "In The Know" (+)	Lilly & Walters (1997)	Not applicable	Interviews with 50 Managers
Firm Desire to Enhance Image (+)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Risk that Product Gets "Old" Prior to Launch (-)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Risk of Missing Launch Date (-)	Lilly & Walters (1997)	Not applicable	Interviews with 50 Managers
Perceived Ability of Firm to Deliver New Product (-)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Need to Stimulate Demand (+)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Need to Stimulate Demand (+)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Need to Test Design or Product Forecast (+)	Lilly & Walters (1997)	Not applicable	Interviews with 50 Managers
Number of Divisions Involved in Product Launch (+)	Moore & Rabino (1989)	Not applicable	Limited Mgmt Interviews
Likelihood of Departmental Confusion (-)	Lilly & Walters (1997)	Not applicable	Interviews with 50 Managers
Importance of Distribution Advantage to Preannouncing Firm (+)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Core Product (-)	Lilly & Walters (1997)	Not applicable	Interviews with 50 Managers
Cannibalization Risks to Incumbent Products (-)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Encourage Purchase Delay (+)	Lilly & Walters (1997)	Not applicable	Interviews with 50 Managers

Table 6 (con't)

Proposed Relationship	Citation	Support?	Method Used to Test
Competitive Antecedents			
Likelihood of Competitive Learning (-)	Lilly & Walters (1997)	Not applicable	Interviews with 50 Managers
Likelihood of Competitive Retaliation (-)	Eliashberg & Robertson (1988)	No	Survey of 87 Managers Probit Analysis
Competitive Hostility (-)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Antitrust Concerns (-)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Market Dominance of Preannouncing Firm (-)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis
Firm Size (-)	Eliashberg & Robertson (1988)	Yes	Survey of 87 Managers Probit Analysis

likelihood of consumer confusion (more likely with complex and technologically discontinuous products) negatively affects preannouncement propensity.

However, this notion of consumer learning requirements remains appealing and may be better investigated from the perspective of buyer involvement effects on purchase behavior. Gatignon and Robertson (1985) proposed that awareness and knowledge precede purchase trial in high involvement goods (e.g., technology-based products). Indeed, Eliashberg and Robertson discuss involvement's relevance to new product adoption but seemingly fail to properly operationalize and thus test the construct's effect on the firm's use of preannouncements.

Additionally, firm desire to "hype" the product and build interest has also been proposed as positively related to preannouncement propensity (Lilly and Walters 1997). The relationship is theoretically based on Wind and Mahajan's (1987) construct of "marketing hype", the firm's creation of a supportive and receptive environment for new and innovative products. Such an environment enables product adoption. Lilly and Walters (1997) point out that the desire to build interest and keep special customers "in the know" is common across a wide range of settings. Similarly, the firm's desire to create or enhance a favorable public image, often based on product development plans, has been proposed to motivate preannouncement propensity (Eliashberg and Robertson, 1988). Conversely, the risk of not fulfilling expectations (e.g., product "old" when it launches, missing launch dates, inability to deliver) disinclines firms to preannouncement because of concerns regarding reputational damage (Eliashberg and Robertson, 1988; Lilly and Walters, 1997)

Building positive expectations about future products may not be targeted at only buyers. Other external and internal stakeholders (e.g., investors, channel members, opinion leaders/influencers, and employees) may be similarly affected by preannouncements (Eliashberg and Robertson, 1988). Each of these constituents has a significant and interrelated effect on new product adoption; thus the size or range of the prospective targeted audience may be related to a firm's preannouncement propensity.

Previous research has proposed a positive relationship between firm desire to stimulate demand and preannouncement propensity (Eliashberg and Robertson, 1988). Stimulation of demand needs refers to the influence of "demand-side economies of scale" that are prevalent in industries where product adoption is influenced by the presence of network externalities (i.e., product's value to the buyer is a function of the number of users) and specification standardization. Within such industries, the building of awareness, interest, and positive expectations (Lilly and Walters, 1997) about the new product within a broad base of constituents (e.g., buyers, channel members, investors, opinion leaders/influencers, and ancillary support firms) would seem to carry special importance.

One aspect of preannouncements is that they are directed at future intended actions and are frequently about products that are not yet available. However, in some industries, product purchase made in advance of product availability is the norm. For example, previous research has examined the cruise industry where consumers make their purchase well in advanced of the consumption or delivery of the product; therefore, cruise lines communicate their schedules, destinations, and ships months before the departure dates (Lilly and Walters, 1997). In short, the degree to which buyers purchase or plan the purchase (i.e., purchase cycle time) in advance of product delivery or consumption is proposed to motivate preannouncements.

Time related purchase behavior effects are also relevant to installed base products (e.g., capital equipment, computer software). Indeed, installed bases are implicitly reduced by preannouncements as they encourage purchase delay (Farrell and Saloner, 1986; Lilly and Walters, 1997). Therefore, incumbent firms would attempt to protect their own installed base and prevent customers' defections by providing advanced information regarding their own future products (Lilly and Walters, 1997).

Turning to product development activities, previous research has proposed that the need to test future product designs and forecasts is positively related to preannouncement propensity (Lilly and Walters, 1997). The desire of the firm to pretest a design with buyers and other channel members (e.g., suppliers and distributors) requires that the firm must reveal information about the future product to those constituents. For example, it is common for automotive manufacturers to include suppliers and dealers in the design phase of future products well in advance of product introduction. Additionally, consumer package goods are frequently test marketed, thus disclosing an advanced prototype to distributors and consumers, to determine response to product design and validate future product sales forecasts.

The desire of the firm to test design and product forecasts points to the firm's need for feedback from consumers, employees, and channel members in advance of product launch. This need for feedback perhaps indicates that the degree to which new product development activities are characterized as integrated (i.e., many groups involved in product launch activities) and interactive (i.e., substantial advanced testing/feedback of product with buyer, employee and channel groups) may indeed influence a firm's preannouncement propensity. This notion is further supported by Moore and Rabino's (1989) proposition regarding the positive effect of "number of divisions involved in product launch" on firm preannouncement. However, Lilly and Walters (1997) propose that the likelihood of interdepartmental confusion is negatively related to the preannouncement propensity.

Previous research has also argued that the need for new product distribution advantage is positively related to preannouncement propensity (Eliashberg and Robertson, 1988). This effect results from the preannouncing firm's desire to help distributors clean up their inventories, build advance support for the new product within their distribution channel, and gain better distributor cooperation. The success of some new products (e.g., entertainment and fashion goods) is strongly affected by a firm's distribution prowess. In instances such as these, the diffusion of the new product is substantially linked to the ability to distribute the new product. That is, the rapidness of diffusion is positively related to the rapidness of product distribution. Further investigation of the relationship between preannouncement propensity and the need for rapid deployment of the new product, possibly due to imitation risks (e.g., copying of new product by competitors) and social imitation rewards (e.g., fashion goods diffusion) may provide some additional insights into conditions that foster preannouncement.

Finally, regarding product development and adoption antecedents, perceived risks to current products, via cannibalization, discourages firms from preannouncing future products within their core product line (Eliashberg and Robertson, 1988; Lilly and Walters, 1997).

2.3.3 Competitive Antecedents

As previously discussed, the extant literature regarding preannouncements has largely been based on competitive behavior. That is, an undesirable result of preannouncement could be a damaging competitor response or a competitive learning opportunity (see Table 6). However, previous research results indicate that competitive hostility negatively effects preannouncement propensity, while likelihood of competitive retaliation does not (Eliashberg and Robertson, 1988). Why these seemingly conflicting results?

Eliashberg and Robertson (1988) conceptualize competitive retaliation as the response of a single competitor, while the construct of competitive hostility describes the "collective" competitive response from a group of industry participants. Intensely competitive industries are characterized by harsh business climates and precarious industry conditions (Covin and Slevin, 1989). Also, such industries generally lack exploitable business opportunities and thus firms face significant difficulties in advancing self-determined strategies (Miller and Freisen, 1982). Within such a "zero sum" environment, the participating firms may provide the basis for a network of highly involved interaction: the moves of one firm are indeed met with multiple responses from a range of competitors. Thus it seems that the preannouncing firm is more concerned with a "collection" of competitive responses rather than simply one response from a single firm.

The effect of an anticipated competitive response would be greater based on the potential number of competitors responding, the strengths of their responses, and the number of fronts attacked (e.g., multiple market segments, multiple geographic segments, multiple product lines). The risks inherent in preannouncing would seem to increase based upon the breadth, aggressiveness, and size of competitive responses.

Previous research has largely regarded antitrust concerns (see Table 6) as a subclass of competitive antecedents that negatively influence preannouncement propensity (Eliashberg and Robertson, 1988, Heil and Langvardt, 1994; Heil and Robertson, 1991). Additionally, propositions related to firm size and market dominance result from antitrust concerns (Eliashberg and Robertson, 1988).

2.3.4 Need for An Improved Theoretical Framework

Previously proposed antecedents of preannouncement have largely been based on the firm's contingent beliefs regarding the preannouncements' effects, favorable or unfavorable, on target audience(s). However, it is important to note that previous research, wholly restricted to new product preannouncements, largely examines antecedent effects at the variable rather than the construct level. This result is not surprising considering that primarily an inductive research approach has been used.

However, the absence of constructs means that a systematic and interrelated view of antecedent effects on preannouncement phenomena is largely lacking. Because this fragmented literature has not been tied together at a conceptual level, a cogent and overarching understanding of preannouncement antecedents has not been developed.

Additionally, the predominance of a game theoretic perspective indicates that previous researchers largely ignored firm-level constructs and the use of preannouncements by firms to achieve a specific goal (e.g., new product success); thus, the effects of organizational, strategic, and marketing antecedents on preannouncement propensity have been largely underexamined.

Within the context of the dissertation, a conceptual framework will be developed (see Figure 1) that addresses the gaps identified above. The framework will be limited to a categories of antecedent constructs that foster the firm's use of preannouncements to achieve new product success. The model and accompanying hypotheses are presented in the following Section 2.3.5.

2.3.5 A Model of Preannouncement Antecedents

Although previous research has largely been restricted to new products, preannouncements may also include communications regarding channel relationships (e.g., Intel and Mattel to co-develop smart toys), and discussion of future product development plans among the firm's internal staff (e.g., marketing, engineering, production, and finance), as well as, other channel members (e.g., distributors and suppliers). The model's focal dependent variable, a firm's propensity to preannounce, is defined as the tendency of a firm to communicates, via public statements (e.g., press

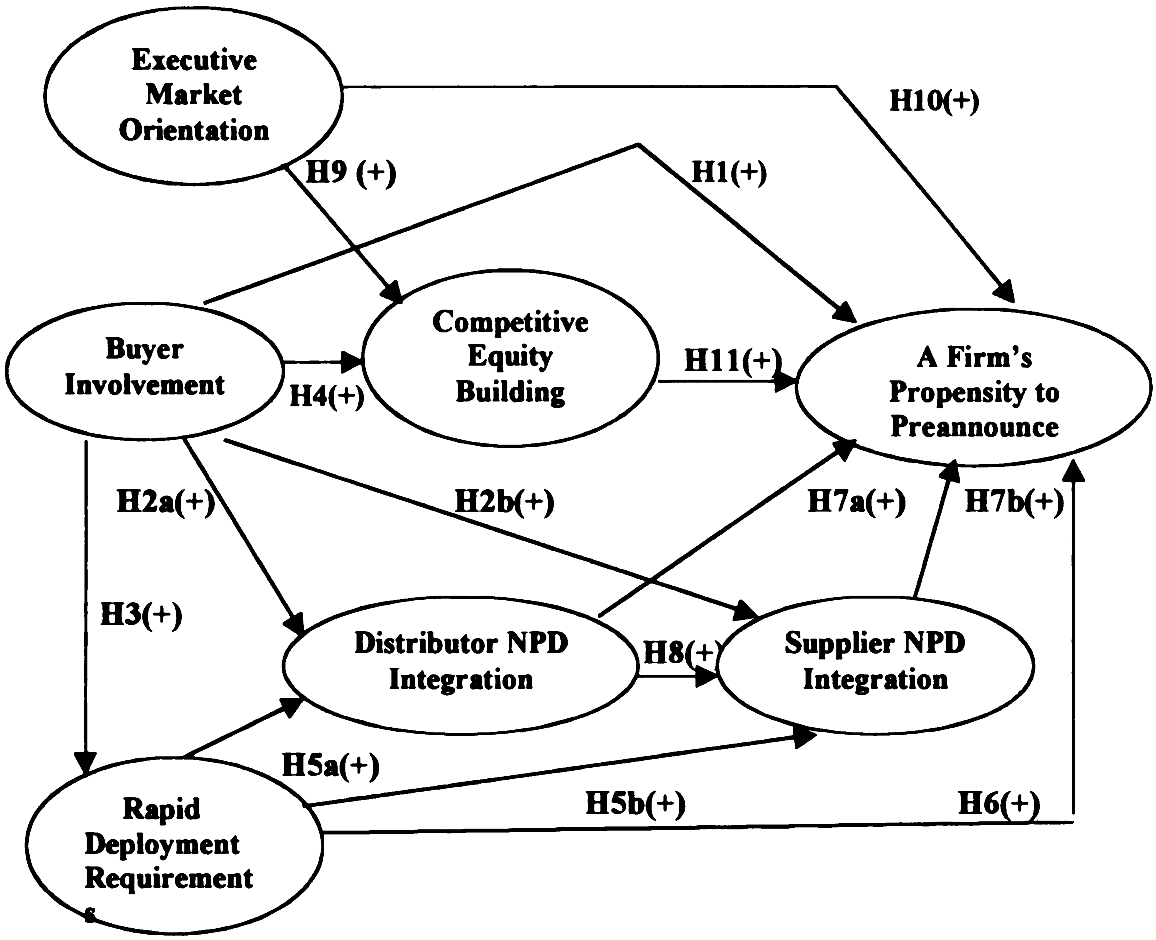

Figure 1 - A New Product Success Model of Preannouncement Antecedents

releases, management interviews, executive industry speeches, employee meetings, conferences), its future intended actions to a broad base of constituents (e.g., investors, employees, suppliers, distributors, buyers, ancillary support firms, industry influencers and observers).

The first series of hypotheses (H1 to H4) investigates the effect of buyer involvement, the degree to which a buyer's need for knowledge is a precursor to trial and purchase, on the constructs: 1) a firm's propensity to preannounce, 2) competitive equity building, 3) distributor NPD integration, and 4) rapid deployment requirements. The model incorporates a second exogenous construct, executive market orientation, as a means to examine the cognate influence of top management team behavior, an organizational construct, on a firm's propensity to preannounce as well as competitive equity building (H10,H11).

The model also examines the effects of four other constructs. First is rapid deployment requirements (H5a & b, H6). The two constructs, distribution and supplier NPD integration (H7a & b, H8a & b, H9), examine the relationship between a firm's need for pre-launch training, planning, and integration of external organizations (i.e., distributors and suppliers) and its propensity to preannounce and competitive equity building. Lastly, the effect of competitive equity building (H12) is examined as a means to evaluate if factors related to consumer preference formation influence a firm's propensity to preannounce. An elaboration of the theoretical rationale for these relationships follows.

Buyer Involvement

Buyer involvement refers to conditions where the buyer's need for knowledge is a precursor to product trial and purchase. The need for knowledge results from (Gatignon and Robertson, 1985):

- Consumer learning requirements that refer to a consumer's need to acquire information or skills to make use of the product, understand its function, or realize its benefits. Consumer learning requirements would be expected to be higher for high technology goods and discontinuous product innovations.

- Innovation or switching costs that concern the incremental expenses, beyond the product, that result from its adoption. Such expenses can include obsolescence of an installed capital base and the required adoption of ancillary products such as in the case of product systems (e.g., computer software)

Preannouncements, at their simplest, offer firms a way to communicate information about their future products and product plans. Preannouncements therefore respond to the involved buyer's need for information regarding product features, function, and benefits, as well as reduce switching costs. (Eliashberg and Robertson, 1988).

However, the content of preannouncements extends beyond product features and availability and may include information about other adopters (e.g., Johnson Controls announces future vehicle development programs with Ford Motor Company), as well as comments and recognition by opinion leaders or industry experts (e.g., Microsoft announces Gartner Group's positive review of Windows 98 beta version). These examples point to the use of preannouncements as a way to communicate favorable endorsements of a firm's new product development activities and reduce uncertainty. The effects of such endorsement-based preannouncements suggest that product credibility and acceptance can also be enhanced.

Preannouncements also offer the firm with a means to communicate product attributes, benefits, and endorsements to a wide range of target audiences and the ability to customize messages to fit each target's needs. Thus, preannouncements can be tailored and issued to address the unique concerns of multiple functional constituents (e.g., finance, engineering, and production), as well as, dispersed geographic buyer segments common to many multinationals.

Additionally, the growing use of the Internet as a "database" of product information (formally communicated by the companies via their own websites and informally provided by online chat rooms, listserves, and message boards) points to its growing position as a new, technology based, word of mouth that is particularly relevant to involved buyers. Preannouncements are a communciation tool that capitalizes on this developing technology. Thus,

H1: Buyer involvement is related positively to a firm's propensity to preannounce.

Buyer involvement also places demands on a firm's product development activities. The involved buyer's need for extensive information regarding product attributes, functionality, benefits, and compatibility with other products and technologies suggests that product development participants, both internal and external to the firm, play key roles in product adoption.

Distributor and supplier NPD integration is the tendency of a firm to involve its suppliers and distributors in NPD activities prior to product launch. Higher levels of buyer involvement may necessitate considerable training and planning by distributors and suppliers in advance of product introduction to ensure satisfactory response to buyer queries and concerns about the product. Ancillary support organizations (e.g., computer peripherals) are similarly affected as they integrate the product plans of lead developers into their own product strategies. Thus,

H2a: Buyer involvement is related positively to distributor NPD integration.

H2b: Buyer involvement is related positively to supplier NPD integration.

As previously discussed, higher levels of buyer involvement can enlarge the firm's and its distributors' roles as educators and facilitators of product adoption. Additionally, the firm and its distributors are affected by the involved buyer's emphasis on product availability. The social relevancy aspect of involvement suggests that such buyers are prone to imitation adoption effects (Mahajan et al., 1990); that is, the broader the social acceptance of the product is conveyed by word of mouth or visual endorsement (e.g., fashion and entertainment goods), the greater is the product adoption rate. Under such conditions, firms would seek to distribute the product broadly and expeditiously across the market. Failure to service demand due to supply or distribution constraints would reduce the effects of normative adoption drivers and decrease product adoption rates. In short, the buyer adoption model is a demand based model (Mahajan et al., 1990). Thus,

H3: Buyer involvement is related positively to rapid deployment requirements.

Involved buyers place a high degree of emphasis on uncertainty reduction and thus they engage in extensive pre-adoption information search and planning, as well as consideration of social referents. Absence of industry standards would further exacerbate the concerns of involved buyers due to a lack of product referents, low salience or confusion regarding product attributes, and high ambiguity and unpredictability of purchase implications. Under such conditions, products are often evaluated by the buyer based on the seller's reputation (Rumelt, 1987; Spence, 1974; Weigelt and Camerer, 1988). To further reduce uncertainty for involved buyers, firms would attempt to establish a favorable industry reputation and position its product as the prototypical market standard (Carpenter and Nakamoto, 1989, 1990). In attempting to establish its product as the market prototype or standard, firms may engage in management activities beyond those previously considered as part of traditional brand equity building.

Firms seeking prototypical status would engage in communication activities defined as competitive equity building, which is different from brand equity building in at least six ways (see Table 7). First, the target audience associated with competitive equity building is broader and more varied than that typically discussed in brand equity literature. The latter seeks to influence the individual consumer while competitive equity building targets the minds of suppliers, distributors, ancillary support firms (e.g., software developers in the computer industry), industry experts, the media (both general business and trade related), and the investment community in addition to the consumer.
Second, competitive equity building attempts to influence the development of the perceptual market structure, while brand equity building focuses on the creation of positive mental associations between the firm's brand and already established perceptual market structures. Third, the target influence event relevant to brand equity building focuses on predisposing action; alternately, competitive equity building is directed towards achieving prototypical product class status within the minds of the broader targeted market audience. Fourth, brand equity focuses on near term time frames associated with purchase, while competitive equity building has no such time frame limitation.

Table 7 - Comparison of Competitive and Brand Equity Building

	Competitive Equity Building	Brand Equity Building
Target Audience	Broad net of industry participants (e.g., buyers, suppliers, distributors, investors, and other industry observers)	Primarily Buyers
Perceptual Market Structure	Attempts to influence development	Attempts to develop associations between brand and perceptual structure
Target Influence Event	Achieve product class standard	Predispose purchase
Time Frame of Effect	No limitations	Near term
Message Content	Highly cognitive and complex	Relatively simple brand associations
Media Channels	Includes industry forums, industry conferences, executive interviews in trade and general business publications	Traditional advertising

The fifth proposed difference between competitive and brand equity concerns the message content of the firm's marketing communications. In building competitive equity targeted at a broad base of constituents, firms would articulate and campaign a product vision that includes their internal model of future product development, industry trends, and market practices. Firms engaged in competitive equity building are attempting to resolve uncertainty in their favor, influence development of industry standards, and ultimately establish a favorable industry reputation. They may further reinforce these efforts by communicating their commitment to achieving and maintaining leadership status within the product class. In contrast, traditional advertising and promotion largely focus on the communication of simple brand associations and relatively small levels of product information.

The sixth and final difference between competitive and brand equity building is related to choice of channels for distribution of the marketing communication. Traditional advertising is limited in its capability to effectively communicate the concepts and commitment associated with competitive equity building. The focus of traditional marketing communication methods is on the single buyer as the decision maker, and advertising and promotion have practical limitations regarding their ability to transmit complex cognitive content. Thus, firms attempting to build competitive equity will acquire more appropriate venues for their communication activities by actively seeking a significant public profile via extensive participation in industry conferences and forums, as well as welcoming coverage by the media.

Competitive equity building can be considered the means by which firms attempt to reduce uncertainty in their favor, influence industry , and achieve prototypical product status. The involved buyer, due to its emphasis on uncertainty reduction, would be favorable influenced by competitive equity building. Thus,

> **H4: Buyer involvement is related positively to competitive equity building.**

Rapid Deployment Requirements

Rapid deployment requirements is defined as the firm's need to distribute new products broadly and expeditiously throughout their market. Under higher levels of rapid deployment requirements, the need for the firm's suppliers and distributors to coordinate and plan the new product launch and rollout would be heightened. Issues such as production capacity, sub-component availability and inventory requirements, market segment introduction dates, stocking requirements, and service levels would be jointly considered. Path dependent tasks (i.e., completion of task is a requirement for many other project tasks and is not substitutable) and critical constraints would be extensively scrutinized. Tightly integrated efforts across multiple organizational boundaries would also be evident. Thus,

> **H5a: Rapid deployment requirements are related positively to distributor NPD integration.**

> **H5b: Rapid deployment requirements are related positively to supplier NPD integration.**

Under rapid deployment conditions, preannouncements can be used by the firm to discuss and update future product plans with suppliers and distributors. Preannouncements can provide information relevant to the development of production schedules, inventory requirements, warehousing, and logistics support. Rapid deployment also involves (1) the distribution of information about the product to buyers such as which retail (in the case of consumer goods) or sales regions (in the case of industrial goods) will carry the product, (2) when it will be available, (3) plans for additional product versions or related peripherals, and even (4) purchase finance options. Preannouncements provide a low cost and timely means, often through the Internet or company websites, to prepare and influence the information base available to buyers further engendering rapid deployment capabilities. Thus,

H6: Rapid deployment requirements are related positively to a firm's propensity to preannounce.

Distributor and Supplier NPD Integration

Previous research has proposed that communication among internal new product project team members, as well as outsiders (e.g., suppliers and distributors) allows for the improved integration of efforts across a broad scope of market participants (Brown and Eisenhardt 1995). The greater the integration, the more successful the development process.

Primarily, two types of product development related communication have been investigated. First, ambassadorial communications, which consists of lobbying activities to influence various groups (e.g., suppliers, distributors, investment community) to support the new product project and overall impression management (Ancona and Caldwell, 1990). The second type, task related communication, deals with the coordination of technical or design issues among cross functional team members or departments, as well as, channel members (Dougherty, 1990, 1992). Both the levels of ambassadorial, as well as, task related communications are positively affected by the cross functional nature of the team (i.e., how many functional groups involved in product launch both internal and external to the firm), the size and geographic dispersion of the team, the complexity of the new product, and its departure from incumbent technologies, manufacturing processes, and targeted buyer segments (Ancona and Caldwell, 1990, 1992). Previous research indicates that communication by a wide range of groups in advance of new product introductions influences team integration and results in higher performing development processes (e.g., speed to market) (Keller, 1986, Brown and Eisenhardt, 1995).

Preannouncements provide firms with means to communicate to the various individuals and organizations involved and 1) provide information that is necessary for them to perform their respective product development tasks, 2) create a feeling of connectedness that will motivate commitment to the project, 3) enhance opportunities for further information exchange and feedback, and 4) develop a favorable overall impression regarding the firm's future new product plans. Preannouncements are relatively inexpensive to produce and provide for timely updates and response to queries throughout the new product development process. They can be targeted towards all interested parties (e.g., a general press release regarding introduction dates) or exclusively communicated (e.g., meeting with key investment community analysts). Thus:

H7a: Distributor NPD integration is related positively to a firm's propensity to preannounce.

H7b: Supplier NPD integration is related positively to a firm's propensity to preannounce.

Distributor NPD Integration is defined as degree to which the firm seeks the involvement of distributors in the new product development activities. The need to involve distributors often results from the need for sales forecasting and inventory planning. The satisfaction of product demand by distributors implies that supply chain participates will coordinate in a "demand-pull" fashion. Thus:

H8: Distributor NPD integration is related positively to supplier NPD integration.

Executive Market Orientation

Executive marketing orientation describes top management's involvement and interest in marketing activities. Higher levels of executive market orientation provides that executive management would: 1) emphasize marketing's role (in the activity rather than departmental sense) in the development of firm strategies, business solutions, and organizational structures, 2) participate directly in marketing related boundary spanning activities (e.g., meeting with key customers, missionary new customer development), and 3) assume a high profile and accessible position within the firm and the industry.

Previous research has proposed that a firm's top management does directly influences organizational response to market issues (Kohli and Jaworski, 1990). For example, management may personally meet with current and prospective customers; champion rapid response, customer focused new product and service oriented programs. Firms with greater levels of executive market orientation would be characterized by frequent and compelling executive communications (as opposed to management edict) with employees and other industry participants regarding the emphasis the firm places on execution of the marketing concept, which includes not only customers needs, but also the importance of the market forces that could influence future needs, and the means by which the firm could effectively and profitably respond (Kohli and Jaworski, 1990).

Firms with higher levels of executive market orientation (e.g., executive involvement at trade shows and participation in distributor and supplier conferences) would emphasize the need for a proactive, future oriented, and visible marketing stance. The endorsement and promotion by top management would engender the achievement of a favorable industry reputation and its associated advantages. Thus,

H9: Executive market orientation is related positively to competitive equity building.

Higher levels of executive market orientation suggest that top management would seek out roles as boundary spanners for the organization. Adopting this position suggests that team members act as the nexus of a strategic communication network to a variety of organizations, both internal and external to the firm. Top management would participate in the communication of information regarding the firm's performance and priorities. Additionally, the communications could focus on management's perceptions of future industry states (e.g., technology trends and market growth), as well as future strategies and planned actions (e.g., new product development plans and market entry plans).

Preannouncements are frequently made by or subject to the approval of top management. In press release form, they are subject to public disclosure requirements and thus need the scrutiny and approval of legal and executive management. Higher levels of executive marketing orientation imply that top management would be active in and supportive of directed communication within the firm and with external groups (e.g., buyers, channel members, investors, industry expert and observers). Thus:

H10: Executive marketing orientation is related positively to a firm's propensity to preannounce.

Competitive Equity Building

Competitive equity building is the process by which firms attempt to resolve uncertainty in their favor, influence development of industry standards, and ultimately establish a favorable industry reputation. Firms attempting to build competitive equity would seek the awareness by other industry participants (e.g., buyers, suppliers, channel members, industry experts and observers) of not only firm products but also management's opinions regarding industry trends and market conditions.

Such firms would seek a "high profile" position and desire the "industry spotlight" as means to communicate and campaign their internal strategic vision and thus build competitive equity. Management would value public recognition of their insights and opinions regarding the industry and seek to be endorsed via their involvement in communication related events and venues. As such, firms engaged in competitive equity building would provide frequent public statements regarding their firm's future planned actions and perspectives on industry trends and practices. Thus,

H11: Competitive equity building is related positively to a firm's propensity to preannounce

2.4 Preannouncement Outcomes

2.4.1 Overview

The examination of preannouncement outcomes is concerned with the study of consequences related to a firm's issuance of preannouncements. Previous preannouncement research has been wholly restricted to behavioral responses by competitors and investors (e.g., matching a price cut, purchasing stock) and focuses on what factors motivate the likelihood of responses by the two audiences.

2.4.2 Likelihood of Competitive Response Motivators

Motivators of a competitor's likelihood to respond to a preannouncement (see Table 8) include the attributes of the preannouncement, preannouncing firm, competitor, as well as industry factors. A preannouncement that is unambiguous and can be interpreted quickly, easily and with minimum error is a clear preannouncement (Heil and

Robertson, 1991). Clear preannouncements ensure that the competitor will expend less resources assessing the meaning of the preannouncement, limit its consideration set of possible responses, and therefore a response decision can be made more quickly. Thus time, effort, and uncertainty all seem to play a role in determining the likelihood of a competitor's response.

The consistency of a preannouncement with previous communications is used by the competitor to check the credibility of the signal (Heil and Robertson, 1991). If it is deviant from previous preannouncements, the competitor will be less likely to believe it or may need to expend greater effort interpreting its meaning, thus reducing the likelihood of response. Additionally, preannouncements are viewed as increasing hostile if they threaten the livelihood of the competitor or if they deviate from industry norms regarding the ratio of competitor-cost versus preannouncer-gains (Heil and Robertson, 1991; Heil and Walters, 1993; Thomas, Eliashberg, and Rymon, 1995). Previous research in game theory predominately suggests that competitive actions and the significance of their consequences positively affects competitive response (Heil and Walters, 1993; Heil and Robertson, 1991).

The effect of each preannouncement attribute is strengthened when the competitor has a baseline from which to assess the preannouncement (Heil and Robertson, 1991). That is, multiple past preannouncements allow the competitor to more easily and accurately evaluate the communication's clarity, consistency, and hostility.

Table 8 - Previously Proposed Antecedents of Competitor Outcomes

Proposed Relationship	Supported ?	Citation	Method Used to Test
Preannouncement Attributes			
Preannouncement Hostility (+)	Yes	Robertson, Eliashberg, and Rymon (1995)	Survey of 346 Key Informants Discrimminant Analysis
	Yes	Heil and Walters (1993)	Survey of 106 Marketing Managers Regression
	Not applicable	Heil and Robertson (1991)	Conceptual
Preannouncement Clarity (+)	Not applicable	Heil and Robertson (1991)	Conceptual
Preannouncement Consistency (+)	Not applicable	Heil and Robertson (1991)	Conceptual
# of Related Preannouncement (+)	Yes	Moore (1992)	Simulation of a 2 player bidding situation using 35 managers
Preannouncer Attributes			
Preannouncing Firm's Reputation(+)	Not applicable	Heil and Robertson (1991)	Conceptual
Preannouncing Firm's Commitment (+)	Not applicable	Heil and Robertson (1991)	Conceptual
	No	Heil and Walters (1993)	Survey of 106 marketing managers Regression
Competitor Attributes			
Exit Costs (+)	Yes	Heil and Walters (1993)	Survey of 106 marketing managers Regression
Market Share (+)	No	Heil and Walters (1993)	Survey of 106 marketing managers Regression
Reception Expertise(+))	Not applicable	Heil and Robertson (1991)	Conceptual

Table 8 (Con't)

Proposed Relationship	Supported?	Citation	Method Used to Test
Industry Factors			
Market Growth Rate(-)	No	Heil and Walters (1993)	Survey of 106 marketing managers Regression
Market Heterogenity(-)	Not applicable	Heil and Robertson (1991)	Conceptual
Industry Life Cycle(+)	Not applicable	Heil and Robertson (1991)	Conceptual
Fixed Costs and Economies of Scale(+)	Not applicable	Heil and Robertson (1991)	Conceptual

Turning to preannouncer attributes, the reputation of the preannouncing firm positively influences competitor response via two mechanisms. First, a firm's reputation as a preannouncer is assessed by the competitor; that is, has the firm previously demonstrated its propensity to fulfill its preannouncements (Heil and Robertson, 1991). Second, the general reputation of a firm declines if its preannounced future actions go unfulfilled. Thus, firms that have more favorable reputations will be reluctant to take risks by bluffing or preannouncing future actions that have a greater probability of going unfulfilled (Heil and Robertson, 1991).

Preannouncer commitment refers to the competitor's perceptions concerning the likelihood that the preannounced future planned action will be fulfilled or is credible. The likelihood would increase if the preannouncer has the demonstrated means to take the future action (e.g., capital availability and production capabilities), the future action is perceived as important to the preannouncer (e.g., core products), and the preannouncer has few strategic alternatives other than the future action (Heil and Robertson, 1991). As previously discussed, a favorable firm reputation should also increase the likelihood of planned action fulfillment.

The competitor's perception of commitment is also dependent on the channel used for the communication of the preannouncement. More public channels (especially mass media such as TV advertising) suggest that an increased number of audiences are involved and the competitor's commitment attributions regarding the preannouncement will increase (Heil and Robertson, 1991).

Regarding competitor motivators, previous research has suggested that exit costs are positively related to the likelihood of a competitive response (Heil and Walter,1993); that is, the greater the exit costs, the number of alternative responses available to the competitor is lower, thus the threat of the preannouncement to the competitor's livelihood is greater.

The competitor's market share has been proposed as positively influencing the likelihood of its response (Heil and Walters, 1993). However, empirical testing provides no support for the proposition. The null result can, perhaps, be best explained if we consider that a competitor with a large market share may be less threatened by the preannouncement.

Reception expertise refers to the competitor's ability to receive the preannouncement cost effectively and correctly interpret its meaning (Heil and Robertson, 1991). Similarity of resources and strategies, as well as market dependence have all been suggested as positively impacting reception expertise and thus the likelihood of response (Heil and Robertson, 1991).

Lastly, the industry factors of market heterogeneity and growth, industry life cycle, fixed costs and economies of scale all influence the likelihood of competitor response (Heil and Robertson, 1991). Greater market heterogeneity and growth provide the competitor with possible revenue alternatives not affected by the future planned action; the preannouncement would be perceived as less hostile and response likelihood is reduced. Similarly, preannouncements late in the industry life cycle would be perceived as more hostile as one firm's gain results from another firm's loss. Higher industry fixed costs and economies of scale, similarily to exit costs, motivate a competitor's likelihood to respond to preannouncements.

2.4.3 Likelihood of Investor Response Motivators

Turning to the likelihood of investor response to preannouncements (see Table 9), the extant literature demonstrates that firm, industry, and preannouncement attributes are the principal motivators of response likelihood. Note that the present literature review addressing investor-related determinants was restricted to those studies where the preannouncement content pertained to information other than stock splits and dividends. This restriction was selected to exclude previous economics and finance research that examined capital market related preannouncements as a means to assess the "market mechanics" related to firm valuation. This perspective is highly limited in its study of preannouncements in that it largely focuses on the development of methodological tools (e.g., event study) rather than the theoretical rationale for the preannouncement-response

Table 9 - Previously Proposed Antecedents of Investor Outcomes

Proposed Relationship	Supported ?	Citation	Method Used to Test
Preannouncer Attributes			
Firm Innovation Reputation (+)	Yes	Chaney, Devinney, and Winer (1991)	Event Study 1101 preannouncements by 231 firms
Firm Size (-)	Yes	Chaney, Devinney, and Winer (1991)	Event Study 1101 preannouncements by 231 firms
Industry Attributes			
Industry Innovation Rate (+)	Yes	Chaney, Devinney, and Winer (1991)	Event Study 1101 preannouncements by 231 firms
Preannouncement Attributes			
Stronger Brand extensions had greater effect that weaker brand extensions	Yes	Lane and Jacobsen (1995)	Event Study 89 preannouncements by 59 firms
Unexpected Information(+)	Not applicable	Aaker and Jacobsen (1987)	Conceptual

relationship. This limitation to preannouncement content provides that, with the exception of the Aakers and Jacobsen (1987) investigation, all the studies examined relate to investor response to new product preannouncement. Additionally, unexpected information (Aaker and Jacobsen,1987) -- that is information that was deviant from investor expectations -- and NPPs related to a firm's strength (e.g., extension of strong brand names) (Lane and Jacobsen, 1995) are positively related to the likelihood of investor response.

The investor related determinants seem to have underlying characteristics similar to those related to competitive response. NPPs for innovation based firms and industries, and unexpected information (e.g., EPS changes) would have "significant consequences related to the investor's livelihood" motivate the likelihood of response.

2.4.4 Towards An Improved Theoretical Framework

Within the context of the dissertation, a conceptual framework will be developed that examines the relationships among preannouncement propensity and categories of attitudinal outcomes related to new product success. Previous research regarding preannouncement outcomes has been wholly restricted to the examination of competitor and investor behavioral responses. However, the examination of attitudinal outcomes, such as those related to buyers, channel members, employees, industry observers and influencers, is particularly relevant given that proposed motivators of preannouncements include such factors as the desire to build support and interest for a product, reduce market uncertainty, and enhance firm image. The framework and accompanying hypotheses are presented in the following Section 2.4.6.

2.4.5 A Model of Preannouncement Outcomes

Although previous research has included new product preannouncements, other preannouncements, relevant to new product success -- such as management commentary regarding future industry states (e.g., Bill Gates' forecasting future e-commerce revenue), communications regarding channel relationships (e.g., Intel and Mattel to co-develop smart toys), and discussion of future product development plans among the firm's internal staff (e.g., marketing, engineering, production, and finance), as well as, other channel members (e.g., distributors and suppliers) -- will be included in this study.

Within the context of the proposed model (see Figure 2), the relationship between a firm's preannouncement propensity and four outcome constructs will be investigated. The outcome constructs are: (1) competitive equity, which describes the firm's position as an influencer of industry standards and its products' ranks as product class prototypes, (2) industry receptiveness, which is the degree to which constituent groups (e.g., buyers, employees, channel members, industry influencers and observers) are inclined to show interest in and value the firm's future product plans and marketing vision, (3) ability to marshal resources, which describes the firm's ability to engender tangible resource support necessary for the development and introduction of future products, and (4) new product success, which is a perceptual construct describing the favorable attitudes held by managers regarding their firm's ability to execute new product activities and influence industry trends.

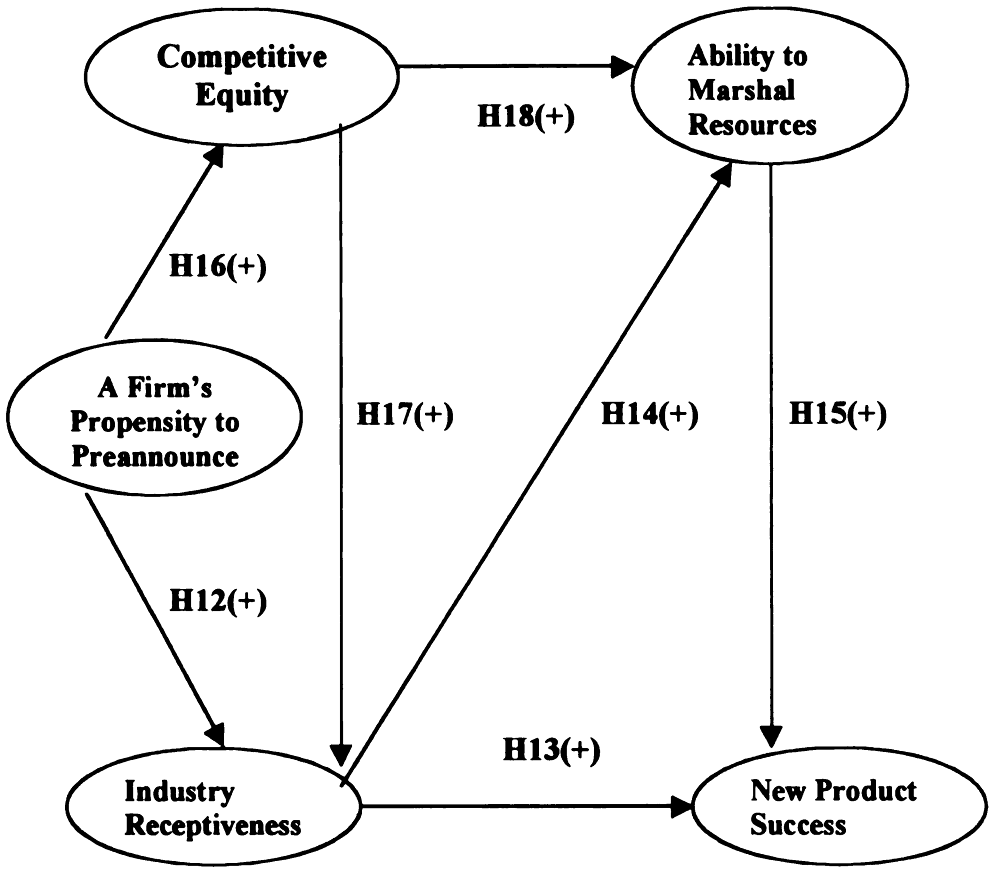

Figure 2 - A New Product Success Model of Preannouncement Outcomes

Industry Receptiveness Related Outcomes

Industry receptiveness is defined as the favorable bias of buyers, distributors, suppliers, investors, industry observers and influencers towards a firm's future product plans and market outlook. Higher levels of industry receptiveness are characterized by market constituents (e.g., buyers, distributors, suppliers, investors, and industry observers and influencers): 1) demonstrating strong interest in the firm's future product plans and perceptions of future industry states, and (2) judging them as relevant, credible, and valuable.

Preannouncement propensity was previously defined as the degree to which a firm communicates, via public statements (e.g., press releases, management interviews, executive industry speeches, employee meetings, conferences), its future intended actions to a broad base of constituents (e.g., investors, employees, suppliers, distributors, buyers, ancillary support firms, industry influencers and observers).

Preannouncement propensity is positively related to industry receptiveness by ensuring that information provided to market constituents by the firm can be "packaged and delivered" to best suit the needs and influence the opinions of various target audiences. Higher levels of preannouncement propensity suggests that the firm can develop specialized, focused, and highly cognitive communications, in a timely manner, that specifically target the individual "livelihood" concerns of a range of audiences. For example, different preannouncements, targeted at different buyer segments, can emphasize individually relevant issues such as the innovativeness of future products, their costs saving opportunities, or the compatibility of ancillary products, while preannouncements targeting investors may highlight industry and market segment growth rates, as well as anticipated revenue gains resulting from future product plans.

Under conditions of higher preannouncement propensity the firm would convey endorsements of the firm's future product plans and market outlook and thus respond to the targeted audiences needs for social acceptance or preference for normative based business attitudes and product adoption. Additionally, preannouncement propensity indicates that public messages, delivered or sanctioned by top management, are available thus providing credible insights into the mind's of the firm's leading strategists. Thus,

H12: A firm's propensity to preannouncement propensity is positively related to industry receptiveness.

A receptive industry environment influences directly and indirectly, through the firm's ability to marshal resources, a firm's new product success. Under conditions of high industry receptiveness, market constituents are predisposed to value and believe firm information regarding future product plans and market vision. This compelling condition directly influences new product success by engendering a favorable managerial attitude regarding their firm's ability to execute new product activities and influence industry trends. Firm management does not view its new product activities as an uphill battle against negative industry opinions.

Indirectly, a receptive industry environment means that firms would face a market predisposed to value the firm's new product activities; thus firms would be better able to marshal the necessary resources, such as buyer interest, endorsement from industry influencers, channel support, and capital market investment, to effectively and efficiently execute future product plans. Thus,

H13: Industry receptiveness is related positively to new product success.

H14: Industry receptiveness is related positively to new product success

H15: A firm's ability to marshal resources is positively related to new product success.

Competitive Equity Related Outcomes

A firm's propensity to preannounce is proposed to be related positively to competitive equity. Firms with higher levels of preannouncement propensity will frequently communicate, via various channels (e.g., press release, media interview, management meetings with distributors), a wide range of information regarding the future: their plans, perceptions of industry trends, and internal marketing vision. The information delivered would be credible, highly cognitive, and possess a prescient quality. Thus, market constituents will be highly cognizant of many details regarding the firm, its direction, and its prescription for future success within the industry. Preannouncements portend the industry's future in the firm's own image and provide the opportunity to resolve market uncertainty in the firm's favor, influence the development of industry standards and the positoning of firm products as prototypes. Thus,

H16: A firm's propensity to preannounce is related positively to competitive equity.

Competitive equity positively influences new product success via its relationships with industry receptiveness and the firm's ability to marshal resources. A firm with higher levels of competitive equity will be better able to influence industry standards and its products would be ranked as prototypical standards. Such firms would be regarded as industry standard-bearers and hold prominent and respected positions in the industry.

Their status suggests that industry channel participants would value business relationships with these firms and compete to be part of future product plans. Buyers, industry influencers, and observers would seek out the firm's opinions of future industry trends and demonstrate high levels of interest in their product plans. Investors would view the firms as possessing a higher level of sustainable competitive advantage, accruing through their influential position and the status of their products, and may value the firm at market premiums. Higher levels of competitive equity imply that the firm is considered as an industry leader, widely solicited about its perspectives and future product plans, and pursued as an organization to do business with. Thus,

H17: Competitive equity is positively related to industry receptiveness.

H18: Competitive equity is positively related to the firm's ability to marshal resources.

Chapter 3

RESEARCH METHOD

3.1 Unit of Analysis

A key informant approach was used to collect data for this study. Three considerations motivated this decision. First, given the strategic nature of the model constructs, the informants selected were high level managers (e.g., CEO and President). By definition, an informant's role is to report on organizational processes, events, or outcomes that are aggregate in nature, and thus informants should be sampled according to expertise (McKendall and Wagner, 1997). Accordingly, the informants are heavily involved in the strategy formation process of their firm and are thoroughly cognizant of industry issues and important study considerations. Second, the use of senior level management as key informants is particularly critical when examining the boundary-spanning activities that are central to the research hypotheses (Penning, 1979). Third, given the sensitive information requested, a single key informant assured of anonymity perceives less risk and is likely to be candid (Kohli, 1989). Regarding self-report bias, previous research has largely concluded that the areas of organizational culture and structure are relatively free of covariate inflation effects (Crampton and Wagner, 1994).

3.2 Sampling Frame and Sampling Method

The sampling frame was comprised of high level executives of U.S. based firms in the surgical, medical instruments and apparatus (SIC 3841), games and toys (SIC 3944), sporting and athletic goods (SIC 3949), personal hygiene (e.g., shaving preparations, mouthwashes, shampoos, (SIC 2844), computer software (SIC codes 7372), computer peripheral (SIC codes 3572, 3575, 3577), and OEM automotive component (SIC codes 3714) industries. Firms in these industry groups are categorized as manufacturers of their respective products and would engage in the development and marketing of new products. The research focus is on medium to large companies, and any firms with less than 200 employees were excluded. Smaller firms were also avoided because they tend to have strong family influences that may skew study results (Kirpalani and MacIntosh, 1980).

The appropriate sample size for use in testing structural equation models ranges from 50 to 500. Samples smaller than 50 are not recommended as improper solutions (e.g., nonconvergence of the iterative procedure, or negative error variance estimates) can occur; samples over 500 may result in sampling fluctuations being detected as differences between the observed and expected covariance matrices thus resulting in a Type I error regarding the χ^2 statistic (Chin, 1998).

A 2000 subject frame was randomly drawn from a national mailing list of executives holding the position of CEO or President of their respective firms within the selected industries. The following actions were be taken to promote response and minimize response bias:

- The survey packet included a personalized cover letter that introduced the study, identified it as a study conducted under the guidance and authority of an academic, rather than a commercial organization, highlighted its potential value to the executive and the importance of their participation. Participants were told that their responses would be both anonymous and confidential. Additionally, they were offered a copy of the survey results and the research conclusions.

- The survey and cover letter was pretested with a group of 10 executives with similar responsibilities as the sample population to ensure that the survey questions were clear and convenient to answer, and that the relevance of survey participation was evident.

- A follow-up card was sent ten days after the initial mailing to remind the executive of the request of their participation. It highlighted the relevance of the study and again offered the results. It also included the name and telephone number of a contact person if a replacement survey was needed.

3.3 Constructs and Their Measurements

3.3.1 Antecedent and Preannouncement Propensity Constructs

Buyer Involvement. In Chapter 2, buyer involvement was defined as the degree to which the buyers' need for knowledge is a precursor to product trial and purchase. The construct was measured using 7-point Likert scales adapted from Eliashberg and Robertson (1989) and Gatignon and Robertson (1985), anchored by strongly disgree and strongly agree, and contained the following three items:

- The purchase of your firm's new products/services requires advance planning on the part of your customer.

- Buyers spend time and effort, prior to purchase, to acquire information related to the products/services features, functions, or benefits (e.g., acquiring details regarding a new car's engine specifications, warranty claims, and available options).

- Buyers of your firm's products have a need to obtain information about the product prior to purchase.

Executive Market Orientation. In Chapter 2, executive market orientation was defined as the degree to which top management team members emphasize marketing's role in the development of firm strategies, business solutions, and organizational structures, participate directly in marketing related boundary spanning activities (e.g., meetings with key customers, missionary new customer development), and assume a high profile and accessible position within the firm and the industry. Previous measures of executive market orientation could not be found in the literature, thus measures were developed specifically for this study based on Kohli and Jaworski's (1990) examination of senior management factors influencing a firm's market orientation. Executive market orientation was measured using 7- point Likert scales, anchored by strongly disagree and strongly agree, and contained the following five items:

- Within your firm, top management emphasizes a market driven approach regarding business strategies and tactics.
- Within your firm, top management provides visible support for new product and customer focused initiatives.
- Within your firm, top management is personally involved with the maintenance and development of key customer and/or distributor relationships.
- Within your firm, top management often plays a "missionary" role targeted at positively influencing the opinions of customers, suppliers, distributors, trade and general business press.
- Within your firm, top management is highly focused on market issues external to the firm (e.g., emerging industry trends, gathering support from external constituents such as the trade and general business press).

Supplier NPD Integration. As defined in Chapter 2, supplier NPD integration is the degree to which supplier involvement in NPD activities is sought by the firm. The construct was measured using 7-point Likert scales, adapted from Hise et al.(1990) and Gupta & Wilemon (1990), anchored by strongly disgree and strongly agree and contained the following three items:

- NPD teams include suppliers.
- The firm seeks the involvement, opinions, and support of its suppliers during new product development.
- NPD activities include external suppliers.

Distributor NPD Integration. As defined in Chapter 2, distributor NPD integration is the degree to which distributor involvement in NPD activities is sought by the firm. The construct was measured using 7-point Likert scales, adapted from Hise et al.(1990) and Gupta & Wilemon (1990), anchored by strongly disgree and strongly agree and contained the following three items:

- NPD teams include distributors.
- The firm seeks the involvement, opinions, and support of its distributors during new product development.
- NPD activities include external distributors.

Competitive Equity Building. In Chapter 2, competitive equity building was defined as the process by which firms attempt to resolve uncertainty in their favor, influence development of industry standards, and ultimately establish a favorable industry reputation. Previous measures of competitive equity building could not be found in the literature, thus measures were developed specifically for this study after extensive review of the first mover and reputation literature (e.g., Lieberman and Montgomery, 1988; Weigelt and Camerer, 1988). Competitive equity building was measured using 7- point Likert scales, anchored by strongly disagree and strongly agree, with the following five items:

- Your firm seeks to have a leadership reputation within your industry.
- Your firm seeks a public profile via its participation in industry activities and forums.

- Your firm welcomes coverage by journalists in trade magazines and the general business press.

- Your firm seeks to be have its products or services considered as "standards" of the industry (e.g., Windows 98 in computer software, Dodge Caravan in the minivan automotive market).

- Your firm seeks to have its products considered leaders in their market segment.

Rapid Deployment Requirements. In Chapter 2, rapid deployment requirements were defined as the firm's needs to distribute new products broadly and expeditiously throughout their market. Previous measures of rapid deployment requirements could not be found in the literature, thus measures were developed specifically for this study. Rapid deployment requirements was measured using 7- point Likert scales, anchored by strongly disagree and strongly agree, and contained the following three items:

- For your firm, ensuring that the product is available to the buyer - when they wish to purchase - is a significant concern; buyers will generally not wait and, instead, will purchase an alternate product.

- For your firm, product distribution issues (e.g., retail shelf space, delivery responsiveness and the number of distributors) are significant new product introduction concerns.

- The planning of new product distribution is a critical business activity for your firm.

A Firm's Propensity to Preannounce. In Chapter 2, a firm's propensity to preannounce was defined as the firm's tendency of to communicates, via public statements (e.g., press releases, management interviews, executive industry speeches, employee meetings, conferences), its future intended actions to a broad base of constituents (e.g., investors, distributors, and suppliers). The survey provided the following definition and examples of preannouncements to the respondents:

Preannouncement is a formal and public communication by a firm that provides an indication of its future plans. The preannouncement communication can be directed at one or many constituent parties within the firm's general market environment including buyers, suppliers, distributors, employees, investors, industry experts and observers, and government regulatory agencies -- in all cases, both current and prospective.

Examples of preannouncements include:

- **Northwest airlines announcing, in March, its special summertime air fares;**
- **Bill Gates, CEO of Microsoft, discussing his perspectives of future e-commerce revenue with the general business press;**
- **Alex Trotman, CEO of Ford Motor, predicting that double digit growth for sport-utility will continue during a conference with regional dealership owners;**
- **Mattel and Intel issuing a press release regarding their plans to co-develop "smart" toys;**
- **Firm executives hold a debriefing conference with key suppliers and distributors regarding future product plans.**

A firm's propensity to preannounce was measured using 7-point Likert scales, anchored by strongly disagree and strongly agree, and contained the using the following five items:

If the situation arises, your firm will formally communicate information regarding:

- Its future plans for the development and launch of new products and services;
- Its future plans for the development of new distribution partners;
- Its future plans for the development of joint development or marketing programs;
- Its future plans to enter into a joint venture, merger, or acquisition;
- Its plans to enter new market or geographic segments;

3.3.2 Outcome Constructs

Competitive Equity. In Chapter 2, competitive equity was defined as the degree to which 1) a firm is positioned as an influencer of industry standards and, 2) its products' rank as product class standards. Previous measures of competitive equity could not be found in the literature, thus measures were developed specifically for this study after extensive review of the first mover and reputation literature (e.g., Lieberman and Montgomery, 1988; Weigelt and Camerer, 1988). Competitive equity building was measured using a 7- point Likert scale, anchored by strongly disagree and strongly agree, and contained the following five items:

- Your firm has a significant leadership reputation within your industry.
- Your firm's products, services, technologies, and strategic initiatives are used as benchmarks or set standards for your industry (e.g., Mercedes Benz in the luxury car industry, FedEx in the overnight delivery industry).
- Your firm's products or services are copied or imitated by other firms within your industry.
- Your firm is influential in shaping the direction of your industry.
- Your firm's products are market leaders within your industry.

Industry Receptiveness. In Chapter 2, industry receptiveness was defined as the favorable bias of various market constituents (e.g., buyers, distributors, suppliers, investors, industry observers and influencers) towards a firm's future product plans and market outlook. Higher levels of industry receptiveness are characterized by market participants: 1) demonstrating strong interest in the firm's future product plans and perceptions of future industry states, and (2) judging them as relevant, credible, and valuable. The construct was measured using 7-point Likert scales, anchored by strongly disagree and strongly agree, and contained the following four items adapted from Mahajan and Wind (1987) and Ancona and Caldwell (1990):

- Within your industry, there exists a receptive and supportive environment for firm's new products/services.
- Within your industry, there is a significant level of curiosity and interest regarding your firm's new product plans.
- Within your industry, your firm's new products are anxiously anticipated.

- Within your industry, your firm's new product plans and commentary regarding future industry states are considered as relevant and valuable.

Firm's Ability To Marshal Resources. In Chapter 2, the firm's ability to marshal resources was defined as its ability to engender tangible resource support necessary for the development and introduction of new products. The construct was be measured using 7-point Likert scales, anchored by strongly disagree and strongly agree, and contained the following three items from Ancona and Caldwell (1990,1992) and Dougherty (1990):

- Your firm's new product development activities are adequately funded and properly staffed.
- Your firm's new product budgets include the necessary expenditures on critical items to ensure a successful product launch (e.g., prototype development, capital equipment, market testing, salesforce/distributor training, advertising).
- Your firm's new product development plans and budgets are viewed as an organizational priority.

New Product Success. In Chapter 2, the new product success construct was defined as a perceptual construct that describes managerial attitudes regarding their firm's ability to successfully execute new product activities and influence industry trends. The product development literature largely focuses on the success of individual new product projects measured in financial (e.g., profitability and revenue), market (e.g., market share, market leadership), and process (e.g., lead-time, productivity, quality) performance terms (Brown and Eisenhardt, 1995). However, the intention of the new product success construct is to capture managerial attitudes regarding the firm's competence to successfully develop future new products and influence industry trends, rather than simply evaluating the performance of past individual new product projects activities. Intuitively, the construct attempts to assess how managers perceive the firm's position as a capable new products firm.

Previous measures of new product success could not be found in the literature, thus measures were developed specifically for this study after extensive review of the new product development, first mover, and reputation literatures. New product success was measured using 7-point Likert scale, anchored by strongly disagree and strongly agree, and contained the following five items:

- Your firm's new product development capabilities are adept at meeting or exceeding the expectations of firm management (e.g., time to market, product quality, commercial performance).
- Your firm's new product development capabilities are viewed by management as a firm strength.
- Your firm's new product development capabilities are leading contributors to your firm's overall success and performance;
- Your firm's new product development capabilities set the firm apart (in a favorable sense) from others in your industry.
- Management is generally well satisfied with your firm's new product development capabilities.

3.4 Measurement Testing Approach

Due to the limited degree of prior testing of the operational constructs used in the two models, a series of steps was taken to purify the construct measurements and improve reliability and validity as follows:

- Construct items were subjected to confirmatory factor analysis, using EQS 5.0 (PC-version), to test for convergent and discriminant validity;
- Reliabilities (internal consistency) were tested using Cronbach's alpha.

3.5 Structural Model Testing Approach

After determining that the viability and validity of the proposed measurement model, the structural models of preannouncement propensity antecedents and outcomes, presented in Figure 1 and 2, were tested using EQS 5.0 (PC-version). Each proposed model's overall goodness of fit to the observed data was assessed using the χ^2 statistic and CFI measure. Each individual hypothesis was tested by examining the standardized parameter estimates and t-values, computed on unstandardized parameters, for each structural path.

Chapter 4

RESEARCH RESULTS

4.1 Antecedent Model Results

4.1.1 Response Rate

Of the 2000 surveys initially mailed, a total of 261 were returned because of "moved/not forwardable", "forwarding order expired", or "person no longer at company". This reduced the actual sample frame to 1739 companies; of these, 290 executives (a response rate of 16.7 %) responded to the survey. It is important to note that such a response rate is reasonable given that the targeted respondent is a high level executive (e.g., President and CEO) under significant time constraints and that the strategic focus of the survey could result in responses considered sensitive and confidential. Both these factors would produce a downward bias to the response rate.

4.1.2 Results of Measurement Model Testing

EQS 5.0 (Byrne 1994) was used to perform a confirmatory factor analysis of the antecedent model constructs to assess their validity (see Table 10). The overall fit of the 25 - item, 7 - construct, CFA analysis was acceptable. Measures of overall fit included

CFI = .968, no standardized residuals over the absolute value of 2, and a chi-squared of 381.894, 250 df.

As evidence of convergent validity, each of the 25 items loaded on their prespecified hypothesized constructs, all standardized factor loadings exceeded .5 and all tests of unstandardized coefficients were significant. (t-values between 9.651 to 13.375; see Table 10, third column, for standardized parameters) (Chin, 1998; Fornell and Larcker, 1981). To establish discriminant validity, a multivariate LaGrange Multiplier (LM) test indicated no significant cross loadings for measurement items with non-hypothesized constructs. Thus the measurement model was supported.

Additionally, the reliabilities of the seven constructs were assessed using Cronbach's alpha. The result for each construct is presented in Table 10. As shown, all scales achieved Cronbach's Alpha greater than .70 and therefore were deemed acceptably convergent (Nunnally, 1978).

4.1.3 Results of Structural Model Testing

After determining that the proposed measurement model obtained convergent and discrimminant validity based on the data, the structural model presented in Figure 1 was next tested. This two step method also provides a test of nomological validity (Anderson and Gerbing, 1988).

The model was tested using the covariance matrix of the 7 latent constructs (PHI) (Anderson and Gerbing, 1982) and maximum likelihood estimation. Examination of overall fit statistics (see Table 11) indicates acceptable fit of the model to the data (CFI = .964, and chi-squared of 403.440, 254 df).

Table 10 - Antecedent Model Construct Measures and Reliabilities based on CFA

Construct	Measures	Std Loading	α
Buyer Involvement			.75
BIN1	Product purchase requires advance planning by buyer	.858	
BIN2	Buyers spends time/ effort to acquire information	.730	
BIN3	Buyers have a need to obtain information	.626	
Executive Market Orientation			.81
EMO1	Top management is personally involved in maintenance and development of key external relationships	.829	
EMO2	Top management acts as firm "missionaries"	.914	
EMO3	Top management personally emphasizes market issues	.654	
Supplier NPD			.86
Integration	NPD teams include suppliers	.787	
SNI1	Firm seeks suppliers' involvement, opinions, and support	.919	
SNI2			
SNI3	NPD activities include external suppliers	.898	
Distributor NPD Integration			.91
DNI1	NPD teams include distributors	.781	
DNI2	Firm seeks distributors' involvement, opinions, and support	.928	
DNI3	NPD activities include external distributors	.929	
Competitive Equity Building			.90
CEB1	Firm seeks to have a leadership reputation	.793	
CEB2	Firm seeks a public profile via participation in industry activities and forums	.636	
CEB3	Firm welcomes media coverage	.614	
CEB4	Firm seeks to have its products the industry standards	.909	
CEB5	Firm seeks to have its products considered leaders in their market segment	.950	
Rapid Deployment Requirements			.78
RDR3	Product availability is a significant firm concern	.710	
RDR4	Distribution issues are significant NP concerns	.872	
RDR5	The planning of the distribution of NPs is a critical business activity	.795	
Firm's Propensity to Preannounce			.79
PTP1	Preannounce future plans to develop and launch new products/services	.749	
PTP2	Preannounce future plans to develop new distribution partners	.648	
PTP3	Preannounce future plans for the development of joint product development programs	.696	
PTP4	Preannounce future plans to enter into a joint venture, merger or acquisition	.776	
PTP5	Preannounce future plans to enter into a new geographic segment	.806	

Goodness of Fit Results: Chi-square of 381.894, df 250; CFI=.968.

Table 11 - Tests of Hypothesized Antecedent Relationships

Hypothesis Description	Std Parameter	t-values	Conclusion
H1: Buyer Involvement is positively related to a Firm's Propensity to Preannounce	.030	0.365	H1 not supported
H2a: Buyer Involvement is positively related to Distributor NPD Integration	-.073	-1.065	H2a not supported
H2b: Buyer Involvement is positively related to Supplier NPD Integration	.304	4.198*	H2b supported
H3: Buyer Involvement is positively related to Rapid Deployment Requirements	-.202	-2.726*	H3 contradicted
H4: Buyer Involvement is positively Related to Competitive Equity Building	.165	2.346*	H4 supported
H5a: Rapid Deployment Requirements is positively related to Distributor NPD Integration	.277	4.101*	H5a supported
H5b: Rapid Deployment Requirements is positively related Supplier NPD Integration	.096	1.433***	H5b supported
H6: Rapid Deployment Requirements is positively related to a Firm's Propensity to Preannounce	-.015	-0.173	H6 not supported
H7a: Distributor NPD Integration is positively Related to Firm's Propensity to Preannounce	.088	1.200	H8a not supported
H7b: Supplier NPD Integration is positively Related to Firm's Propensity to Preannounce	.082	1.110	H8b not supported
H8: Distributor NPD Integration is positively Related to Supplier NPD Integration	.299	4.632*	H9 supported
H9: Executive Market Orientation is Positively related to Competitive Equity Building	.138	2.285*	H10 supported
H10: Executive Market Orientation is positively Related to a Firm's Propensity to Preannounce	.023	0.334	H11 not supported
H11: Competitive Equity Building is positively related to a Firm's Propensity to Preannounce	.210	2.634*	H12 supported

***significant at p<.01, **significant at p < .05, ***significant at p<.10**

Goodness of Fit Results: Chi-square of 403.440, df 254;CFI=.964.

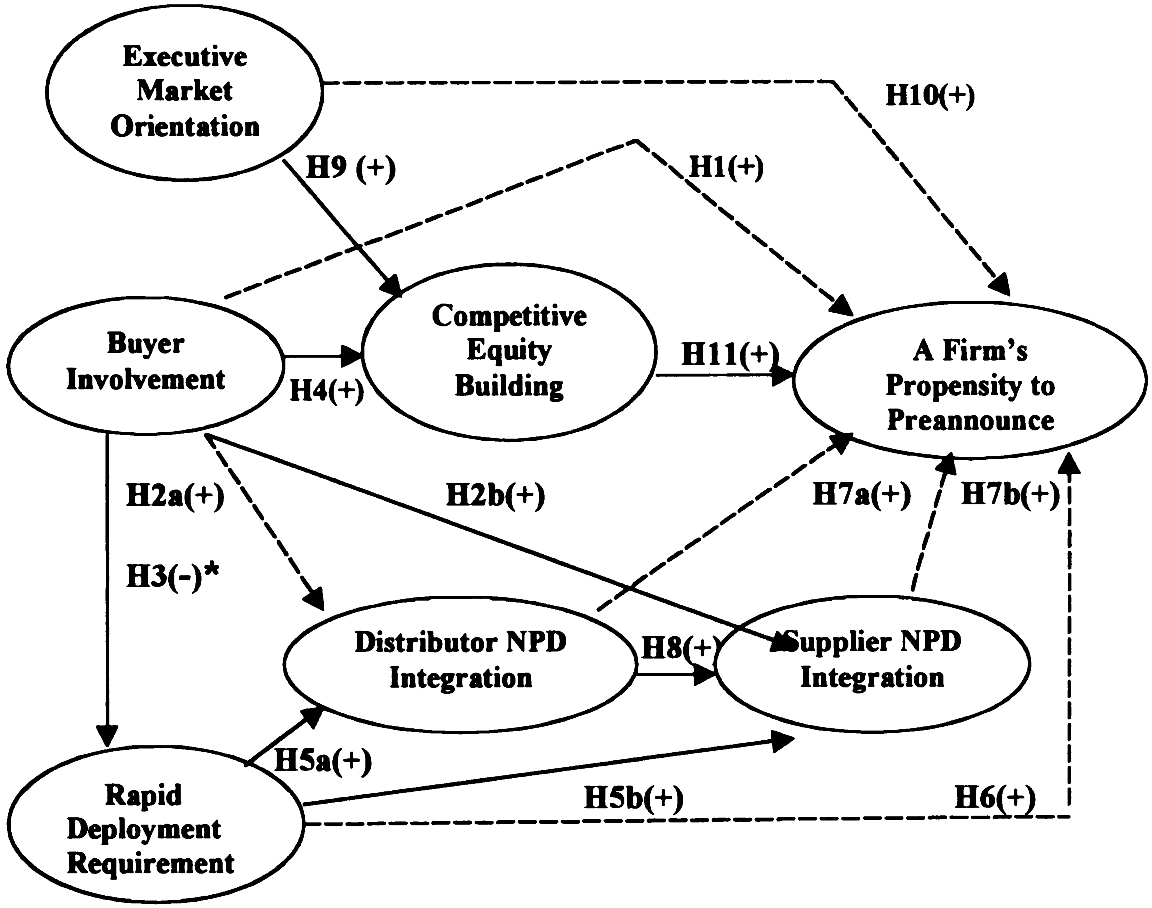

Figure 3 –Model of Antecedents
Incorporating Research Findings

Note: dashed arrow (- - - -▶) indicates hypothesis was not supported by findings

solid arrow (———▶) indicates hypothesis was supported by findings

Table 11 shows the standardized parameters and t-values for the model. Figure 3 presents an updated model incorporating the findings. Regarding direct antecedent effects on a firm's propensity to preannounce, only competitive equity building (H11) had a positive effect on a firm's propensity to preannounce. The results do not support the proposed positive relationships between buyer involvement (H1), rapid deployment requirements (H6), distributor NPD integration (H7a), supplier NPD integration (H7b), or executive market orientation (10) and a firm's propensity to preannounce.

However, the results indicate that buyer involvement, as proposed, is positively related to supplier NPD integration (H2b), competitive equity building (H4), and, in constrast to the original hypothesis, is negatively related to rapid deployment requirements (H3). The results do not support buyer involvement's proposed positive relationship to distributor NPD integration (H2a).

Rapid deployment requirements was found to be positively related to both distributor (H5a) and supplier (H5b) NPD integration; however, in the case of the latter hypothesis the relationship was marginally significant ($p<.10$). Additionally, distributor NPD integration was found to be positively related to supplier NPD integration (H8).

Lastly, the results support the proposed positive relationship between executive market orientation and competitive equity building (H9).

4.2 Outcome Model Results

4.2.1 Response Rate

The outcome model was tested using the same sample as that used in the testing of the antecedent model. Therefore, the discussion of the response rate provided in Section 4.1.1.will not be repeated.

4.2.2 Results of Measurement Model Testing

A confirmatory factor analysis of the outcome model constructs was performed to assess their validity (see Table 12). The overall fit of the 22 - item, 5 - construct, CFA analysis was acceptable. Measures of overall fit included CFI = .959, no standardized residuals over the absolute value of 2, and a chi-squared of 357.925, 187 df.

As evidence of convergent validity, each of the 22 items loaded on their prespecified hypothesized constructs, all standardized factor loadings exceeded .5 and all tests of unstandardized coefficients were significant (t-values between 10.300 to 18.599; see Table 12, third column, for standardized parameters) (Chin 1998; Fornell and Larcker 1981). To establish discriminant validity, a multivariate LaGrange Multiplier (LM) test indicated no significant cross loadings for measurement items with non-hypothesized constructs. Thus the measurement model was supported.

Additionally, the reliabilities of the five constructs was assessed using Cronbach's alpha. The result for each construct is presented in Table 12. As shown, all scales achieved Cronbach's Alpha greater than .70 and therefore were deemed acceptablely convergent (Nunnally 1978).

4.2.3 Results of Structural Model Testing

After determining that the proposed measurement model obtained convergent and discrimminant validity based on the data, the structural model presented in Figure 2 was next tested. This two step method also provides a test of nomological validity (Anderson and Gerbing, 1988). The model was tested using the covariance matrix of the 5 latent constructs (PHI) (Anderson and Gerbing 1982) and maximum likelihood estimation.

Examination of the overall fit statistics (see Table 13) indicates acceptable fit of the model to the data (CFI = .959, and chi-squared of 353.874,188 df).

Table 13 shows the standardized parameters and t-values for the model. Figure 4 presents an updated model incorporating the findings. The findings support the proposed positive relationship between a firm's propensity to preannounce and industry receptiveness (H12); however, the hypothesized positive relationship between a firm's propensity to preannounce and competitive equity was not supported (H16). Additionally, the results support the proposed positive relationships between competitive equity and both the ability to marshal resources (H18) as well as industry receptiveness (H17). Regarding the influence of industry receptiveness, the findings support its proposed positive relationships with ability to marshal resources (H14) and new product success (H13). Lastly, the proposed positive relationship between ability to marshal resources and new product success (H15) is also supported.

Table 12 - Outcome Model Construct Measures and Reliabilities based on CFA

Construct	Measures	Std Loading *	α
Firm's Propensity to Preannounce			.80
PTP1	Preannounce future plans to develop and launch new products/services	.782	
PTP2	Preannounce future plans to develop new distribution partners	.660	
PTP3	Preannounce future plans for the development of joint product development programs	.683	
PTP4	Preannounce future plans to enter into a joint venture, merger or acquisition	.773	
PTP5	Preannounce future plans to enter into a new geographic segment	.787	
Competitive Equity			.94
CEQ1	Firm has a significant leadership position in industry	.845	
CEQ2	Products act as industry "benchmarks"	.905	
CEQ3	Products are often imitated or copied	.810	
CEQ4	Firm is influential in shaping direction of industry	.859	
CEQ5	Products are market leaders within your industry	.845	
Industry Receptiveness			.86
IRT1	A receptive and supportive environment exists for your firm's new products	.691	
IRT2	There is curiosity/ interest regarding firm's NP plans	.848	
IRT3	New Products are anxiously anticipated	.853	
IRT4	New product plans and statements about future industry states are considered relevant and valuable	.794	
Ability to Marshal Resources			.79
AMR1	NPD efforts are adequately funded and staffed	.677	
AMR2	NPD budgets include necessary expenditures to ensure a successful product launch	.754	
AMR3	NPD activities are an organizational priority	.815	
New Product Success			.89
NPS1	New product meet/exceed management's expectations	.861	
NPS2	New product development is a firm strength	.917	
NPS3	New product capabilities are viewed by management as a leading contributor to the firm's overall success	.804	
NPS4	New product capabilities set the firm apart (in a favorable sense) from others in the industry	.847	
NPS5	Your firm's management is generally well satisfied (constant improvement is always sought but firm generally performs well) with your firm's new product development capabilities	.807	

Goodness of Fit Results: Chi-square of 357.925, df 187; CFI=.949

Table 13 - Tests of Hypothesized Outcome Relationships

Hypothesis Description	Standardized Parameter Estimate	t-values	Conclusion
H12: Firm's Propensity to Preannounce is Positively related to Industry Receptiveness	.251	4.134*	H13 supported
H13: Industry Receptiveness is positively related to New Product Success	.087	1.306***	H14 supported
H14: Industry Receptiveness is positively related to Ability to Marshal Resources	.389	4.522*	H15 supported
H15: Ability to Marshall Resources is positively related to New Product Success	.656	6.971*	H16 supported
H16: Firm's Propensity to Preannouncement is Positively related to Competitive Equity	.083	1.227	H17 not supported
H17: Competitive Equity is positively related to Industry Receptiveness	.517	8.131*	H18 supported
H18: Competitive Equity is positively related to Ability to Marshal Resources	.133	1.734**	H19 supported

*** significant at p<.01, **significant at p < .05, ***significant at p<.10**
Goodness of Fit Results: Chi-square of 353.874, df 188; CFI=.952.

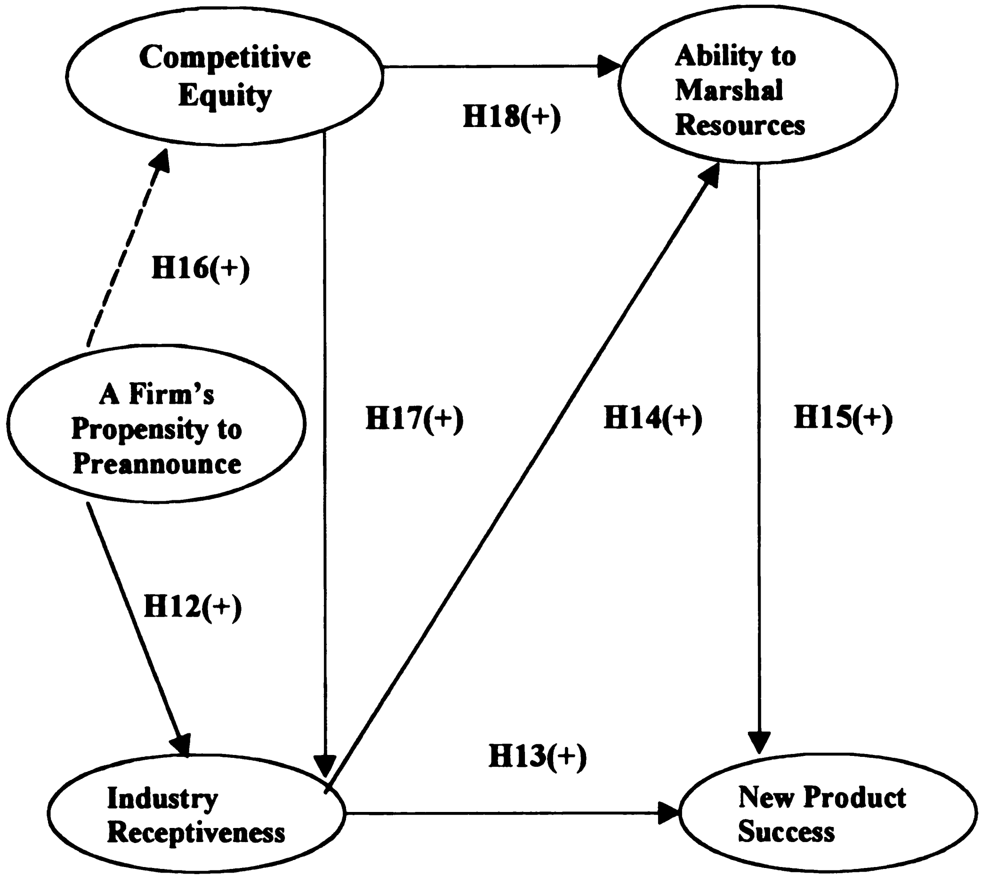

Figure 4 –Model of Outcomes Incorporating Research Findings

Note: dashed arrow (----▶) indicates hypothesis was not supported by findings

solid arrow (———▶) indicates hypothesis was supported by findings

Chapter 5

DISCUSSION OF CONTRIBUTIONS, FUTURE DIRECTIONS AND LIMITATIONS

5.1 Discussion of Contributions and Future Research Directions

5.1.1 Reconceptualization of Preannouncement

Prior to this dissertation, preannouncement research largely focused on preannouncements of a specific type (e.g., new products and pricing). The dissertation proposes an initial foundation for examining preannouncements as strategic marketing communication tools by highlighting the firm's use of preannouncements across a wide range of future actions, termed a firm's propensity to preannounce. This reconceptualization proposes that preannouncements may possess a scope and scale of content and target audience extending beyond the buyer and competitor domains that have been the primary focus of previous research. Additionally, within Chapter 2, a conceptual model of attributes was proposed as a starting point for an improved characterization of preannouncements and, utimately, towards the development of a normative preannouncement framework.

The ultimate purpose of any strategic communication is to inform or to influence the target audience in some way and preannouncement's timeliness and believability are major factors in achieving this goal. Emerging information technologies, such as the Internet, provide channel members, investors, employees, industry influencers, as well as buyers and competitors, low-cost access to preannouncements thus establishing a formidable informational forum through which firms can communicate their future actions to a broad base of industry constituents in an efficient, credible, timely, and influential manner.

Given their flexibility, preannouncements may be the contemporary means by which firms communicate and influence a broad array of industry constituents within a rapidly developing information – based business environment.

5.1.2 Antecedent Model

The dissertation investigates direct and indirect antecedent effects arising from three main categories of information – based drivers related to new product success (See Table 14). The first, buyer uncertainty reduction, examines the influence of buyer involvement, the buyer's need for information prior to product purchase, on a firm's propensity to preannounce. The findings indicate that effect of buyer involvement on a firm's propensity to preannounce is *indirect* through its positive relationship with competitive equity building. Involved buyers place a high degree of emphasis on uncertainty reduction and engage in extensive pre-adoption information search. As discussed in Chapter 2, going beyond the traditional activities associated with brand equity, the competitive equity building firm seeks to establish itself and its products as

Table 14 – Three Main Information- Based Drivers

Reduction of Buyer Uncertainty	Achievement of Industry Leader Status	Leverage of Supply Chain Resources in Support of NPD Activities
Buyer Involvement	**Competitive Equity Building**	**Rapid Deployment Requirements**
	Executive Market Orientation	**Distributor NPD Integration**
		Supplier NPD Integration

industry leaders *by influencing the development of the perceptual market structure in its own image*.

The positive relationship between buyer involvement and competitive equity building suggests that firms respond to involved buyers via two mechanisms: 1) *by providing, in a traditional manner, information* the buyer cognitively processes as part of the purchase decision making process (e.g., sport utility vehicle's hauling capacity from automobile manufacturers) and 2) *by proactively influencing the involved buyer's information needs* (e.g., Ford establishing the Expedition as the industry standard for sport utility vehicles). In building competitive equity, the firm, in addition to providing pre-purchase information, attempts to influence the involved buyer's consideration set of attributes, their salience, and ordering *towards its own product's image*. Thus, instead of solely satisfying the involved buyer's need for pre-purchase information, the competitive equity building firm responds by attempting to influence the process by which involved buyers develop their preferences, reduce uncertainty, and ultimately make purchase decisions - a significant and highly inimitable competitive advantage.

Within the context of the antecedent model, the results indicate that the sole factor motivating a firm's propensity to preannounce is competitive equity building. In the preceding paragraphs, the importance of competitive equity building as source of competitive advantage, within the context of the buyer behavior, was punctuated. However, competitive equity building goes beyond the domain of buyers and incorporates the firm's attempt to establish itself as the industry leader in the minds of multiple industry constituents (e.g., channel members, investors, industry influencers and the media) (see Table 14). Firms with greater levels of competitive equity are often the bellwethers of their industry (e.g., Cisco in computer hardware and peripherals, Coca-Cola in beverages), holding positions of significant competitive advantage, and considered the "preferred firms to do business with".

Thus the finding that statements of future actions, primarily issued and controlled by executive management, are largely affected by management's emphasis on the strategic positioning of their firm as the industry leader is particularly intriguing. Extant literature has emphasized reputation's role, as an intangible resource, in business strategy (Bharadwaj et al. 1993; Hall 1993). In a national study of CEOs, executives rated company reputation above employee know-how, culture, and organizational networks with respect to the contribution it makes to business success (Hall 1993).

As with the building of brand equity, competitive equity is a resource that must be nurtured and proactively managed to achieve the status of a strategic asset. Preannouncements, as believable and timely communications from the executive suite, provide the firm's leading strategists with the means to foretell the firm's future actions and weave a positive spin around them. Similar to advertising's major role in building brand equity, preannouncements may be a *key force in achieving competitive equity* thus providing significant research and managerial implications.

The proposed antecedent model also examines the direct and indirect effects of executive market orientation on a firm's propensity to preannounce. In Chapter 2, executive market orientation was defined defined as the degree to which top management team members *personally* emphasize marketing's role in the development of firm strategies, business solutions, and organizational structures and *personally* participate in marketing related boundary spanning activities (e.g., meetings with key customers, missionary new customer development). The construct attempts to tap the firm's pursuit of industry leader status at the individual and highly personal level of the executive management team (see Table 14).

The findings do not support a positive direct relationship between executive market orientation and a firm's propensity to preannounce. However, the results indicate an *indirect* effect exists; that is, executive market orientation is positively related to competitive equity building and through it to a firm's propensity to preannounce. In previous research, the examination of the roles of CEO's and other top executives in the marketing of the firm and its products has largely focused on top management team effects from an organizational perspective such as a firm's adoption of a market orientation (Kohli and Jaworski 1993) and commitment to new products (Ancona and Caldwell 1990, 1992, Hise, Parasuraman, McNeal 1990, Keller 1986). This perspective primarily investigates the role of top management team members as institutional entities influencing firm behavior via their decisions and selection of firm strategies.

However, industry anecdotal evidence indicates that top management (e.g., Bill Gates of Microsoft, Sam Walton of Wal-Mart, Andy Groves of Intel, Ted Turner of Time Warner, Jeff Bezos of Amazon.com) often serve as marketing "missionaries" to a broad base of industry constituents (e.g., buyers, channel participants, investors, and industry influencers and experts). Executives, such as those listed, and their top management team emphasize their "personal" role as boundary spanners and actively attempt to win support for their firm converting "nay sayers" and seeking industry endorsement for their firm and its products as industry leaders.

The findings indicate that the *personal* involvement of the firm's top management, their often zealous dedication of individual resources to marketing activities, positively affects competitive equity building. From a research perspective, the result suggests that, in addition to their role as strategists, top executives may impact firm behavior and, ultimately, its success as *individuals* by how they spend their time and what activities they engage in (e.g., meeting with customers and distributors). In short, top management may act as highly visible and involved "advocates" personally influencing buyer and channel relationships, the firm's execution of the marketing concept, and, ultimately, the achievement of industry leader status.

Ways of selling are transforming and a recent article in USA Today (Belton 1999) states that "there has been an explosion of so-called 'executive selling'. Increasingly a chairman or chief executive will make a personal visit to prospective CEOs to discuss doing business – along side the traditional salesman." Thus, the consideration of the "marketing persona", personal networks, and even the charisma of top management may become increasingly managerially relevant and influence the firm's selection and retention of its executives.

Lastly, the proposed antecedent model also examines the direct and indirect effects of rapid deployment requirements, distributor, as well as supplier NPD activities on a firm's propensity to preannounce. As a set, these constructs examine factors, related to the firm's attempt to leverage supply chain resources in support of NPD activities, that may affect a firm's propensity to preannounce (see Table 14). The findings do not support the proposed positive relationships between each of the three constructs and a firm's propensity to preannounce. Thus the degree to which the firm seeks to integrate its distributors and suppliers into the new product development process and its emphasis on distribution as a critical new product success factor, seemingly, does not affect its propensity to preannounce.

The null result is unexpected given that previous research has proposed a communication-based paradigm of new product development that emphasizes ambassadorial communication, aimed at gaining support for the new product development, as well as task related communications targeted at improving the execution of the new product development process (Brown, and Eisenhardt, 1995). A possible explanation is that these motivating factors, which may be characterized as tactically oriented, do not influence a firm's use of *strategic* communications and therefore the firm's propensity to preannounce remains unaffected. Communications aimed at supply chain participants may indeed be limited to more routinized forms that stress operational objectives (e.g, discussion of prototype development timing charts, engineering revisions, and spare parts inventory planning) and are delivered by operating, as opposed to, executive management.

Additionally, perhaps firms are simply overlooking a powerful forum of communication by not targeting channel members with their preannouncements. Given the evolution of industry competition from firm versus firm to supply chain versus supply chain, the use of preannouncements, as informative and influential communications seems particularly relevant. Preannouncements, as strategic communciation tools, can inform channel members about future actions that go beyond routine information sharing, allowing the firm to respond to queries regarding the firm's future actions and reducing uncertainty surrounding the channel relationship. Preannouncements may play a vital role in developing effective relations within the channel and influencing channel performance than firms have yet discovered.

However, the results do provide some interesting insights regarding the relationships amongst buyer involvement, rapid deployment requirements, distributor, as well as supplier NPD integration activities. First, the findings support the proposed positive relationship between rapid deployment requirements and both distributor and supplier NPD activities. Thus, in situations were NPD success is highly affected by distribution prowess, the firm seeks not only to integrate distributors into the NPD development process but its suppliers as well. The concept of a supply "chain" incorporating both upstream and downstream activities is highlighted. The positive finding regarding distributor NPD integration's influence on supplier NPD integration provides further support for the concept of a "supply chain driven" process as opposed the firm's use of discrete and uncoordinated NPD management practices aimed at distributors and suppliers.

Additionally, the findings provide support for the proposed positive relationship between buyer involvement and supplier NPD integration but **not** its hypothesized positive influence on distributor NPD activities. Possible explanations for the result suggest other factors could be confounding the results. Greater buyer involvement may result in firm's "internalizing" or providing "parallel support" for many of the information-based activities usually assigned to distributors (e.g., product information and customer support). For example, computer software, hardware, and peripherals are distributed through various retail firms and, although these channel members provide customer support during the pre-purchase period, the manufacturers (e.g., Microsoft, Compaq, and Hewlett-Packard) significantly augment the distributors activities through their own internal customer support organizations and websites. Additionally, such firms also distribute a significant portion of their product through direct channels thus further motivating the existence of an internal customer support organization. Therefore, the degree to which the firm internalizes or parallels distributor activities within the sample could be confounding the results as distributors would play a smaller and less significant role in responding to involved buyers.

The existence of a possible confound also provides some insight regarding the finding that, in contrast to the proposed relationship, buyer involvement is negatively related to rapid deployment requirements. That is, distribution prowess is de-emphasized under conditions where buyer involvement is greater. The involved buyers need for information and their extensive investment in pre-purchase information search may also foster this result via two additional mechanisms: 1) the pre-purchase information search pattern characteristic of involved buyers allows for a longer sell cycle and may result in product delivery being less important to the purchase decision; under such conditions, firms may not invest in and develop their distribution capabilities and 2) the involved buyer's pre-purchase investments in information search could mitigate buyer switching when a product stockout occurs – the involved buyer will wait for their desired product selection to be available and thus distribution acumen will not critically impact the purchase decision.

In summary, the findings indicate that a firm's propensity to preannounce is *directly* motivated by an outward strategic focus aimed at achieving a positive reputation at the aggregate level of the industry, via competitive equity building, rather in response to individual elements within the context of the firm and its market (e.g., buyer involvement, rapid deployment requirement). In short, the firm's use of preannouncements as strategic communications is mainly driven by the pursuit of a strategic goal – a high profile and strong position as an industry leader.

5.1.3 Outcome Model

The dissertation develops a conceptual framework that examines direct and indirect outcomes of a firm's propensity to preannounce. As discussed in Chapter 2, previous research has largely focused on preannouncement outcomes related to competitor and investor response. The proposed framework extends extant literature by investigating: 1) outcomes related to a firm's propensity to preannounce, across a wide range of future actions, as compared to preannouncements of a specific type (e.g., new product preannouncements, dividend preannouncements), 2) outcomes that tap into the favorable attitudinal biases of multiple target audiences (e.g., buyers, channel members, industry observers and experts, and 3) the direct and indirect effects of a firm's propensity to preannounce on its new product success, a perceptual construct that describes managerial attitudes regarding their firm's ability to successfully execute new product activities.

Concerning direct effects, the findings do not support the proposed positive relationship between a firm's propensity to preannounce and competitive equity. One possible explanation is that competitive equity, defined as the firm's position as an influencer of industry standards and its products as product class standards, is a function of a firm's *actual* performance (e.g., product quality, financial performance, market share) and thus less subject to manipulation by the firm's use of preannouncements.

However, the findings do support the proposed positive effect of a firm's propensity to preannounce on industry receptiveness. That is, the greater the firm's propensity to preannounce, the greater the favorable bias of various market constituents (e.g., buyers, distributors, suppliers, investors, industry observers and influencers) towards a firm's future plans and products. Thus the firm's communicative efforts, via preannouncements, result in increased awareness and interest, in a favorable sense, on the part of multiple constituents.

The ability to achieve favorable industry awareness and interest for itself and its products is increasingly difficult for firms in an era where buyers are bombarded with more and more marketing messages, investors must process growing amounts of information from institutional and industry sources (e.g., Value Line, Gartner Group, Forrester Research), and channel members can globally scan to select their partners.

Preannouncements provide firms with the means to "package and deliver" information in a form that targets the audience(s) individual needs and interests. For example, multiple new product preannouncements may be issued by a firm such that those aimed at buyers discuss product design, while investors are targeted with preannouncements detailing how the new product will affect future revenue and EPS growth. Simply put, a preannouncement is *customized, cognitive, timely, and credible;* these characteristics enhance its relevance and, consequently, its efficacy as an influencing agent, and its ability to rise above the "noise" of an industry. Not simply limited to recall and recognition, awareness and interest in the firm and its future actions are favorable affected at a strategic level.

The use of preannouncements might be particularly pertinent in emerging industries (e.g., Internet) where share of mind is often a precursor to market share and firms "compete in the future". The successful entry into new market or geographic segments might also be favorably affected by the firm's use of preannouncement. In advance of such a move, the firm could issue preannouncements stating their plans and detailing why the future actions would be interesting and beneficial to the targeted audience(s). Preannouncements also allow the firm to attenuate rumors surrounding a future action that might create a negative bias and could, consequently, undermine its success.

In summary, the use of preannouncements to create and maintain a favorable industry bias towards a firm's future plans and products, as supported by the results, may be particularly critical in situations where: 1) future actions are new for the company and could possibly be construed as risky (e.g., America Online's flat-rate pricing strategy), 2) future actions affect multiple constituent groups (e.g., Daimler-Chrysler merger), and 3) the industry is highly dynamic or emerging thus future actions are stressed (e.g., computer software, Internet). However, this is beyond the scope of the dissertation and thus further research regarding these issues is required.

Additionally, the findings indicate that, as proposed, competitive equity positively affects a firm's ability to marshal resources in support of new product development both directly, as well as indirectly through its positive relationship with industry receptiveness. Firm with high levels of competitive equity, such as Cisco or Coca-Cola, hold positions as industry bellwethers or standard-bearers. This position positively influences the firm's ability to marshal resources via two proposed mechanisms. First, new product development programs are characterized by substantial downside risks because most new products are not successful. However, firms with greater competitive equity may be more "attractive" as business partner to investors, channel participants, or other firms (e.g., joint venture partners). That is, the firm's success and industry position suggests the risk/reward scenario associated with a new product program would be highly biased towards a successful outcome and that doing business with such a firm may even elevate a business partner's industry status and provide a powerful qualification (e.g., Lear Corporation's status as a preferred supplier to Ford Motor Company, Hambricht and Quist underwriting Amazon.com's latest bond offering). Second, firms with greater levels of competitive equity would generally be financially prosperous; thus, the capital requirements to adequately fund and staff new product development programs would not be compromised due to cash flow shortfalls, large debt obligations, or cost reduction priorities. In short, firms with high levels of competitive equity either have the capital available internally to adequately support new product programs or, due to their attractiveness, may face a receptive industry audience (e.g., investors, channel members) from which to successfully solicit, externally, the necessary resources, both financial and managerial. Thus, similar to brand equity within the consumer domain, competitive equity may provide the firm with a significant and inimitable competitive advantage within the province of business to business relationships. However, the two proposed mechanisms require substantial further investigation.

As previously discussed and supported by the results, the receptiveness of an industry towards a firm's future plans and products favorably positions the firm in terms of its ability to solicit the resources necessary to successfully execute new product development activities. Given the positive relationship between a firm's propensity to preannounce and industry receptiveness, this finding is particularly relevant. Thus firms with greater levels of preannouncement propensity will indirectly foster their ability to marshal resources in support of new products. This finding suggests that the firm's use of preannouncements may have a highly tangible benefit: by preannouncing, the firm may be able to increase its ability to solicit and, perhaps, ultimately, fund its new product development activities.

The managerial implication of this result is indeed significant. In short, by "strategically foretelling" its future plans and products and thus gaining favorable attitudinal industry support for the programs, the firm may be able to increase their ability to fund such ventures. This finding suggests that firms short on internal resources would be wise to "promote" their future plans externally as a means to garner the necessary industry support for their execution. Anecdotal evidence suggests that some firms are indeed taking this path, particularly in the Internet sector, where cash flows are negative but firms are tapping external capital markets and joint venture partners to fund their expansion by "hyping" the potential growth of their emerging market and the subsequent revenue and profits their new products will eventually achieve. Additional research is required to further investigate the relationships amongst preannouncement, industry receptiveness, a firm's resource solicitation activities, and a firm's ability to marshal resources. Additionally, the firm's ability to effectively "foretell", via preannouncements, its future plans and products is punctuated. Therefore, further examination of the design efficacy of preannouncements and preannouncement campaigns is highlighted.

Turning to direct antecedents of new product success, the results indicate that both the firm's ability to marshal resources and industry receptiveness positively affect new product success. Regarding a firm's ability to marshal resources, previous research has indicated that new product development proficiency, which includes measures of proficiency in screening, market and technical assessment, market research, product development, test-marketing, and market launch, has a significant and positive relationship with new product success (Cooper 1979, Cooper and Kleinschmidt 1987, Song and Parry 1996). Brown and Eisenhardt (1995) term this new product success paradigm the "rational plan approach" – "simply put, a product that is well-planned, implemented and appropriately supported will be a success" (p.348). The findings lend further support to this resource-based theory of new product success. Indeed, within the context of our model, the firm's ability to marshal resources is the main driver of new product success (see Figure 5).

As previously discussed, industry receptiveness affects new product success through its indirect affect on a firm's ability to marshal resources; however, the results indicate that it has a direct effect as well.

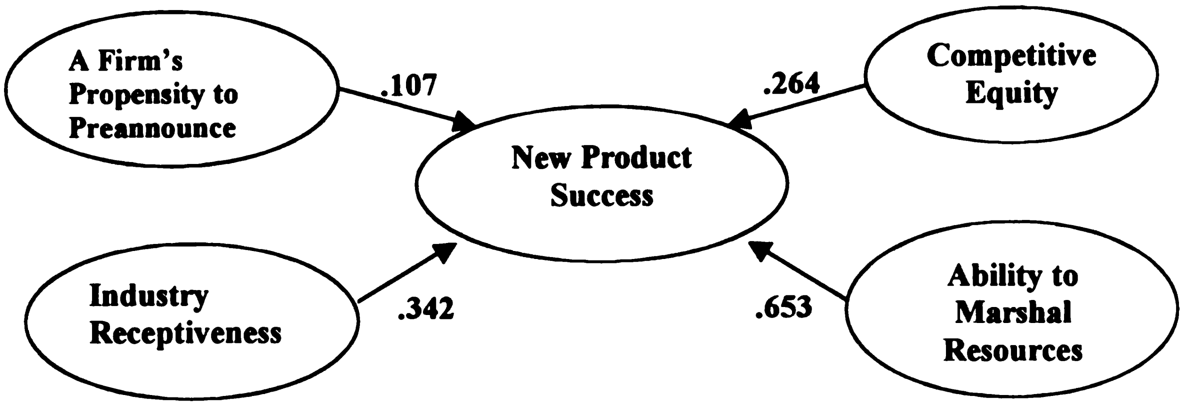

Figure 5 – Total Effects on New Product Success

Previous research proposes that communication fosters new product success by generating support and commitment to the new product within the context of the *new product development teams* (Brown and Eisenhardt 1995). However, the result indicates that receptiveness, at the industry level and beyond the domain of the team, also fosters new product success. Thus communication- based effects may operate at two levels: 1) *operationally*, at the project – team level, such that communication fosters internal support and task management effectiveness and 2) *strategically*, at the program-industry level, where a favorable bias for the firm's new product plans is engendered at across a wide range of external constituents (e.g., investors, channel members, industry influencers).

Studies on new products indicate extremely low success rates and little improvement despite extensive research efforts focusing on new product development and advances in marketing research methods (Urban and Hauser 1993, Wind and Mahajan 1997). Wind and Mahajan (1987) suggested that "marketing hype", a firm's attempt to foster support for new products in advance of their introduction by creating a receptive and supportive industry environment, might indeed be a key construct influencing new product success. This finding lends support to their notion and suggests that firms who *strategically* influence the industry environment in support of their future plans and products will obtain higher levels of new product success. The finding, again, points to the contribution of preannouncements as a means to foster industry receptiveness and, ultimately, cultivate new product success.

In retrospect, perhaps, the key finding related to the outcome model is that a firm's propensity to preannounce indirectly affects its new product success through its positive relationship with industry receptiveness. That is, through its use of preannouncements, the firm can engender a supportive and receptive industry environment and thus indirectly affect its ability to gain the resources necessary to execute its future product plans – a focal antecedent of new product success, as well as create "favorable anticipation" for the its new products, perhaps opening the "window of opportunity for the its new products" a bit wider and a bit longer and further improve its new product success potential.

5.2 Limitations

Some possible limitations to the dissertation should be noted. First, as discussed, the degree to which a firm internalizes or augments distribution activities may be confounding the results of the antecedent model. Second, several new constructs were developed for use in this study (e.g., competitive equity, competitive equity building, executive market orientation, and industry receptiveness) and, while testing supported the validity of the constructs, more research is needed to provide conclusive and generalizable evidence regarding the factors. Third, the dissertation's response rate of 16.7 %, though acceptable, should be recognized as a possible limitation and suggests future studies are needed to replicate the findings. Lastly, both models' included constructs that were examined using perceptual measures and thus subject to the bias of the firm executives who acted as respondents to the survey. Again, suggesting the need for further studies to improve the generalizability of the results

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