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BOOK REVIEWS

A Manager's Guide to Marketing Research: Survey of Recent Developments, Paul E. Green and Ronald E. Frank. New York: John Wiley and Sons, 1967. Pp. 185, \$7.95.

Marketing research directed to answering questions of what to sell, to whom to sell, when to sell it, and how to sell it, is growing in importance, and its methods and techniques are currently undergoing new and exciting developments. Recent estimates indicate that business in the U.S. is spending around \$200 million per annum on marketing research and that the level of expenditure is doubling every 5 years. Expanding knowledge in the behavioural, statistical and mathematical disciplines is providing new and more efficient techniques for posing and answering marketing problems. Responsibility for the continued development of marketing research and its application is being assumed more and more by specialist marketing researchers and organizations.

This volume, one of four published by Wiley in a Manager's Guide Series, is directed at the "consumer" of marketing research, for example the business executive who is interested in obtaining a brief, non-technical description of the newer techniques in terms of their purpose, assumption structure, range of applicability, and efficiency, compared with more traditional procedures. To a large degree Green and Frank have been successful in providing such an introduction.

Although the authors do not claim that their book is a comprehensive text in marketing research, it is bound to find a most useful purpose as a reference source of available marketing research techniques and as a discussion of limitations, directions and progress in this research. Very few new developments are not discussed or alluded to. Throughout the book thorough referencing is given to the important research in the different techniques and to examples of their use.

The conceptualization of marketing research in terms of the costs versus the value of the information it supplies is discussed in chapter 1. Using Bayesian decision theory, the allocation of market research resources is assessed. An important omission in this chapter is that the authors only consider the highest expected payoff criterion. In many cases it would seem that the minimax or Wald or Savage criteria, for example, would be more suitable.

Chapter 2 is devoted to the contributions of the behavioural disciplines in investigating and measuring consumer preferences and purchasing behaviour. Perhaps not unexpectedly the contribution of these techniques in their present form is shown to be limited. To the business executive, the principal lessons of this Chapter will derive from its highlighting the many pitfalls confronting this type of investigation, rather than the potential use of the techniques it describes.

Chapter 3 looks at the use of experimental procedures. Firstly, the different experimental designs are discussed, then the various econometric techniques for determining the impact of alternative marketing strategies on buyer behaviour and sales response are considered, such as regression and correlation, discriminant analysis, factor analysis, canonical analysis and cluster analysis.

Chapter 4 discusses prescriptive mathematical models for use in marketing decisions in promotion, pricing, product development, channel selection, physical distribution and site location.

Chapter 5 presents a prognostication of likely future developments in marketing research, and in so doing indicates the limits of our present knowledge.

A brief guide to the available literature, together with an assessment of its technical content and difficulty, is given in chapter 6. This is followed by a list of 183 references.

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Quantitative Methods in Marketing, Ronald E. Frank and Paul E. Green. Englewood Cliffs: Prentice-Hall, 1967. Pp. 118.

This book is part of the Foundations of Marketing Series which consists of fifteen volumes primarily concerned with the application to teaching of recent developments in marketing research. *Quantitative Methods in Marketing* is "concerned with the contribution that quantitative techniques can make to decision making in marketing" and aims to "provide an *intermediate-level critical examination of selected techniques while paying major attention to marketing applications.*"

Chapter 1 begins with a discussion of the important role which quantitative techniques should play in guiding managerial decision making. The authors indicate that the considerable volume of work undertaken by management scientists in developing prescriptive models has had "relatively little impact on decision making *behaviour*", largely because of limitations in the descriptive components of these models. The lack of empirically tested descriptive models imposes limits on the usefulness of prescriptive techniques for decision making purposes. Hence the authors have chosen to devote a considerable proportion of their book to consideration of techniques which have direct application "for developing and testing descriptive models".

Primary concern is with the conceptual nature of the techniques, but for readers wishing to pursue in detail the application and computation of the various techniques discussed, a large number of references are provided in footnotes to the text.

In chapter 2, "Bayesian Decision Theory and Marketing Analysis", the authors describe the major concepts underlying decision theory. Applications, limitations and future prospects for this type of approach to the analysis of marketing problems are discussed in this chapter, together with an interesting section on the use of the Bayesian model in assessing the economics of information.

The following two chapters are devoted entirely to a discussion of techniques for building and testing descriptive models. Experimental design procedures are presented in chapter 3, whilst multivariate statistical techniques, for use mainly with non-experimental data, are considered in chapter 4. In the former, the technique of analysis of variance is described and is followed by explanation of the completely randomised, randomised block, latin square, double changeover and factorial approaches to experimental design. Covariance analysis is also discussed. In chapter 4, cross-classification, regression and correlation, multiple discriminant analysis and factor analysis are the four multivariate techniques considered.

Chapter 5, which deals with simulation studies, emphasizes the “flexible approach to marketing problem formulation and solution” which simulation techniques provide. The authors commence with a brief discussion of Markov processes to illustrate the limitations of formal analytical models for handling complex marketing problems. The pros and cons of the simulation technique are then considered, followed by an outline of three principal types of simulation—Monte Carlo methods, heuristic programming and experimental gaming.

The final chapter of the book looks briefly at possible future trends in the application of quantitative techniques to marketing problems. Teachers and market researchers should find quite valuable the clear and concise coverage of the relatively wide range of quantitative techniques presented in this book. Even persons familiar with the techniques covered should find the book worthwhile reading as the authors have been quite meticulous in placing the techniques available for various purposes in perspective.

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Economic Crises in World Agriculture, Theodore W. Schultz. Ann Arbor: University of Michigan Press, 1965. Pp. vi, 114. \$US3.50.

Country after country has reached the stage where a depressed agriculture has led to an economic crisis. Lack of progress in the agricultural sector has threatened the economic development of such countries as the Argentine during the Peron regime, Communist China during the late fifties, the Soviet Union and India. Professor Schultz poses a question which all such countries must face: “What is to be done about agriculture?” In the first chapter of the book the underlying problems of traditional agriculture are considered. The next two chapters deal with ways in which agriculture in a less developed country may be modernized so that the agricultural sector makes a significant contribution to the economic growth of the country as a whole. The fourth and final chapter is devoted to problems associated with “modern” agriculture such as that of the United States, Australia, Japan, Israel and most of Western Europe.

The economic behaviour of farmers has many confusing aspects. In India, for example, famines persist despite considerable planned investment and technical assistance, whilst in the United States production

has risen although legislation has been enacted to induce farmers to produce less. Much of the United States surplus has been made available to less developed countries under P.L. 480 programmes. Such aid, however, together with subsidization of agriculture in the United States and Western Europe, is making it increasingly difficult for the less developed countries to compete for world markets and earn the foreign exchange required for industrial development.

The basic difference between traditional and modern agriculture is their different states of equilibrium. Difference in farm size, labour and capital availability, income elasticity and proportion of income spent on food are rejected as explanatory variables. Traditional agriculture has reached a stable equilibrium through generations of farming, whilst modern agriculture is in a chronic state of disequilibrium because the critical factors are constantly changing. Theoretically, traditional agriculture is producing at an optimum and cannot produce more under the given conditions of knowledge and resources, whilst modern agriculture, being in a state of disequilibrium, has greater production possibilities. Thus, if production is to be increased in traditional agriculture, a state of disequilibrium must be induced.

Evidence is produced in support of the following hypotheses: "that the land, reproducible material capital, and labour of these farmers are allocated quite efficiently" and "that the rate of return to investment in traditional agriculture is low, which means that the incentive to expand production is weak". Thus attempts to show farmers in poor countries how to use their resources more efficiently or invest more in factors available to them, have proved useless. "The key to economic growth from farming is improvement in the quality of agricultural inputs and then supplying them at a price that will make it worthwhile for farmers to acquire them and learn to use them efficiently". Many programmes for economic development have been unsuccessful primarily because there have been no profitable new agricultural inputs available for adoption by farmers.

Some of the problems confronting modern agriculture are considered in the final chapter. Increases in the productivity of agriculture, for example in the United States, may be attributed to advances in knowledge, the supply of new material inputs of higher quality at a lower price, and advances in farmers' knowledge and skills. Although the Soviet Union has the technical knowledge, none of the Soviet countries has developed a highly productive agriculture due to the lack of economic incentives. "To modernize requires the acceptance and adoption by farmers of many new agricultural inputs, and it also requires that farmers learn how to use their inputs efficiently. Thus, resident decisions by operating farmers, responding to meaningful economic incentives, are indispensable". Other problems discussed include: the basis for redistributing losses accruing to farmers as a result of increased productivity; ways to accelerate the adjustment process; measures to compensate those who will continue to suffer losses; and reasons for the unequal distribution of welfare between urban and farm people.

This book provides a careful examination of the underlying structure of traditional agriculture. The proposals put forward by Professor Schultz for its successful modernization appear logical but, to some degree, difficult to implement. The problems of the two agricultures are well illustrated by evidence from a wide range of countries.

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