Royal Melbourne Institute of Technology

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Major factors contributing to marketing success in the Australian corporate finance market

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by

John Forbes Odgers

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Summary

This thesis investigated the major factors contributing to marketing success, as measured by average annual Return on Shareholders Funds, within the Australian corporate finance market, during the period 1983 to 1987.

The study's findings are based on the analysis of the responses to a detailed mail questionnaire, and several follow-up in-depth interviews. The questionnaire was mailed to nearly five hundred of the most senior executives working in the corporate finance market in late 1987. A total of ninety one completed, useable questionnaires were received, representing a response rate of 19.2 per cent. This sample was representative of the several different types of organisations then competing within the chosen market.

The main findings of this thesis, based on an extensive analysis of the respondents' questionnaires, are that the organisations which were most successful in terms of their marketing activities were smaller in size than their competitors, had a more systematic approach to their marketing, and were primarily involved in providing either stock broking or investment banking services to their customers. The other major finding is that modern marketing concepts and management practices did not appear to be fully understood, or implemented, within the responding organisations, despite the deregulation of the Australian capital market and the consequent intensification of competition.

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My deepest thanks, finally, to my wife, Jane Odgers, for her support in critiquing various drafts, and for her encouragement throughout the course of this thesis.

Statement by candidate

The thesis is solely my work, although it has benefitted significantly from the assistance of those people already acknowledged.

It has not been previously submitted in respect of any other academic award.

It has been carried out since the official date of commencement of the Master of Business by thesis/project.

John F. Odgers
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CHAPTER 1
INTRODUCTION

Background to the study

The Australian capital market changed fundamentally in the 1980s, particularly in terms of its de-regulation, and the consequent influx of many new competitors. The amount of material published on the implications of such a turbulent period has been substantial. However, preliminary research of such literature indicated a significant gap: very little of it focused on the need for competing organizations, both established and new ones, to evaluate the appropriateness of their overall marketing activities in light of the new "level" playing field. Moreover, the material which did focus on marketing issues seemed either to concentrate on describing marketing practices, or to examine specific, fairly narrow issues, rather than analyzing the 'big picture'. Some of the existing marketing literature could also be criticized for a similarly narrow focus.

It was with these limitations in mind that this study was commenced, in early 1987, at a time when the stock markets of the world were in a very strong bull phase, and when the Australian capital market was still under the direct influence of the landmark report of the Committee of Inquiry into the Australian Financial System (commonly termed the Campbell report), and the

Australian Treasurer's much acclaimed decision to accept its major recommendation to de-regulate it and to let market forces do their job on creating a better, more efficient and effective capital market.

Scope and purpose of the study

The Australian capital market is one of the largest, and economically most important, markets in Australia. It directly affects the lives and livelihood of all Australian residents. Organisations competing within this market control assets of many hundreds of billions of dollars (as documented by the Reserve Bank of Australia in its monthly bulletins) and employ in the region of two hundred thousand people. It is, however, comprised of quite different sub-markets.

This research focuses on the marketing activities of those organizations which primarily provide funds, advice, expertise, and related services to other businesses, and specifically to private-sector companies, rather than to individuals. People in the finance/capital market-place often use the terms "wholesale financiers" or "business financiers" to describe such companies: for example, Scott & Wallace (1985:122). The term used in this thesis to collectively describe such organisations is the Australian corporate finance market. The identity of such organizations was obtained primarily from Campbell (ed. 1986), as it was the most comprehensive directory available at the start of this research. Of the 21 groups listed by Campbell, the following were selected for this research:

- Banks
- Represented Banks
- Money Market Corporations
- Investment Banks
- Stock Brokers
- Venture Capital
- Finance Companies
- Factors
- Lease Finance
- Finance Brokers and Consultants
- Government Finance and Financing Authorities.

These Primary activities were chosen as the present writer believed they most fully represented the major direct competing organisations which offer financial products and related services to other businesses within Australia.

The study's overall purpose is to identify the major factors contributing to marketing success within the Australian corporate finance market during the years 1983 to 1987. It therefore hopes to assist in building a body of theory on this most significant and highly turbulent product-market, especially in relation to the identification of the relationship between marketing centred practices, strategies and tactics, decision-making processes and management attitudes and their consequent marketing outcomes.

Statement of the problem

The study's purpose requires analysis of the following questions:

- what is marketing success?
- how is marketing success most appropriately evaluated?
- what factors - if any - could be shown to most significantly contribute to marketing success within the chosen market?

Each of these will be discussed in detail in the next chapter of the study.

Specific objectives of the study

The specific objectives of the study, relative to its purpose and problems, are as follows.

(1) To gather the opinions of senior executives within firms operating within the Australian Corporate finance market on whether it is practically possible to assess marketing success, and, if so, the criteria they use to evaluate the marketing progammes and activities of their employing firms.

(2) To ascertain the nature and types of marketing budgets used by Australian organisations operating within the chosen market, the types of marketing objectives set by such firms, and the number and educational qualifications of people specifically involved in their marketing activities;

To ascertain these executives' assessment of the impact of a number of recent trends in both the global and Australian corporate finance on their organization's ability to achieve its marketing objectives.

4) To collect their opinions - based on their personal experiences - on specific factors which have been suggested, in the marketing literature, as those which make a major contribution to the consistent achievement of an organisation's marketing objectives.

(5) To perform a range of statistical analyses on the information gained from the answers provided by respondents to the survey detailed in objectives (1) to (4). The main aim is to determine the principal reasons for the differences in the success of their marketing activities, as indicated by the differences in average return on shareholders funds between firms which responded to this survey.

RATIONALE AND SIGNIFICANCE OF THE STUDY

The major reason for this study is the apparent lack of research studies - at least in Australia - of the marketing practices, processes, strategies, programmes and marketing resources of organizations which operate within the Australian corporate finance market, and their consequent outcomes. As noted in the background to the study, this market underwent significant change during the 1980s, and this suggests that the requirements for effective marketing have also probably changed substantially.

The second reason for this research is the concern that Wind & Robertson (1983:14): in particular, they note that marketers "are often unaware of the financial consequences of their decisions." This thesis considers this inter-relationship as an essential aspect of marketing management's primary responsibilities.

The third reason for this study is to extend the present writer's earlier research [Odgers (1987)] on the major factors contributing to marketing success at the macro level. In that earlier research, a wide range of respondents, from nearly every part of the economy, responded to a brief questionnaire. The highest response rate was from the Finance and investment services subdivision of the Australian Standard Industrial Classification. Given the size, importance and dynamism of this sector and the apparent interest of some of its marketing managers in the subject of this type of research, it seemed valid to focus a far more detailed research project on the capital market, and more specifically on providers of finance for businesses.

The research's significance is in its potential to add to the existing body of knowledge in the marketing field, in relation to the successful marketing of financial products and services, particularly in the field of corporate finance. Its purpose, as noted earlier, is to contribute to the development of a valid theory, rather than to test the validity of existing theory. It therefore could also assist managers responsible for the making and implementation of marketing centred decisions to more effectively perform these significant responsibilities. The research also should encourage others to further research this extremely important and highly dynamic area of economic activity.

Organisation of the study

The study consists of five chapters. **CHAPTER 1** - the current one - details the study's scope, purpose, the problem researched, the specific objectives of the study, its rationale and significance.

CHAPTER 2 : REVIEW OF SELECTED LITERATURE, examines literature in both marketing and closely related fields which focus on the study's purpose and objectives. It examines marketing success, how it is most appropriately assessed, and the specific factors which have been suggested in such literature as generally applicable, major contributing ones to that success. The next section presents five factors which have been suggested as major ones contributing to the marketing success in the corporate finance markets of the Western world. The last section briefly presents the main conclusions emerging from this review.

CHAPTER 3: RESEARCH METHODOLOGY details the study's research aims, describes and justifies the primary research instruments used, which comprised two research instruments, both widely used in marketing research - a detailed questionnaire and several in-depth interviews of selected respondents to the mail questionnaire, and the information sources consulted in developing the mailing list of potential respondents. Finally, it discusses the major statistical issues.

CHAPTER 4 : ANALYSIS OF RESULTS presents and analyzes the results of the primary research, relative to the study's objectives and the consequent research aims. This analysis is split into five major sections, beginning with a summary of the response rate and classificatory data obtained: the next section provides a general summary and analysis of the completed questionnaires, relative to the study's research aims; the third section presents an extensive comparison of the responses provided by the most and least successful organisations; the fourth section presents and discusses the results of the multiple regression analysis performed; the final section outlines and discusses the main comments provided by the senior executives who agreed to be interviewed by the researcher after their completed questionnaires had been received and initially analysed.

CHAPTER 5 : SUMMARY AND CONCLUSIONS is a discussion of the main findings of the study and the potentially practical implications of these findings. The second section briefly outlines events which have occurred subsequent to the receipt and analysis of the postal questionnaires and follow-up in-depth interviews. The limitations of this study are detailed. Finally, suggested areas for future research are outlined.

CHAPTER 2

REVIEW OF SELECTED LITERATURE

1: Introduction

The general topics addressed in this research have been the centre of a substantial amount of literature. In order to qualify for inclusion in this review, only material which dealt with the specific questions addressed by this study's problem and specific objectives were considered. The review is therefore organized around the three specific questions detailed in the statement of the problem in CHAPTER ONE: INTRODUCTION:

(1) what is marketing success?

(2) how is marketing success most appropriately evaluated?

(3) what factors can be shown to most significantly contribute to marketing success within the Australian corporate finance market?

Because the last one is so broad, it is discussed in two parts. The first outlines a number of propositions concerning those factors which are consistently argued to have made major contributions to the achievement, over time, of a large number of organizations' marketing objectives, regardless of the specific market, or markets, in which they compete. Where relevant, reference to works which focus on the marketing of financial products and services, or the corporate finance market, will be made. The second part of the discussion of the last question outlines those factors which have been more specifically claimed to underpin marketing success in the world's - and particularly in Australia's - corporate finance market. The final section of this chapter summarizes the main findings of this review. With this sequence in mind, the first question can now be discussed.

(11) What is marketing success?

To answer this question, an agreement on what marketing is needs to be reached. This is not as easy as might first appear, given the range and diversity of activities which can be classified under one of the four 'Ps' of marketing, Product, Place, Promotion and Price. It is therefore unsurprising that there have been many definitions of marketing, especially in the last three decades: Crosier (1975) provides a good overview of many such definitions. Standing back, however, from the detail, it can be validly argued that marketing is, in the final analysis, about consistently matching, in a mutually rewarding manner, the needs, wants and interests of buyers on the one hand and the needs, wants and interests of the organisation(s) with whom these buyers interact and exchange items of value on the other hand.

What then is marketing success? The present writer subscribes to the view that marketing success essentially involves - and can be attested to by - the consistent achievement of any organization's marketing objectives over a reasonably long period of time. The time factor is most important, as success in a specific marketing campaign does not necessarily guarantee the on-going achievement of marketing objectives. In turn, one needs to ascertain what type of marketing objectives are generally set. There has been considerable research on marketing objectives: Cravens, Hills & Woodruff (1976); Wilson (1980); Cravens (1982); Haas and Wotruba (1983), Sheth & Frazier (1983), Shipley (1985). For private-sector organizations, such as those investigated in this thesis, a number of such research programmes have all concluded that the two most frequently set marketing objectives are :

- the achievement, in a specified time period, of a set level of profit, expressed in monetary terms : and / or
- the achievement, in a specified time period, of an actual percentage return on invested funds - either shareholders funds, capital employed, total assets, or some level of earnings such as earnings per share etc.

These, however, are not the only two marketing objectives set by private-sector organizations. For a fuller list of such objectives see Brion (1967: 424-425), Cravens, Hills & Woodruff (1976: 417) Cravens (1982: 203-209), Haas & Wotruba (1983), Shipley (1985).

(111) How is marketing success most appropriately evaluated?

At the broadest level, this question may seem unanswerable. However, for organisations which operate in the private sector of a capitalist economy, the question is far less difficult. Ultimately, all business decisions made in such organisations must be evaluated in relation to profit, and profitability: O'Dell (1968). In the marketing field, the fundamental importance of profit has been stressed by a many writers over a long period of time: for example, Falkner, et al (1918), Brion (1967:22), Davidson (1979:22). Sheth & Frazier (1983: 107) are most emphatic about the pivotal role of financial goals in the management of an organization's marketing activities:

> "Marketing is but one resource and function of the firm; therefore, marketing strategies should be examined only within the context of corporate financial goals and processes designed to achieve them. Unless specific marketing strategies are directly linked to the financial goals of the firm, it is likely that their relevance and importance can go unappreciated in the organization. Furthermore, without this direct link, specific marketing strategies may result in a suboptimization of corporate goals and objectives." (emphasis added)

Several alternative accounting measures of profitability exist: Cronin Jr. & Skinner (1984), Day & Fahey (1988:45). However, considerable debate exists about which of these financial measures is the most appropriate to use when evaluating marketing activities: Merchant and Bruns Jr. (1986), Mossman, Crissy & Fischer (1987:141), Day & Fahey (1988:45). The present writer prefers Return on Shareholders Funds (ROSHF), due to the growing support for the view that all functional areas of business need to focus their efforts on creating wealth for the owners, and major risk takers in any private sector corporation, that is, its shareholders: Davidson (1979), Day & Fahey (1988). Furthermore, this financial criterion for firms operating within the Australian corporate finance market is readily available, at least for the companies which are annually surveyed by the accounting firm Peat Marwick & Hungerford. Consequently, the average annual percentage return on shareholder funds (or net assets) is the financial measure used throughout this thesis as the most appropriate one against which marketing programmes and activities of private sector corporations should be evaluated.

(1V) Major factors contributing to marketing success

Having discussed the meaning of marketing success, and how it is most appropriately evaluated, attention can now turn to the most important of the three questions comprising the problem addressed in this thesis, namely what factors could be shown to most significantly contribute to marketing success within the Australian corporate finance market?

At the most general level of observation, it is conceivable that a very large number of factors could contribute, over time, to the achievement of a specific organization's marketing objectives. However, several major empirical studies suggest that certain variables consistently account for the majority of variations in on-going marketing performance, at least as it is indicated by financial parameters . In particular, the Profit Impact of Marketing Strategies (PIMS) has been noted as a quite valid and useful piece of empirical research: Cravens (1982:87), Kehoe (1983:45). As with any such predictive model, however, it is not without limitations: Cravens (1982:87-88). The applied research study of Clark (1987) also directly relates to the issue of determinants of marketing success, and offers broad guidance for this study. He suggests that the cases studied indicate that the following elements are required for marketing success: leadership; (organization-wide acceptance of the) marketing concept; clearly defined goals and objectives; a well-defined marketing strategy; products (which are) properly positioned; an on-going system that collects appropriate information; properly planned development of new products and entry into new markets; a clearly defined image; awareness of noncontrollable (environmental) factors; and effective planning, organization and control of marketing factors (216-217). Majaro (1982:62) suggests that another way of analyzing the factors which contribute to marketing success is to distinguish between "three

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distinct areas: knowledge, skills, or attitudes." While "knowledge and attitudes tend to be company- and industry- orientated ... Skills, on the other hand, are transferable from industry to industry and from company to company." While all these studies are useful at the broad level of analysis, they tend to be rather general in places, and sometimes offer factors which are more in the nature of performance outcomes, rather than determinants of those outcomes.

With these intoductory comments in mind, the remainder of this section is split into two parts. The first discusses factors which have been proposed as major ones contributing to marketing success, regardless of the specifics of actual marketing exchange process involved. The second part focuses on factors which are argued as essential to marketing success in the market for financial services, particularly corporate finance.

Section 1: Generally proposed major factors contributing to marketing success

This section discusses factors which have been suggested in the literature as being major ones which demonstrably contribute to the consistent achievement of the marketing objectives of a large number of organizations, operating in diverse environments. TABLE 2.1 details these factors and cites selected references for.

TABLE 2.1

EIGHT SUGGESTED MAJOR FACTORS CONTRIBUTING TO MARKETING SUCCESS

SUGGESTED FACTORS	SELECTED REFERENCES
Environmental sensitivity, particularly current awareness of buyers, intermediaries. competitors and governments, is vital to long-term marketing success.	Hutt, Reingen & Ronchetto Jr. (1988) Levitt (1983) MacMillan (1984) Naisbitt & Auberdene (1985) Wilson (1980)
A global perspective is necessary to ensure marketing success.	Lamb (1988) Levitt (1983)
A sustained commitment of resources to marketing must be made to ensure the achievement of long-term marketing objectives.	Link (1987) Pessemeir (1977) Stanton, Miller & Layton (1985)
The right timing of marketing activities is essential to the achievement of marketing objectives.	Dumain (1988) Haas & Wotruba (1983) Hatten & Hatten (1987)
Management must focus resources and energy on the few critical success factors identifiable in the firm's marketing environment.	Emmott (1988) Kanter (1983) Mottur (1987)
The firm should be its own toughest competitor	Levitt (1964)
Military theory and practices can be usefully applied to marketing activities	Kiely (1986) Kotler & Achrol (1984) Michaelson (1897) Quinn (1980) Trout & Ries (1986)
The marketing mix is not the <u>sole</u> guarantor of marketing success.	Boxer & Wensley (1986) Dalrymple & Parsons (1976) Gwynn (1987)

Each of these factors will now be discussed, in the order presented in TABLE 2.1. The views of marketing professionals to each of these propositions, as gathered in the present writer's earlier research (Odgers 1987a and 1987b), will be outlined. Where appropriate, literature which discusses the implications of these generally proposed factors on organizations which compete in the capital market, and more particularly in the corporate finance market, will be reviewed.

Awareness of, and sensitivity to, the organization's environments

Marketing is the business function which most directly interfaces an organisation with its external environment: Wilson (1980:4). It therefore follows that awareness of, and sensitivity to, the environment within which a 'business' operates has been regarded as critical to marketing success: Wilson (1980:4), McGiver & Naylor (1980:15), O'Shaugnessy (1984:16), Naisbitt & Auberdene (1985:20). This environmental sensitivity is even more important in those product-markets where significant environmental change is the norm, rather than the exception: Hatten & Hatten (1987:82-84), Morgan (1987:16).

Such rapidly changing environments compel managers, in their dual roles as stewards of corporate resources and decision-makers, to establish, maintain, and wherever possible improve, the firm's environmental monitoring systems: Borden (1969:295), Brion (1969:77), Ackoff (1981:59-69), Luffman et al (1987:31). Borden (1969:293) highlighted the need for marketers study and understand "the important forces which bear on marketers, all arising from the behavior of individuals and groups, (which) may be listed under four heads, namely the behavior of consumers, the trade, competitors, and government." Boxer & Wensley (1986:198) also suggest that the constant assessment of the 3Cs, namely Consumers, Competitors, and Channels, is of particular strategic importance. Failure to do so does not automatically mean that marketing objectives will not be met. It does, however, render their achievement considerably harder than it already is. Macmillan (1984:278) suggested the importance of monitoring an industry's infrastructure, as the "early identification of emerging infrastructural requirements creates an opportunity for gaining initiative by securing (or even developing) the critical parts of the infrastrucure themselves." IBM and Citibank are cited as two examples of such opportunistic firms within their respective industry infrastructures. Such environmental sensitivity, however, is not always easy to ensure: Kotler & Achrol (1984), Day & Wensley (1986). Nor do sophisticated monitoring and environmental

1980s to the middle of 1987. TABLE 2.3 presents a similar outline of major trends in the Australian corporate finance market over the same period. It is worth noting, in passing, that the identified trends in the global corporate finance market have an impact on the Australian market.

Equally deserving of attention are two fundamental events which occured after mid 1987. They are (1) the stock market's "crash" of October 1987 and (2) the 1988 agreement by the major central bankers, in conjunction with senior regulators, of the definition of assets within capital markets; secondly, the broad agreement by these bodies on "common prudential ratios" of capital adequacy for financial institutions; and thirdly, the use of "risk adjusted rates of return" by lending and senior management personnel in such firms. It is felt by some commentators at least that the negative effects of the October 1987 "stock market crash" on financial institutions started to be felt soon after the crash. For example, Boyd (1988), reporting on a survey by CEDA on the impact of the "crash" on manufacturers, and the finance industry, reported that, whereas local manufacturing companies "emerged from the crash virtually unscathed...a third of the companies surveyed in the finance and insurance industry said the crash had 'a major negative impact' forcing staff cuts and changes to investment policies." Emmott (1988:6), advances a sobering observation on the possible long-term

TABLE 2.3
MAJOR TRENDS - AUSTRALIAN CORPORATE FINANCE MARKET : EARLY 1980s - MID 1987

	TREND	SELECTED REFERENCES
1.	The rapid increase in the number of specialist investment managers.	Read (1987)
2.	Growing specialization among larger corporate fund providers.	Durie (1987) Gleeson (1987) Quinlivan (1987a)
3.	Growing incidence of mergers among large finance providers.	Quinlivan (1987b)
4.	Increasing "in-house" management of finance raising and re-direction of large finance-market customers.	Kaye (1988b) Mackay (1987a)
5.	The expansion into new market segments and services by banks, insurance companies and large retailers.	Kaye (1987) Keating (1987) Singh (1987)
6.	The narrowing of profit margins between borrowing and lending.	Durie (1987) Mackay (1987b)
7.	The increasing "spin-off" activity and management buy-outs by senior executives in large financial companies.	Knight (1987)
8.	The substantial investments in new computertechnologies by very large financial institutions.	D'Angelo (1988) Jarman (1986)
9.	The very significant increase in the number of competitors - particularly very large, well-established foreign institutions.	Durie (1987) Mackay (1987a)
10.	The recently introduced capital gains tax and dividend imputation policies.	Bartholomeusz (1987) Fisher (1987) Rennie (1987)

Notes : (1) The thirteen trends listed in TABLE 2.3 have also been of major significance in the Australian capital market.

(2) The effects of the October 1987 stockmarket 'crash', along with the 1988 changes to the regulatory environment - specifically the capital adequacy standards and related provisions - are not mentioned.

impact of the crash on the fund-raising ability of financial institutions:

> "What they [the banks & their competitors] have to think about, though, is the more predictable damage a prolonged bear market will wreak on their ability to raise capital. Investors are going to be more choosy than before about which banks' equities they will buy. Most banks' main source of capital for the forseeable future has to be their own profits. That comes just at a time when, because of the next three saboteurs, banks are going to need capital most."

The first of these "saboteurs" is the 1988 capital adequacy agreements referred to above. These new regulatory prescriptions on capital adequacy followed hot on the heels of the 1987 "crash". Emmott (ibid) argues that, as a result of these new regulations on capital adequacy "most banks will either have to raise more capital in the next three years, or will have to shrink their assets, or both."

Australia's three largest banks are, in line with this observation, "expected to raise billions to meet Reserve [Bank] requirements" (Cleary 1988). The key long-term consequences of this major change are still unclear. Despite such uncertainty, Kaye (1988b) already notes potential by-passing of banks:

> "With the new ratio standards expected to cause a shake-up in the cost structure of off-balance sheet activities provided by the banks, corporations with established Treasury lending operations are likely to bypass their traditional avenues for raising wholesale funds and go to each other... offering to lend funds to other groups at competitive interest rate margins without many of the cost mechanisms incorporated in banks' finance packages."

Kaye (1988a) also reports on the "profound implications" of the "global push towards uniform capital adequacy standards on the Australian merchant banking industry". The "vast majority" of those companies are owned by banks, all of which, he notes, whether based in Australia or overseas, must consolidate the capital and assets of their merchant banking subsidiaries when calculating their capital adequacy ratios. In consequence, Kaye (1988a) suggests that:

> "...banks are beginning to look at ways of folding the book assets and off-balance sheet activities of their merchant banks back into the main group, leaving merchant bank subsidiaries to continue with a greater emphasis on fee-based types of businesses, for which the capital outlay is negligible."

Several writers have commented on the managerial implications of such major changes in financial markets. Luffman et al. (1987:7), for instance, comment that although the rate of environmental change has taken place slowly for banks and building societies, changes over the last few years have been of such significance that a wholly different approach to the management of the business is required." Mottur (1987:15) is even more challenging:

> "Many managers have difficulty realizing that the structural changes occuring in financial services are much more than merely cyclical shifts; there will never be a return to what they envision as the 'good old days'. <u>Companies that fail to understand the ongoing changes in the nature of their competition</u>, that do not offer innovative financial products, that

> cannot adapt to broader markets and new, financially sophisticated customers, and that fail to pursue increasingly cost-effective methods of electronic distribution will either fail, or more likely, be absorbed by larger competitors." (emphasis added)

To summarize, and to relate these observations on the environmental turbulence within the world's capital markets to the first generally proposed success factor, it can be validly argued that all competitors operating within capital markets certainly need to be aware of, and sensitive to, the implications of such pervasive and fundamental changes as those mentioned above, when developing marketing strategies and programmes.

A global perspective is necessary to ensure marketing success

Market boundaries are becoming more global in nature: Levitt (1983), Lamb (1988) Ohmae (1989:152). In direct consequence, these writers all argue that managers need to develop a global, rather than a local, or even international, perspective. Levitt (1983:210) asserts that only a global company "will achieve long-term success by concentrating on what everyone wants rather than worrying about the details of what everyone thinks they might like." Levitt (1983:212-213) then argues that success in world competition can be achieved by organizations developing four main characteristics: "efficiency in production, distribution, marketing and management"; the incorporation of "superior quality and reliability into their cost structures"; the ability to standardize products across national boundaries, because "success in a world with homogenized demand requires a search for sales opportunities in similar segments across the globe in order to achieve the economies of scale necessary to compete"; and the constant effort "to drive prices down by standardizing what it sells and how it operates."

None of these writers, however, argue that local habits, preferences, interests or values of consumers should be ignored: Levitt (1983:217), Lamb (1988:30), Ohmae (1989:153). They do, however, submit that accommodating these specific differences should always consider the additional costs, as well as the probable competitive benefits, before a final decision to customize the marketing mix is made.

Some may argue that such worldwide strategies are solely, or most probably, the domain and the imperative of very large, well resourced, international organizations. To some extent, these counter arguments are valid and defensible. The above writers, however, opine to the view that the world for all of us is, in fact, shrinking, and that even quite small, locally focused organizations do now have to directly compete with such corporations. This is particularly so, it can be argued, where buyers have equal access to the market offerings of both local and international, or global, organizations. Ohmae (1989:161) is convinced that companies have liitle choice:

> "Today, however, the pressure for globalization is driven not so much by diversification of competition as by the needs and preferences of customers. Their needs have globalized, and the fixed costs of meeting them have soared. That is why we must globalize."

Marketing practitioners previously surveyed [Odgers 1987(b)] seemed, on balance, to share this view. 42.4% of the non finance market respondents agreed with the suggestion that a global perspective is necessary. However, the next most frequent response from these respondents was neither agree nor disagree: 26.9% of the one hundred and seventy two respondents. Of thetwenty six respondents from the finance and investment services area, 50% agreed. The next most frequent response was strongly agree - 26.9% of respondents from the capital market.

The corporate finance market is already, some have argued, a global one: Hamilton (1986:15), Bleeke & Bryan (1988:22). Others, however, see a number of obstacles in need of elimination before the market is truly global. Knight (1988:16-17), for instance, is far less convinced that the process of globalization is complete. In particular, he identifies "three main areas of difficulty" which are impeding the process: (1) "settlement"; (2) "problems of access to pre-trade information"; (3) regulation - "while progress has been made, it is not hard to identify regulatory regimes which are unattractive to the financial multinationals." Additionally, Knight flags a fourth problem "which may prove the most difficult for the securities industry to solve... the problem of providing 24 hour information within the firm." Progress has, however, been made on all four fronts. The conclusion Knight (1988:25) offers is unequivocal:

> " ...it is the global investors who are the key force for the global market. They have shown that there is a demand for international trading and that it can only be a matter of time before they demand global facilities - true 24 hour trading."

For Australian providers of corporate finance, Knight's conclusion is of increasing relevance, given the pronounced internationalization of the operations of such large local firms as TNT, Brambles and Boral Limited.

From a marketing perspective, awareness of this globalization of markets, and an ability to develop appropriate strategies - consistent with, and supportive of the company's marketing objectives and realistic in terms of marketing resources - therefore seem to be increasingly necessary prerequisites to success. This is regardless, it seems, of firm size, markets served, the company's previous success, or past effective strategies.

A sustained commitment of resources to marketing is needed

At a very general level, use of an organization's available resources in activities related to marketing seems to be growing - in both absolute money terms and, in many cases, in relative terms: Flesher (1983:23), Stanton, Miller and Layton (1985:7).

At a more specific level of analysis, the strategic importance of new product development to local firms was the major focus of the research of Link (1986). Among the major findings of that research were that (1)"new products account for at least 60% of the annual turnover of one-fifth of our industrial companies"; (2) however, there is "a very low propensity to introduce truly innovative new industrial products in Australia". One of the main reasons for this reluctance is probably the well known high risk of failure inherent in such ground-breaking innovations. Parker (1978:62) also noted the preference of large American firms for "short-reach projects which seek relatively minor advances in technology". However, Parker (1976:62) notes that, even for such lower risk developments, the "probability of market success, defined in terms of profits earned, is about 40 per cent". Drawing on the earlier work of Gerstenfeld (1970) - which examined the percentage of sales spent on company financed R & D and the average expected payback time of such spending for both *Fortune's* 500 and other companies - Parker (1976:60) notes that "the average expected payback time, even for the largest companies represented by the *Fortune's* 500, is 4.26 years" . Pessemier (1977:7) offers an apposite point on this issue: "The risk of product failure is high, but the risk of not introducing new products may be higher, especially in rapidly growing, evolving product categories". Baker (1983:51) is also instructive, arguing that "management's unwillingness to allow sufficient time for market penetration and/or setting unrealistic sales targets for the introduction phase, resulting in premature withdrawal of new products" may be one of the main causes of the failure of potentially successful new products.

Sustained commitment of marketing resources to product quality is also increasingly being empathised as a vital element of marketing: Coombs (1983), Kiely (1986), Garvin (1987), Peters (1987). Peters (1987:67) offers a most relevant comment:

> "The remarkable PIMS data base... is decisive. For a decade after establishing the data base, PIMS researchers argued that market share was the primary begetter of profits. But a re-analysis of the data led to a startling and more robust conclusion: <u>High market share does indeed bring profit; however, sustainable market share comes primarily through leadership in what the PIMS researchers call "relative perceived product or service quality</u> - "relative' meaning vis-a-vis competitors, and

"perceived" meaning as seen through the customer's rather than the provider's eyes." (emphasis added)

On the question of how long it can take to ensure such consistently high quality, the reaction of a visiting Japanese purchasing inspector that AT&T's quality was "very good" was claimed by Kiely (1986:48) to be "the results of 50 years pioneering work in quality management" . How much can such excellent quality cost?

> "Making sure things are done right and fixing things done wrong costs between 15 and 30 cents of each sales dollar in most American industrial companies.
>
> It's even worse in service companies: 35 cents! The comparable Japanese cost for attaining similar quality is between 5 and 10 cents.
>
> Quality is therefore critical to competitiveness ... even survival."

In summary, then, a sustained commitment of resources - both marketing and other - over a period of years does therefore seem necessary in the product development and product quality areas.

Promotional activities are probably the most visible, and perhaps the most explicitly costly, element of marketing. In 1989, for example, the top 200 Australian advertisers, according to Shoebridge (1989:88) were estimated to have a total media and advertising budget of $AU1.97 billion "up a healthy 16% over the $1.7 billion they laid out in 1988." "Nationwide", he continues, "the total will come to no less than $5.13 billion, a substantial rise over last year's (1988) $4.43 billion." These dollar amounts are indeed a substantial commitment of resources to marketing. A major problem, however, in convincing the most senior managers in an organization of the need to invest so heavily in promotional activities is the "fact that many promotional costs are incurred for purposes of obtaining results in the future" as Flesher (1983:24) notes. The observed tendency to reduce spending in these areas during difficult times, and to increase it when things "pick up" is therefore perhaps unsurprising. Many writers have, however, sounded strong warnings against such "knee jerk" reactions - for instance Nielsen (1952), Clemenger (1973), Kotler (1974), Donath (1983), Wilson (1990). Donath (1983) reported on a "recent study" by the Strategic Planning Institute - the developers of the well regarded and frequently used PIMS surveys - on the relationship between market share and, among other things, the level of spending on advertising. Two of the findings of that study bear note:

> "Companies that aggressively increased their media advertising during recessions increased their share of market almost 2.5 times as much as the average business."

> "Increasing media expenditures during business downturns did not hurt the short-term profitability of those companies, and it did substantially increase their long-term profitability."

Wilson (1990:23) drawing on a 'large scale industrial study" among 478 "top companies' conducted by Mc Graw Hill during the 1974 US recession, and the mini recession of 1981, states "that companies that maintained or increased advertising during the recession averaged significantly higher sales growth than those that eliminated or decreased advertising."

The present writer agrees with such comments as those just cited, and notes that, as Wilson (1990:23) does, that marketing spending is better viewed - and strategically managed - as a fixed cost, rather than as a variable expense to be written off against revenue in the year in which it is undertaken. This is especially so in the areas of product development and modification, changes in distribution strategies, corporate image advertising and multi-product line brand promotions. The marketing practitioners surveyed (Odgers 1987) were of a similar opinion. 59.4% of the respondents from primary activities other than finance and investment, and 65.4% of the respondents involved in the finance and investment services area, strongly agreed with the stated proposition that sustained commitment is required. The next most frequent response was agree - 35.6% and 34.6% respectively.

Given the fundamental and pervasive changes in the world's capital markets, which have already been discussed, this strong endorsement of the suggestion that a sustained commitment of marketing resources is required is understandable. In the area of advertising expenditure on the main media in Australia, for instance, the average annual compound rate of growth in spending by Banks, Insurance companies, providers of Finance, Loans, Debentures & Miscellaneous finance has consistently outstripped that of all other industries surveyed annually by CEDA. Between 1977 and 1981, such firms spending grew at a rate of 28.4% per year, compared to an average of 19.1% for all other industries. Between 1982 and 1985, the respective growth rates were 19.1% as compared to 14.7%. Total 1986 spending was $AU172.1 million as reported by CEDA for these capital market firms. In 1988, Shoebridge suggested that the broad financial services category in the Top 200 largest Australian advertisers will spend $AU116.4 million - or 6.9% of the total estimate for these Top companies - on media advertising. In 1989, Shoebridge (1989:91) reported that "financial services moved up to third with total spending of $152 million (7.7% Of the top 200 total)"; this represented a 22.2% increase over the 1988 total of $116 million. While that amount may be relatively small in relation to aggregate revenue of such firms, it nevertheless is a significant commitment of resources to marketing activities.

The right timing of marketing activities is essential

This statement may seem trite, at least at first. Everyone realizes, it seems, that time is a finite and often scarce resource, and that correct timing is a pre-requisite to success in any area of activity. However, time and timing are particularly important in those arenas where the effects, and hopefully the benefits, of specific activities are not instantly achieved. Marketing activities, in general, fall into such a delayed effect category. The enduring theories of Adoption and Diffusion, and its close relative, the Product Life Cycle, for example, are both time-dependent: Chambers (1974), Baker (1983). As just noted above, so too are the impacts of promotional strategies on purchase behaviour, brand preference, brand image and resultant sales.

Hatten and Hatten (1987:129) note that "how the company uses time and times its actions is a strategic choice". Dumain (1988:30) indicates that many executives are increasing the attention placed on the timing issues of strategic actions:

> "Speed is catching on. A recent survey of 50 major U.S. companies by Kaiser Associates, a Vienna, Virginia, consulting firm, found that practically all put time-based strategy, as the new approach is called, at the top of their priority lists. Why? Because speed kills the competition."

He then outlines a "few tactics in relation to such time-based strategies". In summary, Dumain (1989:35) offers a clear end-note:

> "Those who grasp the new calculus, who appreciate the unprecedented advantages of getting new products to market sooner and orders to customer faster, may well hold the principal tool for achieving competitive pre-eminence in coming years."

Haas and Wotruba (1983:355-356), emphasize the need for consideration of timing in marketing management:

> "An integral part of the overall marketing program involves scheduling of all required activities in proper sequence within appropriate time periods [...] the various activities must be coordinated on a time and sequence basis... The more activities involved, the more complex the task becomes."

Correct timing, then, may be seen as a necessary, but not sufficient, condition for marketing success. In particular, timing must be perceived to be correct by the firm's customers and channel members, and must take full account of the strategic responses - past, present and probable - of major competitors. Consequently, a good working knowledge of their time preferences and constraints is also a necessary, but not sufficient, condition for marketing success.

Marketing practitioners surveyed (Odgers 1987) concur that correct timing of marketing activities is an important factor in achieving marketing objectives. More than half - 57% to be precise - of both the non finance market respondents, and the respondents in the finance and investment services area strongly agreed with the suggestion. The next most frequent response was agree: 36% for both groups. Given the previously mentioned volatility of the world's capital markets, and therefore the intensifying competition therein, especially in the provision of corporate finance, this endorsement of the proposition is unsurprising.

Clear focus of resources on the few critical success factors

Daniel (1961) introduced the concept of critical success factors into the management literature. He argued that " in most industries there are usually three to six factors that determine success: these key jobs must be done exceedingly well for a company to be successful." Other writers have subsequently recognized the importance of the identification of, and achievement of competence in these few critical, or key, success factors: Hofer & Schendel (1979:77-79), Jenster (1984), Jenster (1987), Hardaker & Ward (1987). Hofer & Schendel (1978:77) note that these key success factors "usually vary from industry to industry."

> "Within any particular industry, however, they are derived from the interaction of two sets of variables, namely the economic and technological characterisitics of the industry involved (for

example, segmentation, buying motives, and degree of product differentiation) and the competitive weapons on which various firms in the industry have built their strategies (for example, sales effectiveness, proprietary and key account advantages, and relative product quality."

Jenster (1987:103), summarizing his earlier research (Jenster 1984), offers a comment which is very relevant to this study, given its emphasis on return on equity:

> "this research indicates that the firms which had a higher return on equity:
> (1) formally identified their critical success factors;
> (2) used these factors to monitor their progress in implementation of strategic changes;
> (3) benefitted from formally integrated reporting and information systems."

The review now turns to discussion of the concept of focus on the critical success factors in marketing activities, strategies and decision- making processes. Answering the question as to whether there are, in fact, a handful of factors which are critical to success in marketing - in other words which must be done consistently well - is, as stated elsewhere in this thesis, rather difficult. Why? Primarily because (1) of the wide range and type of activities involved in marketing's 4Ps; (2) the diverse nature of marketing's environment, both internally and externally; and (3) the reality that success is both time and environment specific. There have, however, been a number of writers who have addressed this question and advanced the view that there are such critical marketing success factors evident in specific product-markets. A brief overview of their comments now follows.

O'Shaugnessy (1984:53) itemizes three fundamental requirements for marketing success. In addition, he posits that

> "a firm must know its customer targets and what there is about their own brand that makes it preferred to rival makes... the absence of appropriate knowledge of either can be a sufficient condition for market failure.
> The product itself should be enveloped with consumer attractive [brand] support strategies ie promotion, pricing and distribution... each [of which] is capable of being the critical success factor in determining success and as such form an essential part of the buying inducement."
> (emphasis added)

Peters (1984) identifies three skill sets that are essential: (1) a focus on total customer satisfaction; (2) a focus on continuous innovation; and (3) a widespread commitment from all levels of the organization to the first two orientations.

Mauleon & Willingson (1984) take the concept of critical success factors to an extreme position, by arguing that companies can "find or create their individual success factors." Mauleon & Willingson (1984:50) contend that:

> "The successful realization of strategy depends ultimately on *one* factor, the success factor. Just as the unique selling point makes a product or proposition marketable, the success factor is the key component of the organization's competitive advantage and is essential for the achievement of

> its competitive goals. A focus on the success factor frees the strategic process from the constraints of established routines and introduces the clarity and truthfulness of an unconditional zero-based approach; not unlike a zero-based budget."

The concept of critical (or key) success factors has, however, some limitations, as both Mauleon & Willingson (1984:50) and Day & Wensley (1988) note. Mauleon & Willingson stress the time specific nature of such a single success factor: "Today's success factor can become tomorrow's failure factor if the strategy ignores its temporariness or takes a static view of the market competitors." Day & Wensley (1988:11-12) criticize the practical usefulness of identifying key success factors: " Most involve ad hoc judgements of industry experts and management which makes it difficult to test their validity". Second, the most useful list of key success factors specify the key causal relationships between controllable variables and desirable outcomes. Day & Wensley (1988:12) contend that :

> "No guidelines are offered on how to find the few key relationships , other than to use line management to hypothesize a number of possibilities and then test them with data. The reliance on situational knowledge does not ensure either completeness or validity."

Perhaps for such reasons, marketing practioners surveyed (Odgers 1987b) were less positively disposed to this suggestion than many others put to them. In total, the most frequent response was "agree" - 42.1%; executives in the finance and investment services areas were slightly less positive - 38.5% agreed. This particular suggestion scored the equal second highest disagree response - 13.2% overall.

Firm should be its own toughest competitor

The classic article by Levitt (1960) had a clear theme: that the firm itself should be its own toughest competitor. A clear challenge was issued to the US oil companies, for example, to develop alternative power systems before other companies did just that.

> "Once the petroleum companies recognize the customer-satisfying logic of what another power system can do, they will see that they have no more choice about working on an efficient, long-lasting fuel (...) than the big food chains had a choice about going into the supermarket business, or the vacuum-tube companies had a choice about making semiconductors. For their own good, the oil firms will have to destroy their own highly profitable assets. No amount of wishful thinking can save them from the necessity of this form of "creative destruction."

If this suggestion was valid in the early 1960s, the sheer pace of technological innovation since then must surely increase its validity today. The range of competitors for any organization today is simply far greater than in the past, primarily due to the broadening of choices available to buyers because of unabating technological innovation: Cravens, Hills and Woodruff (1976), Porter (1980), Cravens (1982), Rothschild (1988).

Marketing practitioners surveyed in Victoria (Odgers 1987 b) did, overall, support the proposition. Of the one hundred and eighty three respondents in the non finance and investment primary activity areas, 40% strongly agreed, and 36% agreed with this suggestion. On the other hand, none of these respondents strongly disagreed. 46.2% of the respondents in the finance and investment services primary activity agreed and 29.6% strongly agreed with the suggestion. Quite a few, however, reserved their judgement, neither agreeing nor disagreeing - 17.4% for the first group, 19.2% in the more specific primary activity. Given the already noted growing level of direct borrowing and lending by some very large customers of such providers of corporate finance, this endorsement of the proposition that the firm should be its own toughest competitor is understandable, as such customers have increasing relative bargaining power and an increased knowledge of capital markets.

Military theory & practice can be applied to marketing

The applicability of military theory and practice to civilian organizations and, more particularly, to the marketing of those organizations' products and services is receiving increased attention: Quinn (1980), Kotler and Achrol (1984), Trout and Ries (1986), Kiely (1986), Michaelson (1987), for example, all see marked similarities between military perspectives and marketing.

Quinn (1980:7) draws heavily on military theory and practice, citing ancient battles, such as the Philip and Alexander's actions at Chaeronea, as well as more modern examples, including the second world war.

> " What could be more direct than the parallel between Chaeronea and a well-developed business strategy that first probes and withdraws to determine opponents' strengths, forces opponents to stretch their commitments, then concentrates resources, attacks a clear exposure, overwhelms a selected market segment, builds a bridgehead in that market, and then regroups and expands from that base to dominate a wider field? Many companies have followed just such strategies with great success"

Kotler and Achrol (1984:97) firmly hold that valuable lessons can be drawn from the art and science of warfare, arguing that "well-defined and conceptually consistent analogies can be drawn between military and marketing operations in the field." In particular, they comment that one of the most effective strategies in both the military and the corporate field of endeavour is that involving an indirect approach, such as 'flanking' or 'encirclement'. To benefit, however, from such indirect approaches to competitive encounters relies on the "core proposition that segmentation opportunity is fundamental to choosing the axis for an indirect approach." Kotler & Achrol (1985:115) add:

> " If the opportunity does not exist through segment gaps, or cannot be created by segment diffusion tactics, then what is an indirect attack in the mind of the aggressor peters out into a plain frontal attack in the market place. As such, it would require the 3:1 advantage in combat firepower to succeed."

Another key point raised by Kotler & Achrol (1984:122) is the very real dangers involved in "fortification" - which "typically implies an *obsessive* commitment to existing products, the existing organization, and 'traditional' ways of doing business" as it makes the firm "insensitive to the signals of environmental change and fosters a lethargy to adapt." The earlier comments on the need for sensitivity to such environmental changes, and the negative impacts of a lack of such, together with Levitt's call for creative destruction of a company's own products, both reinforce this concern.

There are, however, some quite important differences between military and business activities. Kotler and Achrol (1984:104) outline four of them, concluding that "the concepts of manouever, mobility, and the strategy of 'indirect approach' are constrained and have to be approached with caution when operationalized in the business context."

The attitudes of the marketing professionals surveyed (Odgers 1987b) to this suggestion were highly mixed. Of the total responses, 39.3% agreed; 35.4% neither agreed nor disagreed; 12.6% disagreed; 7.8% strongly agreed; and 4.9% strongly disagreed. Of the 26 respondents from the finance and investment services area, 53.9% agreed; 30.8% neither agreed nor disagreed; 11.5% disagreed; 3.8% strongly disagreed.

The latter practitioners' greater support may in part be due to the on-going consequences of the de-regulation of Australia's capital market in the early 1980s. The absolute number of direct competitors in all areas of the market, and particularly in the corporate finance market, has grown considerably: for example, "16 foreign banks were granted trading bank licenses" and "nearly 60 new merchant banks opened for business" in the period 1983 to 1987 (Quinlivan 1987). Lebbon (1987) also observes that "the financial markets are becoming increasingly competitive; as institutions realize that they cannot continually hone their rates to the bone in order to compete, they are beginning to use other techniques to obtain business at a profit." McMahon (1987:100) overviews "the most important changes" since de-regulation. His conclusion:

"As a result of deregulation, banks and non-banks are now more equal competitors and Australia is integrated with the international capital markets. The range of products and services has increased, and with it the sophistication of both borrowers and lenders."

In such a dramatically more challenging environment, acceptance of the applicability of the lessons from the military field is perhaps not as surprising as it first seems. The growing dominance of Japanese financial institutions, noted in TABLE 2.2, given their sheer size and considerable political clout, may also positively impact on the adoption of at least some of the successful military practices highlighted by authors such as those just cited.

The marketing mix is not the sole guarantor of marketing success

The marketing mix - the set of controllable variables in the areas of product/service offerings, place, promotion and price - which is fashioned by an organization in the pursuit of marketing objectives has been, since its conception, the centre of much literature. In the final analysis, it is arguably this set of marketing variables and, more importantly, consumers' reactions to the mix in comparison to those of competitors regarded by buyers as close substitutes, that determine actual marketing performance and consequent results.

However, its universal applicability, and the mix's fundamental determination of such performance and results has been recently questioned. Boxer and Wensley (1986:198) argue strongly that the 4Ps are less strategically important than the 3Cc - Customers, Channels and Competitors.

> "We would not wish to suggest that the 4Ps approach has no remaining use, however; it remains a limiting case based on certain restrictive assumptions about the nature of customers, competitors and channels. If such assumptions remain valid, the 4Ps remain a powerful simplifying framework for marketing management. On the other hand, we would suggest that even in traditional consumer goods companies the scope of such assumptions is contracting. Outside such traditional consumer marketing contexts, the assumptions have never had much validity." (emphasis added)

Kotler and Achrol (1984:102) sound an equally direct warning:

> "It appears that no matter how meticulously researched and planned the 4Ps might be vis a vis the consumer, they no longer guarantee marketing success. The company must know not only all relevant details of consumer segments but also all relevant details of the opponent who will be confronted in fighting for some segment...
>
> Marketing success is then a function of choosing the correct strategy given the competitor's dispositions in the market and his reserve resources." (emphasis added)

Gwynn (1987:45) stresses the need for regular review of the on-going appropriateness of the 4Ps, arguing that the unrelenting pace of change means that no mix can remain valid and effective "in perpetuity". Another common error he noted "is that the marketer sees the unique marketing mix jigsaw puzzle in a single plane... not realizing that each step in the chain of supply requires a unique marketing mix in its own right". This observation reinforces the earlier comments on the need for sensitivity to vertical markets/marketing channels/industry infrastructures.

Given the interactive and interdependent nature of the four varibles, the challenge of optimization of marketing resources is equally formidable. Dalrymple and Parsons (1976:581) put this constraint well:

> "Obviously, finding the best combination of marketing strategies is not easy because of the nonlinear relationships between sales and marketing mix variables, interactions among the factors, the largely unknown character of competitive responses and the sometimes fickle nature of the customer. The process is also complicated by changes in the general business conditions and modifications in the legal environment... If these conditions are not bad enough, the manager is asked to find a marketing mix that generates adequate profit in the short run and contributes to long-run goals of the firm such as growth and stability."

The last sentence is particulalry relevant to this thesis, as it notes the often extreme difficulty of satisfying, at the same time, both the very short-term and longer-term objectives to which marketing managers must aim. This difficulty is even more pronounced when such managers are confronted by turbulent, highly complex environments, such as the one at the centre of this thesis.

The respondents to the writer's previous research {Odgers 1987 (b)} were substantially in agreement with the such reservations as those just outlined. Approximately half of both the total respondents and those operating in the financial area agreed with this suggestion. On the other hand, only 1.5% strongly disagreed.

Section Two: Specific factors contributing to marketing success in financial markets

This section outlines five specific factors which have been suggested in the marketing literature reviewed in this thesis as essential to marketing success within corporate finance markets. The five factors are detailed in TABLE 2.4. By way of introduction, it is interesting to note, as Brooks (1987:10) does, that marketing is generally considered by competing firms to be the most important functional area:

> "In fact, improved product development and marketing skills are considered to be the most important competitive improvement factors by most financial service providers. It is, therefore, the marketing function, tied with information systems, that will receive the largest investment of resources in the future." ..."Effective marketing will be the to the success or failure of many financial service providers."

TABLE 2.4
SPECIFIC FACTORS CONTRIBUTING TO MARKETING SUCCESS IN FINANCIAL MARKETS

SPECIFIC FACTOR	SELECTED REFERENCES
The "usual rules of business logic" and competitive positioning must be adhered to, as well as the more specific strategic requirements of the finance marketplace, if marketing success is to occur.	Donnelly, Berry & Thompson (1985) Emmott (1988) Maitland (1990) Mottur (1987) Reidenbach & Pitts (1986) Valverde (1983)
An intimate understanding of any financial services market is a major pre-condition for marketing success.	Quinlivan (1987c)
The development of personal, sustained, complete and competitively sound relationships with clients.	Donnelly, Berry & Thompson (1985) Elley (1988) Harvey (1987) Quinlivan (1987c) Quinlivan (1988c) Thompson (1987)
Successful companies are "better at identifying key customers and how best to provide products and services that will capture higher asset values per customer at profitable rates".	Cooper (1987) Thompson (1987)
The effective, innovative and strategic application of computer and communication technologies.	Brooks (1987) D'Angelo [1988(a) & (b)] Edwards (1984) Lubich (1987) Mertes (1987) Office of Technology Assessment (1984) Reinecke (1988) Singh (1988) Taylor (1985)

Usual rules of business logic & competitive positioning must be adhered to if marketing success is to occur

A question of fundamental importance to the present research is whether the marketing of services, such as corporate finance, is substantially different from the marketing of physical, or at least more 'tangible', products, and therefore whether marketing success in such markets requires a quite different set of skills, resources and strategies. On balance, the literature reviewed seems to suggest, particularly in the most recent past, that there are no substantial differences, and therefore the usual rules of business logic are as applicable in financial markets as they are in any other market. However, the counter arguments should not be summarily dismissed. Accordingly, these will be first briefly reviewed.

Some writers argue emphatically that there are basic differences between services and product. Shostack (1977:73-74), for example, declares that it is "wrong to imply that services are just like products "except" for intangibility." He therefore argues that marketing "offers no way to treat intangibility as the core element it is, nor does marketing offer usable tools for managing, altering, or controlling this amorphous core." Lovelock (1984:11) likewise argues that there are, in fact, a number of "broad differences between services and goods". Notwithstanding such differences, however, Lovelock (1984:4) suggests that some of the tried and true strategies and tactics of physical goods marketing can be equally effectively applied in the services arena. For example, he argues that product positioning " is critical to developing an effective competitive posture." More will be noted on the importance of effective positioning shortly. Catlin, as published in Lovelock (1984: 29) is another who argues that the marketing strategies and programmes successfully employed by consumer goods firms are generally transferable to the marketing of services:

> "It is exactly the consistent application of the disciplined marketing process that is ultimately going to give you a certain positioning, a certain image, a certain appeal, to either a broad or limited market segment, depending on what you're trying to do. Because of the nature of the time element involved, I'm inclined to think you're not going to get all that many cuts at it in service businesses."

Other writers argue that while the same marketing principles are universally applicable, the substantial differences between services and tangible goods requires changes to marketing strategies and specific programmes. For example, Cowell (1987: 382) proposes that perhaps the major modification needed is in the actual formulation of the marketing mix:

> "As in marketing planning there is nothing distinctive about the process, as such, for services.

> Where there is a difference though is in the elements that make up the marketing mix."

Cowell (1987:383) then suggests that the major adjustment that is needed is in relation to the people component of marketing.

> "Human beings play a key role in the production and marketing of many services and certainly in a much greater extent than is suggested by the conventional marketing mix concept... This means that service businesses may have to focus attention on a wider range of 'people issues' than other businesses which have clear impact upon marketing effectiveness and efficiency."

More specific to this thesis is whether the market for, and the marketing of, financial services is any different from the marketing of other types of services. On balance, the literature reviewed suggests that in today's deregulated, highly competitive, and often global financial market-place, any differences are minor. Cooper, former President and Chief Operating Officer of the Bank of America, in an interview in the Journal of Business Strategy (Summer 1987:54-57), certainly argues that the common imperatives of any deregulated business now apply to the US banking industry:

> "The rigors of a deregulated environment - whatever the industry - demand a disciplined approach to business management. They require a sharp focus of an institution's resources on those activities that have the greatest value to customers and benefit to shareholders."

Mottur (1987:14) strongly refutes any suggestion that financial markets are fundamentally different from any other market:

> "Companies have frequently gone into financial services as if it were a different kind of business where the usual rules of business logic governing diversification do not apply. As a result, they have often taken shortcuts and subsequently encountered serious trouble. Even companies within financial services that plan to diversify must examine - often for the first time - a host of new challenges."

Emmott (1988:10) similarly contends that banking "is being seen as just like any other industry." In turn, he suggests that the new rules in international banking are:

(1) that size, per se, is no longer, if it ever was, vital to success;

(2) "Growth and size will no longer be what counts: profits earned now and not some time in the future, will take over (p.1)."

(3) "Efficiency and strength are now a prerequisite for size, not a product of it. (p.10)

Two years later, Maidment (1990:1) puts the proposition that the usual rules of business which govern nearly all industries now apply in the international banking arena, even more than in 1988:

> "For a decade three great gales have gusted through financial markets - deregulation, technological innovation and globalisation. Buffeted and bewildered, banks have been swept out of their cosy world of banking and into the cold blast of financial services, where the only shelter is profit. To survive, banks must now compete in the marketplace as never before, not just with each other but with all sorts of financial institutions. The process is changing them beyond recognition."

As well as this intense competition between these existing financial institutions, Maidment (1990:11) notes that "ordinary commercial firms are making deep incursions into financial services." He clearly sees little difference between the finance industry and manufacturing-based industries:

> "As with modern industry, tightly costed, high-value added, tailor-made and flexible financial manufacturing is becoming the name of the game, even for those who see themselves as the low-cost producer of a given product or service." (1990: 21)

In conclusion, Maidment (1990:68) argues that the "bankers will have to decide how to reorganize themselves, what range of financial products to set out on their stalls and whether to be generalists or specialists, to sell to individuals or to firms, at retail or wholesale level, as a cut-price or full-service supplier, or any mix of these." In short, bankers will have to decide exactly the same sorts of issues as any business, competing in any market-place, have had to decide, since time immemorial.

Effective positioning is therefore vital

In addition to these sorts of issues, many now suggest that any firm competing in the finance market-place must develop the ability to effectively position its products and/or services - and perhaps the firm *in toto* - against its direct competitors: Valverde (1983), Donnelly, Berry & Thompson (1985), Reidenbach & Pitts (1986), Di Mingo (1988), Ries (1988).

Given the now deregulated and dynamic nature of the corporate finance market places, and more generally, the world's capital markets, about which much has been commented throughout this review, it is perhaps unsurprising to read such statements as that of Donnelly, Berry & Thompson (1985:108): " Making the right positioning choices from among the wide range of alternatives presented represents a critical step toward success and survival in the era of deregulation." In such a world, they argue, any bank or competing financial institution needs to follow three steps:

> (1) "departing from traditional banking practices and sailing into the murkier, deeper, and riskier waters of the financial services business;
> (2) developing the tools necessary for implementing positioning choices: (ie) consistent, continuing and integrated programming, and
> (3) image communications: most financial organizations must move away from being 'all things to all people' and toward a more limited role in the marketplace." (p.108)

Reidenbach & Pitts (1986:81) also place considerable emphasis on effective positioning, and marketing's prime responsibility in its pursuit: "It is important for bank marketers to realize that customers have a perception of their bank and its products/services, and that it is marketing's task to shape and control that perception as a consistent part of the bank's strategy." Later Reidenbach & Pitts (1986:86) observe: "To position the bank and its products/services effectively, resource strengths that can be differentiated from competitors must be identified and strategies developed to employ these resources to provide "unique customer value and generate profit." Valverde (1983), as summarized by Reidenbach & Pitts (1986:82-84) "proposed a two-by-two positioning scheme bounded by the 'extent of the product line' and 'value added'." Value added is "determined by '...the amount of additional benefits perceived by the customer beyond the intrinsic cost of the product and for which he/she is willing to pay extra." Key Factors for Success are then proposed by Valverde for each of the four strategic alternatives - Narrow line/high value-added; Wide line/ high value-added; Narrow line/ low value-added; and Wide product line/ low Value-added. Personal service and advice is a key success factor in both the Narrow line/high value-added and Wide line/high value-added alternatives.

In Australia, some financial institutions at least have assumed a more focused position of late by concentrating on specific types of customers, rather than trying to be "all things to all people". Japanese banks, for example, have realized this requirement.

According to Lloyd (1987) they have clearly decided to "concentrate on their traditional strengths, particularly trade-related finance, syndicated loans and Japanese-Australian transactions." Hutcheon (1987) noted that these newly established Japanese trading banks' first full year of operations were quite reasonable, but they "have had to keep the local operations deliberately tight" by concentrating on "areas which are potentially the most lucrative." Burr, a senior industry observer, claimed that these banks were targeting their services at Australia's top 200 companies. In retail banking, the new banks, as reported by Roberts (1987) "are in search of the Lost Ark of the banking world, the High Net Worth individual." Major finance companies, as reported by Brass (1988) are also "increasing profits by tailoring their services for the small business market rather than to the consumer."

Intimate understanding of any financial sevices market is a major pre-condition for success

Given the dynamic and complex nature of the "global market" for finance and related services, it is not surprising that some have claimed that success is heavily dependent on an intimate understanding of the market, the competitors, present and potential, the customers (or clients etc.), regulatory constraints and so on. Quinlivan (1987c) stresses this point: "In times in which mediocrity can be a forerunner to failure, specialist knowledge either in a particular field of banking or in a particular industry has also enabled some banks to squeeze through corporate doors." The main reasons why such detailed knowledge is needed centre on (1) the growing sophistication and expertise of the corporate treasurers who are responsible for interactions with executives from banks and other financial institutions, and (2) the intense competition resulting from the deregulation of Australia's capital market from the early 1980s. These two trends, in turn, led Quinlivan to observe:

> "As armies of bankers tramp city streets selling their wares, the corporate treasurer has emerged with all the aces, and is determined to play them. The result: finer margins, increasing risks, and a ceaseless demand for better services (p.42)."

Companies involved in the Australian capital market are being subjected to a very familiar pattern of rationalization, merger, re-focusing of corporate effort and strategy, selling or otherwise divesting unprofitable or inappropriate businesses, divisions & services in consequence of the October 1987 stock market crash, which closely followed the massive deregulation of the early and mid 1980s. Headlines such as the following evidence this so called "shake-out":

"Major banking shakeout foreseen in the 1990s" (Herald 1987)
"Broking shakeout on the way" (O'Toole 1987)
"Brokers count human costs" (Luker 1988)
"ANZ, NAB seek $120bn merger" (McCathie 1988)
"Shakeout looming in the merchant bank industry" (Kaye 1988a)
"Natwest joins cutback queue" (Beyer & McCathie 1988)

Reinecke (1988:52) in a brief review of the progress of the sixteen new banks - "made up from subsidiaries of many of the world's most powerful financial institutions" - granted licenses to operate in Australia, observed that the general feeling among industry analysts "as early as mid-1987" was that "the foreign banks had generally failed to achieve their objectives and that the domestic banks had strengthened their grip on the Australian financial system. " Even the new entrants were, privately at least, concerned: " Some of the formerly optimistic foreign bankers have predicted that in five years to a decade at least four of the sixteen new banks may have pulled out (p.60)". These comments reaffirm the suggestion that an intimate knowledge of any financial market is a pre-condition to success.

Developing relationships with clients

Over the last few years a new term has entered the literature on the marketing of financial products and services - "relationship banking". In essence, relationship banking advocates strongly encourage marketers and their organizations to realize that the most fundamental task of any business is to acquire, maintain and assist, to the best of the organization's capacity, the most important asset of any business - satisfied, loyal customers.

Donnelly, Berry and Thompson (1985:118) claim, for instance, that "marketing is about having customers, not merely acquiring customers." They argue that the over-riding need for the most financial institutions is to underpin their operations with a clear priority on achieving effective customer relationships:

> <u>Attempting to compete in a deregulated financial services industry without the loyalty and multiple-service commitments of clients -and without any formal strategy for developing clients - strikes us as an inadequate response to some harsh competitive realities faced by all financial institutions save those that have decided to be strictly "speciality houses", that is, to sell a specialized service to numerous customers rather than various services to the same customer</u>." (emphasis added)

Another major point Donnelly, Berry & Thompson (1987:127) make is that effective relationship banking is "simply not possible without personal banking or some variation of it." There are seven "Success Factors", or "requirements of a successful personal banker program". They are:

(1) "Senior management commitment.

(2) Automated systems to supply personal bankers with the client information they need and managers with a basis for evaluating each personal banker's productivity.

(3) Effective staffing: Personal bankers need to have the analytical skills to make sound credit decisions, the entrepreneurial skills to "build a clientele", the time management skills to survive unpredictable daily schedules, and the people skills to put clients at ease.

(4) Continuous training (and education for personal bankers).

(5) Precise role definition, proper office layout.

(6) Adequate compensation/career advancement structure.

(7) Ongoing internal/external marketing." (pp.128-129)

The Managing Director of Midland Bank International (Australia) Denis Male, in an interview with Quinlivan (1987c:42), similarly stresses relationships with customers:

> "We build up relationships... If that requires undertaking certain transactions which are not profitable, then we evaluate those in terms of what we're going to get from the relationship as whole."

Bailey, Male's counterpart at the ANZ Banking Group Limited, as reported by Reinecke (1988:135-136), likewise stresses the need for positive relationships with the bank's clients.

> "Relationships are the difference between the ad hoc processing of customers wants and the continuous satisfaction of customers' ongoing needs... Relationships are ongoing because they are processes that bind people together for longer than the duration that it takes to close the sale. After the

> sale is concluded the relationship continues because both we and the customer have an interest in maintaining, even promoting that ongoing relationship between us.
>
> To the customer this relationship can be the source of satisfaction for future needs. For the bank the relationship has a financial future benefit that goes beyond the mere transaction - it is a source of future value."

In a similar way, Elley (1988) argues that "in future the success of companies who have traditionally marketed what they perceived as 'products' will depend on their ability to determine the 'service' element of what they are doing - and apply database marketing techniques to this end." He specifically refers to financial institutions :

> "The major potential benefit for financial institutions made possible by database marketing is its promise of a capacity to create and maintain relationships with customers and thereby offer a process for returning to the ideal one-to-one situation."

The concept of such relationships has not, however, been without critics. Donnelly, Berry and Thompson (1985:113) while clearly strong supporters of the "relationship banking" concept also advance some caveats. Firstly, relationship banking "is not an easy state to attain or maintain. Unless the senior management of an institution really wants it to happen, it doesn't have a chance." Secondly, they observe, this is not as easy as it may first appear:

"Protecting good customers, making them better customers, increasing fee income, and increasing market share require becoming proficient in the art and science of client marketing." (p.116) They also warn (p.125) that effective relationships require two-way compromises from time to time.

> "A true relationship involves a commitment from both parties. A financial institution cannot manage a relationship on its own terms only and expect to maintain the relationship. The institution needsto stand by the client even if this means foregoing short-term profit opportunities that could arise from a reallocation of funds. Relationship banking is not for institutions that are unwilling to take a long-term approach to profitability."

Nor is the practice of relationship banking immune from the winds of change, either from without, or within, a bank or competing institution. In London, for example, as Mackay (1988) reports, the "whole issue of relationship banking versus transaction banking continues to cause angst in the city of London just about every time a new hostile takeover bid is announced." She also notes the recent reluctance of British bankers in "talking about what has essentially become a reclassification of their corporate customers into categories labelled "must keep", "think about it" and "flick pass." The reasons for this major swing back to less customer oriented thinking are that "the nature of deregulation, increased competition and the evolution of niche banking means that transaction banking will increase rather than decrease."

Similar comments have been made in Australia. Harvey (1987) suggests that only a portion of corporate clients are interested in long-term relationships with their financial counter-parts. The very large companies and their treasurers "are only interested in price ...because they are not willing to pay for someone to tell them what they already know". Brooks (1987:17) also notes that "the importance of prior and present relationships with customers has declined, relative to convenience, safety of the institution and pricing." Quinlivan (1988c) argues that the "collapse of the world's stockmarkets in October 1987, the sweeping push towards tighter controls in the form of risk-weighted capital adequacy and the increasingly rapid technological advances" have meant that "the whole range of corporate banking business, the costs and type of services provided, the worth of relationships, credit procedures and the role of banks as financial intermediaries" are all "up for re-examination." One of the consequences is that, like in England, banks and their competitors are re-evaluating the value, riskiness and bargaining power of their customers. In turn, Quinlivan (1988c) suggests that the "volume of corporate business on the balance sheet [of an individual bank] will not be as important as the quality of business." From the perspective of the institution's customers, it is argued that the relative balance of power has, for all bar the "very top companies", shifted towards the banks. Customers, as one senior corporate banking executive stated, now "are effectively going to have two options, either to fund directly - and realistically that is only open to the top end of the market - or pay more." The banks, on the other hand, will, Quinlivan (1988c) posits, "put more emphasis on the advisory part of their business".

Identification of key customers and how best to provide profitable products / services

Cooper (1987), the Former President and Chief Operating Officer of Bank of America, in an overview article on "The Changing Nature of Banking" is clear about the pressing need for "a sharp focus of an institution's resources on those activities that have the greatest value for the customer and benefit to shareholders", as a direct result of the deregulated environment in which banks - and <u>all</u> competing financial institutions - operate. There are, as well, a number of other challenges, which neatly summarize much of what's been presented in the current section:

> "To compete successfully, U.S. banks must continue to make the transition from a cost structure that was tolerable in an era of regulated interest rates to today's dramatically different cost structure requirements. They must also successfully adapt to new operating and competitive realities, including substantially higher capital levels, increased use of technology, and specialization. These are some of the actions that the banking industry must take for

overall vitality." (p.54)

Thompson (1987) also stresses relationships with an institutions's most profitable customers:

> "Established financial institutions realise that although their products/ services may be copied, their most valuable asset is their base of customers. Customer relationships must be developed to protect them from "poachers" and maximize profitability by ensuring the most profitable customers are treated accordingly."

Application of computer & communication technologies

The fundamental strategic importance of computer and communication technologies in all areas of the finance sector has received increasing attention in the last several years. The Office of Technology Assessment (1984) clearly outlined this importance:

> "The ability to move information quickly, reliably and accurately is essential to success for both providers and users of financial services. Organizations controlling extensive distribution and/or communication systems are entering and will continue to enter markets as providers of financial services. (p.5)
>
> ...Advancing information and communication technologies are key factors that have changed the nature of financial services: the ways in which they are created, delivered, priced, received, and used. Relationships between and among users & providers of financial services are changing;"(p.7)

Of particular relevance to this thesis are observations by The Office of Technology Assessment (1984) such as the following:

> "The development and trading of securities instruments is largely dependent on the application of information technology. Such technology has also had a major impact on the calculation and payment of return and the recording of ownership. The rate of growth seen in options and many types of futures contracts would not have been possible without communications and computer technologies."(p.76)
>
> Computer based business information systems are finding widespread applications in the financial service industry, particularly in international finance... Much of the international banking activity described ... takes place via sophisiticated international communication facilities. This is particurlarly true for interbank transfers of information and funds." (1984: 157-158)

Brooks (1987:13-14) also underlines the imperative of technological applications in financial markets : "In fact, one of the most important strategic issues for financial services marketing is the application of technology." He does, however, note that for "the marketing function to benefit from technology, several steps must be taken.

> "(1) The application of technology has to move from function-driven to customer-driven and should include revenue generation in addition to cost cutting.
>
> (2) Existing systems have to be better integrated so that products that require multiple systems to support them can be delivered more efficiently and effectively.
>
> (3) New systems have to flexible enough to respond quickly to changes in the marketplace. Many changes will be dictated by the marketing function.
>
> (4) Household information and improved

demographic information must be added to customer databases if customer behaviour is to be understood properly.

(5) Customer behaviour must be monitored by means of profile records that track customer activity, so that cross-selling efforts can better managed.

(6) Account executive and marketing research work stations must have increased access to internal and external databases and to better analytical tools for using such databases. (These tools could take advantage of current artificial intelligence techniques.)"

An obvious question is whether Brooks' comments, which seem to be addressed towards the retail end of the capital market, are valid in the corporate finance market. Several works reviewed clearly indicate this validity. Taylor (1985) reported - based on a study by Salomon Brothers - that:

> "major U.S. banks, led by banking groups like Citicorp, Security Pacific and others, have invested \$7bn in electronic banking technology over the past five years."

> "Salomon Brothers also estimated that the U.S. commercial industry as a whole spent between \$8bn and \$10bn last year alone on computer processing as a result of 'sizeable' investments in both hardware and software."

> "Like the banks, the big Wall Street firms are investing in computer technology, both in response to increased competition and thinner margins on their basic brokereage and other businesses, and in order to enhance their product offerings and marketing skills."

Mertes (1987) of the Bank of America similarly emphasizes the fundamental strategic importance of information technology on the "wholesale banking industry".

> "Deregulation and technology have been the two major factors in creating change. As a result of this change, the Wholesale Banking Industry direction has been to :
>
> - Move from interest based revenue to fee based revenue via associated products and services.
> - Move from local, time zone based foreign exchange, money market, and securities trading to global trading on a 24 hour basis
> - <u>Introduce new products and services to customers electronically. Products and services which offer information, decision making assistance, and convenient transaction initiation.</u>
> - <u>Expand international payments in both quantity and form. More and more international payments are made electronically in a matter of moments.</u>
> - Expand the products and services on support of international trade finance." (emphasis added)

The Bank of America's "new automation strategy", he explained, is based on "four fundamentals": the second was "to create a world-wide telecommunication's utility network connecting branches and customers to the data centers as well as interconnecting the data centers"; the "last fundamental was to have an online real-time information data base employed by the applications."

The validity of such broad statements as those just quoted can be supported by an examination of the amount of resources - of all types - which have been commited by the firms directly competing in the corporate (or "wholesale") finance area. Several recent examples are worthy of note. Edwards (1984) cites "the giant U.S. based Citicorp" which "now has one of the largest private telecommunications networks in the world, linking mainframe computers in each country in which it has a full banking branch with terminals in the treasurer's office of each corporate client who wishes to buy the service". Reinecke (1988:21) also comments on Citibank's massive investments in international satellite networks, "data processing centres in ninety five countries world-wide, connected through a global communications system", huge information-based product offerings, and its overall focus, since 1982, on using information / communication technology "in all the areas of business in which the bank was active".

In Australia, similarly large investments have been, are, and will continue to be, made by financial institutions. Westpac, for example, recently announced an investment of $AU120 million "to replace all [computer & communication] systems". Bob White, the managing director of Westpac, as reported in The Age (1 September 1987:39), very directly emphasized the strategic nature of this investment:

"CS90 is a system which fundamentally changes our

> capacity to do business - from product design to delivery. It will even automate our audit processes. <u>The system will have a product development and management information capability that will put us a long way ahead of our competitors in terms of product design and delivery as well as operating costs</u>." (emphasis added)

In aggregate, Australian and New Zealand "banks and financial institutions will spend at least $2 billion on computer systems and services in the next five years, according to survey of their chief executives." The survey, conducted by a management consulting firm during 1987 and reported in <u>The Age</u> (8 September 1987:36), "showed they had spent $570 million in the past year." The main priority for such massive investments would, the survey found, be the electronic networks "to develop and deliver financial products and services for all categories of retail customers."

As well as this type of substantial investment, Australian banks - along with stock brokers - are also looking at the utilization of artificial intelligence, and particularly at expert systems, in an attempt to "regain an edge in a de-regulated and increasingly competitive market", according to Lubich, a management science representative of BankAmerica who addresed the third Australian Conference on Expert Systems (1987). D'Angelo (1988a) is more emphatic:

> "The countdown is on for the biggest shakeup in Australian banking and finance since deregulation

> ...This quiet revolution is being planned not in the boardrooms of our leading banks but in the research and development departments. It will bring the introduction of artificial intelligence systems (...) this technology promises to dramatically change both the nature of competition between banks and other financial institutions, and that of many long-established job descriptions." (emphasis added)

Later in D'Angelo's report, an officer of a Sydney research firm claimed that expert systems - one of the derivatives of artificial intelligence -- "will allow the Big Four to move more into the corporate area - they see that as their next big push.The retail market is pretty well sewn up (p.53)." D'Angelo (1988b) indicates that most applications of such expert systems are currently in the loan assessment area; this is, however, "just the beginning" of their large scale use in financial institutions. It seems, then, that the whole operational aspect of the industry is now inextricably and irreversibly linked to the computer and comunications industries, and that the long-term 'winners' will most probably be those which have sensibly employed these twin technologies to gain a clear, defensible and customer-satisfying competitive advantage.

V: Summary of main findings

Marketing decisions, and the consequent activities, all have financial consequences. Any such decision therefore needs to be evaluated with its financial implications clearly in mind. Equally, marketing success, regarded in this thesis as the consistent achievement of marketing objectives, should be primarily evaluated from a financial perspective. The most appropriate financial criterion is argued by many, the present writer included, to be the Return on Shareholders Funds (ROSHF).

There does not seem to be a great deal of concensus, within the literature reviewed, on the factors which make a major contribution to the success of an organization's marketing activities. Different writers have proposed varying arguments, depending on the theoretical, or conceptual base, from which their propositions are developed, or their practical experience.

Another probable reason for this lack of concensus is the diversity of activities which comprise modern marketing. Given this diversity, an almost limitless number of marketing mixes could be fashioned by an organization, both at a point in time, and over time. Consequently, an almost limitless range of responses by the organization's customers, channel members, and competitors is possible. Given such diversity, it is valid to argue that marketing is as much an art as a science, and therefore proposing universally applicable success factors is perhaps impossible.

A third reason for the lack of concensus is the sheer pace of change, both within marketing's extertnal environment, and within organizations themselves, noted throughout this review of the literature. In the opinion of many of the writers reviewed in this chapter, however, such rapid and pervasive change strongly suggest that environmental sensitivity, a global, rather than local, perspective, a sustained commitment of resources to marketing activities, and the need for their correct timing, are all necessary, but probably not sufficient, conditions for marketing success. Such environmental turbulence is certainly evident in the world's capital markets. Therefore, these factors certainly can be argued as quite important contributors to marketing success within such markets.

The present writer agrees with those reviewed who argue that the marketing of services, both generally, and more specifically the marketing of financial services, essentially requires the same skills, knowledge and attitudes as those needed in the marketing of more tangible products. However, the need for a high level of skill in developing sustained, on-going and mutually advantageous relationships with customers is imperative within the corporate finance part of the broader capital market. This is so partly because providers of such finance are dealing with other organisations, some of which at least are as large and well versed in the complexities of international finance as the providers themselves: secondly, the deregulation of the world's capital markets throughout the nineteen eighties has seen an significant increase in the number of direct competitors offering financial services to such business organisations; some of these new competitors are, it has been noted, former customers of the financial institutions.

The other factor which can be argued to be vitally important to marketing success within the corporate finance market is the effective use of computer and communication technologies to the marketing of corporate finance. Information is so particularly important in the corporate finance market, as it is, or soon will be, a twenty four hour a day, seven day a week, global market. Some providers of corporate finance, it has been noted, are now earning a substantial amount of their revenue, and profit, from selling real time, on line information to their customers, as well as other interested organisations.

CHAPTER 3
RESEARCH METHODOLOGY

Introduction

This thesis involved considerable research, both of a secondary and a primary kind. The synthesis and summary of the secondary research is contained in the preceding chapter - **REVIEW OF SELECTED LITERATURE.** This chapter deals with the primary research component . It addresses the following topics:

(1) research aims ;

(2) research methods and design ;

(3) sources of data ;

(4) major statistical issues.

Research Aims

The principal aim of the primary research component was to collect information on the seven areas detailed immediately below from senior executives within the Australian corporate finance market, so that it could then be statistically analyzed to determine the major factors contributing to marketing success within the Australian corporate finance market during the years 1983 to 1987.

1. Whether such executives think it's practically possible and feasible to determine marketing success within markets served by their employing firms: if they do, what criteria are employed to assess the success of the firm's marketing activities, which executives specify such criteria, which executives were responsible for the achievement of those criteria, and whether the criteria are regularly specified and reviewed .

2. Whether firms operating within the Australian corporate finance market set an annual budget for marketing activities, and, if so, the method used to set this marketing budget, and the percentage of the marketing budget allocated to each of the four controllable marketing variables .

3. To find out if their employing organisations set specific marketing objectives; if so, the titles of the executives who set those objectives, the titles of those executives to whom the objectives are communicated, whether actual marketing results are regularly compared with the marketing objectives, and the actual marketing objectives set .

Information collected under points 2 and 3 were included to test the degree of marketing planning used by organisations operating within the Australian corporate finance market. These data would partly evidence the level of planning resources being allocated to marketing centred decisions.

4. The average annual percentage return on shareholders funds (ROSHF) achieved by the organization over the years 1983-1987 inclusive. As noted in **CHAPTER 2**, this financial measure is the one selected in this thesis as the most appropriate to use when evaluating the success of marketing activities.

5. To see if the firm has a separate Marketing Department or Group or unit, and, if so, how many of its staff have completed a tertiary marketing qualification, or a degree or higher in any discipline. As noted for points 2 and 3 above, this question was included to investigate the commitment of resources to marketing centred activities.

6. To ascertain the extent to which the recent trends, in either the global, or Australian, corporate finance market summarised in **CHAPTER 2**, have had an impact on their organisation's ability to achieve its marketing objectives.

7. Opinions on the practical relevance of the major factors contributing to the consistent achievement of any organisation's marketing objectives (that is, marketing success) as reviewed in **CHAPTER 2** of this thesis.

This information is then statistically analyzed, using relevant techniques, including cross tabulation and multiple regression, to identify the major factors which contributed to marketing success, as it is indicated by average annual ROSHF.

Research Methods and Design

Given these Research Aims, there are four consequent questions .

1. Which research instrument(s) should employed in pursuit of the research aims ?
2. For the chosen research instrument(s), what would be the most efficient and effective research design?
3. How could the appropriate potential respondents be firstly identified, and secondly encouraged to answer the questions involved in the research aims ?
4. Various statistical issues, such as sample size, the degree to which the chosen sample accurately represents the

corresponding population, and the selection of the most appropriate statistical techniques against which the information collected should be analyzed.

Each of these questions is now discussed in detail.

1. Selection and justification of research instrument(s)

Of the three major types of research instruments regularly used in marketing research - observation, experimentation, or surveys - the survey method was chosen as the most appropriate to the research aims, and that which would provide the most statistically useful set of data. Two separate survey research instruments, a mail questionnaire, and a follow-up depth interview of several respondents to the questionnaire, were employed.

Luck, et al. (1985:116) provide a very useful Table which compares the three media available to a researcher employing a survey questionnaire. Mail was chosen as the most appropriate medium, given that it was ranked by Luck (1985) as "first" in the factors most relevant to the present research's aims:

- freedom from bias of interviewer's effects ;
- obtaining hard-to-recall information ; and
- reaching maximum coverage of target population.

Mail also ranked "second" in two other factors which were relevant to this thesis, namely low cost per response obtained, and the ability to use a variety of questioning and measuring methods.

The use of follow-up **in-depth interviews** was primarily the result of the desire to explore, in some detail, the thoughts and personal experiences of several senior executives who had responded to the mail questionnaire in an interesting and informative manner, who were probably directly involved in the achievement of their organization's marketing objectives, and whose firms operated in either a Trading Bank, a Merchant Bank, or a stock broking house. Burgess (1984:107) suggests the major advantage of in-depth interviews is the provision of "the opportunity for the researcher to probe deeply, to uncover clues, to open up new dimensions of a problem and to secure vivid, accurate, inclusive accounts that are based on personal experience". Given the range of questions deemed necessary in this thesis such an opportunity was too important to ignore.

2. Research design

The **mail questionnaire** was drafted twice before the final version, a copy of which is shown in Appendix One of this thesis, was mailed in late November 1987. Appendix Two presents the first two versions of the mail questionnaire, the second of which was a pilot survey. The use such pilot surveys is strongly recommended by most experienced researchers - see, for example, Ferber et al. (1974:150) and Lehman (1985:142). The responses of thirteen senior executives who completed the pilot survey, of the twenty two who were mailed it, were analyzed, and then used to modify the questionnaire. Consequently, three of the questions which were open in the pilot version became closed questions in the final version. This was done to facilitate the subsequent statistical analysis of the questionnaires received. Secondly, several changes to other questions were made.

(1) A table was included in the final version, at page 3, as Question 2.3, where respondents could indicate the percentage of the total marketing budget their organisation allocated to the four strategic marketing variables.

(2) Three more intervals were added to the question which asked the respondent to indicate the company's average annual return on shareholders funds (ROSHF) over the last 5 years.

(3) Similarly, the question on the number of employees on the company's payroll was changed to include seven intervals, rather than the three in the pilot questionnaire.

(4) Another suggested major contributor to marketing success (environmental sensitivity) was added to the list presented

in Question 7 of the pilot version, and Question 8 of the final version.

(5) The question asking in what range is company turnover (Question 6.3 of the pilot questionnaire) was deleted.

Finally, two questions were added: Question 2.2 of the final version (Appendix One) which asked how the firm sets its annual budget for marketing activities, and Question 14, which asked in which state or territory is your company's head office?

The final version of the questionnaire was quite lengthy. It contained several different types of questions. The first type sought information on the actual decisions made by competing organisations relative to marketing issues such as the criteria they used to assess marketing success, the method used to set the annual marketing budget, and the specific types of marketing objectives set. The next type of question related to the managerial practices used in relation to such marketing issues: in particular, which executives had authority over setting the criteria used to assess marketing success and over the specific marketing objectives pursued by the organisation; secondly, which management positions had the responsibility for the achievement of these marketing objectives; thirdly, which management positions were told of these objectives; fourthly, how often were these criteria and objectives set and reviewed. The third sort of questions centred on the perceived impact of the environmental trends on their organisation's ability to achieve its marketing objectives. The fourth class of question was based on the responding executives' attitudes: firstly, to the possibility of practically assessing marketing success; secondly to the reasons why marketing objectives where not regularly set by their organisation; thirdly on the increasing need for a separate functional area to handle the organisation's marketing activities; and finally, on their level of agreement with the thirteen factors reviewed in **CHAPTER 2** of this thesis which have been proposed in the selected literature as major ones contributing to marketing success. The last few questions contained in the final version of the mail questionnaire were of a classificatory nature, covering such issues as the position title of the respondent, the size of their employing organisation and its Primary activity.

3. Construction of mailing list and follow-up procedures employed

The identity of the appropriate senior executives within the Australian corporate finance market to whom the final version of the questionnaire could be mailed was primarily established from three directories:

- the Australian Finance Directory (1986),
- Jobsons Yearbook of Listed Public Companies (1987),
- Victorian Industry Support Organizations Register (1986).

Table 3.1 summarizes the position titles of the four hundred and ninety five senior executives to whom the questionnaire was mailed, either during the pilot phase or in late November 1987. These potential respondents were selected from the information contained in these three directories. Wherever possible, executives with a marketing based position title were included in the mailing list. In most cases, however, such titles were not included in the list of the organisation's senior managers. Therefore, the most senior executives contained in the directory were chosen: as TABLE 3.1 indicates slightly more than half of the potential respondents were either then in the position of Managing Director, Chief Executive Officer, Chairman of the Board, Executive Director, or Deputy Managing Director. Appendix Three to this thesis is a copy of the complete mailing list of the almost five hundred senior executives to whom the questionnaire was mailed. TABLE 3.2 summarizes the primary activity the firms employing these executives at the time of receipt of the questionnaire.

TABLE 3.1

POSITION TITLES OF POTENTIAL RESPONDENTS

TITLE	NUMBER OF POTENTIAL RESPONDENTS
Managing Director	72
Director	52
Senior Partner	42
Chief Executive (Officer)	41
General Manager	35
Manager	35
Chairman (of Directors)	30
Partner	23
Senior/National Manager	20
Executive Director	20
Deputy Managing Director	11
Chief General Manager	8
Manager Corporate Finance/ Accounts/Loans	7
Associate Director	7
Chief Manager	6
State Manager	6
Deputy General Manager	5
Investment Manager/Invest.Mgr	5
Marketing Manager	5
Manager Customer Relations/ Service	2
Chief Marketing Manager	1
Director of Marketing	1
National Marketing Manager	1
National Product Manager	1
Senior Marketing Officer	1
Other	58
TOTAL	495

Note: The total comprises the pilot survey (a total of 22 questionnaires) and the final questionnaire (sent to 473 senior executives in the first mailing, and approx. in the second mailing.)

Given the length of the questionnaire and the variety of questions, as well as the considerable time pressures under which the target respondents operate, and the rather unexpected "crash" of the global stock market in late October 1987, it was necessary to both encourage potential respondents to repsond to the questionnaire and to undertake a significant amount of follow-up work as the completed questionnaires started to be returned.

The covering letter contained in Appendix One was signed by the Managing Director of Merediths Limited, a specialist, or 'boutique' merchant bank established in the middle of 1987, by several former employees of Elders Finance Group. The researcher felt that having this covering letter signed by an executive with many years experience in the Australian corporate finance market, rather than by a senior academic, could improve the chances of this rather long and involved questionnaire being responded to, rather than cursorily examined and summarily dispatched to the waste paper bin. As it turned out, the response rate of nearly twenty per cent for the questionnaire could partly be the result of this choice of signatory.

The follow-up procedures, once completed questionnaires started coming in took three forms. Firstly, some executives based in

TABLE 3.2

PRIMARY ACTIVITY OF EMPLOYING FIRMS

PRIMARY ACTIVITY	NUMBER OF POTENTIAL RESPONDENTS
Trading/Corporate Bank	103
Represented Bank	1
Authorized Dealer	1
Merchant Bank	134
Investment Bank	44
Venture Capital - MIC	18
Venture Capital - other	36
Stock Broker	122
Finance Company	2
Finance broker/consultant	0
Leasing finance	2
Factoring finance	1
Government sourced funding	21
Other	10
TOTAL	495

Melbourne and involved in either corporate, merchant, or investment banking, or venture capital, were telephoned in December 1987 and asked to consider the "investment" of about twenty minutes to complete the questionnaire, as fifty or so of their colleagues had already done.

Secondly, selected executives, based in Sydney, were sent a FAX - a copy of which is contained in Appendix Four - during the third week of December 1987. Thirdly, in March 1988, a second copy of the questionnaire, plus a covering letter, was mailed to over two hundred senior executive employed in either corporate/trading banks, merchant or investment banking, or venture capital, who had not yet responded to the questionnaire. Additionally, as an incentive to encourage co-operation, a very brief summary of the responses of the sixty seven executives who had responded was included. A copy of this letter and summary is set down in Appendix Four. At the same time, a much fuller overview of their responses and a note of thanks, was sent to all sixty seven exectives who had completed and returned the questionnaire.

In regard to the design of the follow-up **in-depth interviews**, Burgess (1984) offered a number of quite helpful suggestions :

> ... it is essential for the researcher to establish
> procedures around which the interview is based;
> In any project involving unstructured
> interviews the relationship between the

researcher and those who are interviewed is crucial; and it is essential to listen carefully in order to participate in the conversion and to pose particular questions on topics that have not been covered, or need developing".

The primary aim of these interviews was to explore more deeply with a few respondents to the mail questionnaire the responses they had provided, and, secondly, to ascertain their attitude on the proposition that the achievement of a satisfactory return on shareholders funds should be the principal marketing objective of any private sector corporation. Each interviewee was mailed a copy of a list of questions prior to the date of the actual interview. The main purposes of this pre-mailing were three:

(1) to allow the interviewee, prior to the interview, to select from the proposed questions those which he, or she, was prepared to discuss in detail;

(2) to allow the interviewee time to research some (or perhaps all) of the questions he or she selected before the actual interview; and

(3) to optimize the actual interview time period, as they all indicated that only an hour or so could be set aside for the interview.

Just prior to the above outlined pre-mailing of the proposed interview questions, they were tested on two colleagues both of whom at the time held senior positions in the Australian corporate finance market. Again, the major aim of this pre-test was to ensure, as much as practically possible, a productive use of the limited interview time.

4. Statistical issues

The major statistical issues needed resolution were :

(1) the number and characteristics of suitable potential respondents the mail questionnaire and interviewees for the depth interviews ;

(2) the minimum response rate required;

(3) the type of statistical methods to employ when analysing the completed questionnaires.

Given the nature of the research aims, and the scope of the questions being explored in this thesis, a decision was made to focus the sample on the most senior executives within the types of organisations detailed in TABLE 3.2. It was also important to select more than one manager from each organisation, wherever possible, to improve the response rate. Finally, each primary activity needed to be reasonably well represented. Analysis of the mailing list before the questionnaires were posted indicated that it was representative of the population: each of the Trading, or Corporate Banks listed in Campbell (1986), along with the majority of the Merchant Banks and Investment Banks, Stock Brokers, and Venture Capital firms were included in the mailing list. In almost every case, at least two executives from each organisation included were mailed a copy of the final version of the questionnaire.

The minimum rate, to ensure statistical validity, was set at fifteen percent for each of the Primary Activities detailed in TABLE 3.2. This decision implied that at least seventy usable completed questionnaire were needed.

The statistical techniques which could be employed, given the nature of the questionnaire, were numerous. At the simplest level of analysis, percentage calculations and averages were relevant. The major technique which formed the basis of the statistical analysis was cross tabulation of the responses to each individual question against the average annual ROSHF reported by the respondent in answer to QUESTION 4. This technique was chosen as the principal one, since it was felt that the likelihood of identifying a few variables which explained the bulk of the variation in ROSHF was rather small, given the dynamism of both marketing and the chosen product-market.

In terms of seeking to identify a few such explanatory variables, linear multiple regression analysis was chosen as the most appropriate statistical technique. The dependent variable was the average ROSHF. A wide range of independent variables were included in the other thirteen questions. In summary, these independent variables included the following:

- whether the responding organisation set an annual marketing budget;
- the relative percentages of the marketing budget allocated to the four controllable marketing variables;
- whether it set specific marketing objectives;
- whether a separate marketing department or group or unit had been established;
- the size of the organisation, as indicated by the number of employees;
- the organisation's primary activity.

The statistical analysis was performed using the Statistical Packages for Social Sciences (SPSS) set of programs. The main reason for choosing this set of programs was its widespread use in such applied statistical market research, which is due to the extensive range of different statistical methods it contains, from the very basic measures of central tendency to quite complex and advanced statisitical methods, such as factor analysis.

CHAPTER 4
ANALYSIS OF RESULTS

This chapter will present and analyze the responses obtained, both from the mail questionnaire, and the subsequent personal interviews. The amount of data collected is both very large, and wide-ranging. To focus the analysis and to place it in the context of the **Specific Objectives and Research Aims** of the study detailed earlier, the results will be presented and analyzed in the following sequence:

(1) a summary of the response rate, and other classificatory data;

(2) a general summary and analysis of all the completed questionnaires in relation to the specific research aims;

(3) detailed comparison of the responses from executives of firms with the highest accounting return on shareholders funds (that is, an average ROSHF of between 25% and 35%), with those of executives of companies with the lowest returns (an average ROSHF of 10% or less);

(4) presentation, and discussion, of the results of the multiple regression analysis, with average return on shareholders funds as the dependent variable; and

(5) main comments provided during follow-up interviews with selected respondents.

The last chapter will present the study's major findings, and their implications. It wil also outline events which have occured subsequent to this study, the limitations of the thesis, and areas for future research.

(1) Response rate and classifactory data

As was noted in the **RESEARCH METHODOLOGY** chapter, the detailed questionnaire was mailed to four hundred and ninety five senior executives of companies primarily involved in the provision of finance to organizations conducting business in Australia. Of these potential respondents, twenty two were mailed a pilot version of the questionnaire, as described in APPENDIX TWO; the final version of the questionnaire was mailed to the remaining four hundred and seventy three in November 1987. The response rate for the pilot survey was high - thirteen of the executives returned completed questionnaires. A total of ninety one completed, useable questionnaires were returned from the executives who received a copy of the final version: this is a response rate of 19.2%. TABLE 4.1 details the Primary activity of the firms of the respondents to the final version of the questionnaire. The major responding firms were the Trading / Corporate Banks (25.3% of the total respondents), Merchant Banks (22.0%), and Investment Banks (14.3%) - in total, 61.6% of the respondents worked for these types of firms. A complete list of the actual companies responding to the questionnaire is appended to this thesis as APPENDIX FIVE.

The position titles indicated by the respondents to the final version of the questionnaire are summarized in TABLE 4.2. One of the most pleasing aspects of this research programme is the high seniority of the respondents. As shown in the table, close to half of the respondents held the most senor positions in their respective companies.

Questions 10, 11, 12 and 14 of the final questionnaire were also included to provide classificatory data on the respondents. TABLE 4.3 details the number of employees of the respondents' firms. TABLE 4.4 indicates the percentage of company turnover derived from overseas customers. TABLE 4.5 summarizes responses to Q.12 - whether the company regularly reports to an overseas Head Office. TABLE 4.6 details the state in which the Head office, in Australia, of respondent's company is located.

Overall, these six tables suggest that the sample responding to the postal questionnaire was representative of the providers of corporate finance in Australia, and large enough to produce a statistically useful data set. As noted, the response rate to the final questionnaire was 19.2%; however, the percentage of major companies operating in the Australian corporate finance market which responded to the questionnaire is greater than this, given that generally only one executive from each firm responded, while two or more were sent the questionnaire.

TABLE 4.1

PRIMARY ACTIVITY OF RESPONDENTS' FIRMS

PRIMARY ACTIVITY	Number of respondents to final questionnaire	% of total
Trading/Corporate Bank	23	25.3%
Represented Bank	-	-
Authorized Money Market Dealer	3*	-*
Merchant Bank	20	22.0%
Investment Bank	13	14.3%
Venture Capital - MIC	3	3.3%
Venture Capital - other	5	5.5%
Stock Broker	11	12.1%
Finance Company	1	1.1%
Finance broker / consultant	-	-
Leasing Finance	-	-
Factoring finance	-	-
Government sourced funding	-	-
Other	15	16.4%
TOTAL RESPONDENTS	91	100.0%

NOTES: (a) The fourteen primary activities detailed above are those set down at Question 13 of the final version of the questionnaire.

(b) * Three of the respondents ticked this activity, in addition to another; the major activity was taken to be the other(s) indicated.

(c) Another 13 respondents returned completed the pilot questionnaire. These responses were not processed by Reark, the market research company which input and cross-tabulated the responses; nor were they included in the multiple regression analysis. The breakdown of these 13 respondents was; 4 from Trading / Corporate Banks; 5 from Merchant Banks; 3 from Investment Banks and 1 from Other.

TABLE 4.2

POSITION TITLES OF RESPONDENTS

POSITION TITLE	Number of respondents to final questionnaire	% of total
Managing Director	17	18.7%
Chief Executive (Officer)	6	6.6%
Senior Partner / Executive	9	9.9%
General Manager /Manager	9	9.9%
Executive Director	6	6.6%
Chairman (of Directors)	5	5.5%
Director	4	4.4%
Marketing Manager *	4	4.4%
Deputy Managing Director	3	3.3%
Manager Customer relations / service*	2	2.2%
Chief Marketing Manager*	2	2.2%
Chief General Manager	2	2.2%
Manager Corporate Finance / Accounts / Loans	2	2.2%
Associate Director	2	2.2%
Deputy General Manager	2	2.2%
National Marketing Manager*	1	1.1%
National Product Manager*	1	1.1%
Chief Manager	1	1.1%
Other	11	12.1%
TOTAL RESPONDENTS	91 (b)	100.0%

Notes : (a) Titles detailed are those presented at Question 9.1 of the final version of the questionnaire.

(b) The total does not include the titles of the 13 respondents to the pilot questionnaire .

(c) Those titles marked with an * are regarded as marketing based titles.

TABLE 4.3

NUMBER OF EMPLOYEES ON THE COMPANY'S PAYROLL

NUMBER OF EMPLOYEES	Number of responses -final questionnaire	% of Total
Less than 10 employees	6	6.6%
Between 10 & 49 employees	23	25.3%
Between 50 & 99 employees	8	8.8%
Between 100 & 299	23	25.3%
Between 300 & 499	9	9.9%
Between 500 & 999	7	7.7%
More than 1000 employees	14	15.4%
No response	1	1.0%
TOTAL RESPONDENTS	91	100.0%

NOTES : (a) Refer Question 10, p.13, final version.

(b) The number of employees in the pilot questionnaire were as flows: 5 of the 13 pilot respondents worked for firms employing less than 100 people; 1 in a company employing between 100 & 1000; 7 in organizations with more than 1000 employees.

TABLE 4.4

% OF TURNOVER FROM OVERSEAS CUSTOMERS

TURNOVER	Number of responses -final questionnaire	% of respondents
Less than 10%	57	62.6%
Between 10% and 50%	29	31.9%
More than 50%	2	2.2%
Don't know / no response	3	3.3%
TOTAL RESPONDENTS	91	100.0%

NOTES: (a) Refer Q.11, p.10. final version.

(b) Of the 13 pilot respondents, 4 reported less than 10% turnover from overseas customers; 8 between 10% and 50%; and 1 did not know.

TABLE 4.5

DOES THE FIRM REGULARLY REPORT TO AN OVERSEAS HEAD OFFICE?

RESPONSE	Number of responses - final questionnaire	% of respondents
Yes	38	41.8%
No	53	58.2%
TOTAL RESPONDENTS	91	100.0%

NOTES: (a) Refer Q.12, p.13 final version of questionnaire.

(b) Of the 13 pilot respondents, 3 indicated 'Yes', 9 'No', and 1 'Don't know'.

TABLE 4.6

LOCATION OF HEAD OFFICE IN AUSTRALIA

STATE OR TERRITORY	Number of responses -final questionnaire	% of total
New South Wales	41	45.0%
Victoria	34	37.4%
Queensland	4	4.4%
South Australia	4	4.4%
West Australia	5	5.5%
Tasmania	-	--
Australian Capital Territory	-	--
Northern Territory	-	--
Other	3 (b)	3.3%
TOTAL RESPONDENTS	91	100.0%

NOTES: (a) Refer Q.14, p.14, final version of questionnaire.

(b) Two of the respondents did not answer the question; 1 firm's Head Office is in New Zealand.

(c) This question was not asked in the pilot survey.

(2) General summary and analysis of questionnaires in relation to the Research Aims

As indicated in the RESEARCH METHODOLOGY chapter, RESEARCH AIM 1 of this thesis was to collect information from senior executives in the Australian corporate finance market as to **"whether they think it's practically possible to determine marketing success within the markets served by their employing firms -- if so, the criteria employed to assess the success of the firm's marketing activities, the titles of executives specifying such criteria, the titles of the executives responsible for the achievement of those criteria, and whether the criteria are regularly specified and reviewed."** Question 1 of the main research instrument - the mailed questionnaire - addresses these issues, in the order just outlined. A summary of the most frequent responses to these five sub-questions is detailed in TABLE 4.7.

Several comments on this Table are appropriate. Firstly, agreement with this suggested practicality was uniformly strong across all Primary activities: the strongest support for the practicality of assessment came from executives of Trading / Corporate Banks - 22 of the 23 respondents felt that it is possible. On the other hand, 16 of the 20 Merchant Bank respondents - or 80%, as opposed to 95.7% for the former group - agreed with the proposition. The lowest rate of agreement came from respondents employed by Venture Capital organisations with a Management Investment Company (MIC) licence: only 67% agreed.

TABLE 4.7

MOST FREQUENT RESPONSES - QUESTION 1

Question number	Question asked	Most frequent responses	% of response
Q 1.1	Do you think its practically possible to determine marketing success within the market(s) served by your firm?	Yes	89.0%
Q 1.2	If yes, what criteria does your firm employ to assess the success of its marketing activities?	Volume of trans- actions	47.3%
Q 1.3	By whom are these criteria specified?	Managing Director/ Chief Exec. Officer	53.4%
Q 1.4	Who specifically has the responsibilty for the achievement of these criteria?	Managing Director/ Chief Exec. Officer	48.4%
Q 1.5	Are the criteria listed in question 1.2 specified and reviewed - monthly, quarterly, yearly or other?	Monthly	48.4%

Notes: (a) A total of ninety one useable, completed questionnaires were received. The percentages shown in the TABLE are the most frequent number of responses divided by ninety one.

In relation to Question 1.2 - the **types of criteria employed to assess the success of such marketing activities** - a wide range of benchmarks were indicated. Most of the responding firms use more than one criterion - on average, between two and three. The most noteworthy difference to the general pattern of responses is that 12 of the 23 (ie 52.2%) of respondents from Trading / Corporate Banks nominated Comparison of actual results to marketing budget as the principal criterion. Perhaps this is due to the relatively very large size of such firms. Interestingly, and perhaps surprisingly, given the deregulation of the Australain capital market and the consequent increase in competition, only two executives specified profit, while market share was only mentioned under the Other category by 5 respondents.

Responses to Question 1.3 - **By whom are the criteria specified?** - were quite varied. Of the individual responses, forty percent nominated either the Managing Director or the Chief Executive Officer . Both General Manager and Senior Management were selected by nineteen percent of the respondents. Depending on the view taken, these responses either provide clear insight into the importance placed on marketing by firms operating in the Australian corporate finance market, or the probable lack of senior management expertise in marketing centred decision-making.

A very similar pattern was evident in relation to Question 1.4 - **'Who specifically has responsibility for the achievement of these criteria?"** Managing Director / Chief Executive Officer was selected by twenty nine per cent of the respondents. The second most frequent response was Senior Management at twenty one per cent, followed by Marketing Manager / Director (twenty per cent), and General Manager, with ninteen per cent of respondents indicating this position title. A variety of other position titles were also specified; for example, *"different people for different criteria"* (General Manager, Merchant Bank), *"all executives"* (Managing Director, Investment Bank), *"cost centres established with an individual responsible for performance, reporting to the Board"* (Company Secretary, Investment Bank), and *"Directors"* (Director, Non MIC Venture Capital).

Responses to Question 1.5 - **"Are the criteria listed in question 1.2 specified and reviewed monthly, quarterly, yearly, or at some other interval?"** - suggested, in total, that monthly setting / review was the most common time frame. Of the total of 128 separate responses, 44 nominated monthly; 36 selected quarterly; 30 yearly; and 16 indicated another time interval. Respondents from Trading / Corporate Banks once more were fairly different - 17 of the 23 respondents from this primary activity indicated monthly setting / review.

Question 1.6 was the first open-ended one: **"If you think it's not possible to determine marketing success, why do you hold this view?"** Quite a diversity of opinions were offered by the 18 executives - some of whom answered Question 1.1 positively. Typical of the comments were the following:

"It is never this black and white. It may be partially possible, but difficult to measure, especially if the function is not separated and therefore not able to be measured separately." (General Manager, Corporate Bank)

"It is possible, however the hardness of the number is obviously related to the $ spent on tracking and measuring." (Investment Manager, Merchant Bank)

"Much business comes through personal contacts and 'word of mouth' referrals." (Executive Director, Merchant Bank)

"Formal marketing is only applicable to certain products which have a retail flavour. Most products are directed to specific purposes, where reputation, pricing and skill are important." (Associate Director, Investment Bank)

"Our company only deals with private individuals on a personal basis. All recommendations are transmitted by personal contact via mail or phone." (Senior Partner, Stock Broker)

"Company success is determined by the success of the enterprises in which we invest, not by some other standard, such as the number of transactions." (Corporate Finance Manager - MIC)

"Not applicable. All business relies on somebody marketing something, somewhere, somehow, therefore, the success of the business is the measure, to a large extent, of its marketing." (General Manager, Investment Advisory company)

RESEARCH AIM 2, as specified in the previous chapter, was to collect information from senior executives within the Australian corporate finance market as to **"whether [their firms] set an annual budget for marketing activities, and, if so, the method used**

& percentage of the total marketing budget allocated to each of the four strategic marketing variables - product, place, promotion and pricing." Question 2 of the final version of the mail questionnaire addressed these questions. TABLE 4.8 summarizes the most frequent responses to each of the sub-questions just outlined. Brief comments on the total responses to these specific questions follows.

As is shown in TABLE 4.8, more than sixty per cent of the respondents to the final version indicated that their company does set an annual budget for marketing activities. The first point of note in regard to this statistic is that it is considerably lower than the 89% of respondents who affirmed the view that it's practically possible to determine marketing success, as detailed in TABLE 4.7 above. There are several possible explanations: one is that the cost of planned marketing activities is included in the overall corporate budget; alternatively, these costs may be fragmented across a number of other departmental and/or functional budgets; a third explanation is that marketing activities are not budgetted during the annual operating budget cycle; or finally, marketing activities may be seen by the most senior managers as immaterial, for whatever reason, and therefore not budgeted at all. It is not, however, possible within the scope of this study to test which of these explanations is the most feasible. However, some comments provided in response to Question 3.7 which will be presented shortly indicate that marketing is not fully understood by a fairly significant number of senior managers operating within the Australian corporate finance market.

TABLE 4.8

MOST FREQUENT RESPONES TO QUESTION 2 - MARKETING BUDGETING PROCESSES

Question number	Question asked	Most frequent responses	% of response
Q 2.1	Does your firm set an annual budget for marketing activities?	Yes	60.4%
Q 2.2	If yes to 2.1, how does your firm set an annual budget for marketing activities?	Objective & Task	76.4%
Q 2.3	If yes to 2.1, please indicate the % of the total marketing budget allocated to the various aspects of marketing...		
	* Product development	0% < 10%	20.9%
	* Distribution systems & customer service	20% < 30%	11.0%
	* Advertising, public relations, personal selling, sales promotion	90% < 100%	13.2%
	* Price/fee setting & administration	0% < 10%	14.3%

Notes: (a) A total of ninety one useable, completed questionnaires were received. The percentages shown in the TABLE are the most frequent number of responses divided by ninety one.

More detailed analysis of the responses to these questions along the primary activities indicated by respondents was undertaken. It shows a quite diverse pattern of use of an annual budget for marketing activities across the different primary activities. Ignoring the Finance Company category, given that only one respondent selected it, firms in only four of the remaining eight primary activities - Trading / Corporate Banks, Investment Banks, and the two classes of Other - seem to, more often than not, set an annual marketing budget. As just noted in relation to Question 2.1 there are several possible reasons for this relatively low rate.

Question 2.2 then examined the primary method employed by those firms which answered yes to Question 2.1. Of the fifty five respondents who indicated that their organisation does set an annual marketing budget, the great majority - 76.4% of these - indicated that the Objective and Task method was used to set the annual marketing budget. This high figure is perhaps surprising, given the relatively recent awareness of it as the most strategically sound budget setting technique. The second most frequently selected method was All you can afford which was chosen by seven of the respondents. The third most frequently used method was percentage of turnover: six respondents selected it. Competitive parity was the least selected: only 4 respondents nominated it. A few selected Other, as well as one of these four methods.

The responses to <u>Question 2.3</u> were quite interesting, and in some cases rather surprising, given the increasingly intense competition between corporate finance providers, on the one hand, and the increasing sophistication of clients / borrowers, on the other hand. At the broadest level of analysis, the 'typical' (that is, the average) marketing budget seems to have been split along the following lines:

- approximately 15% of the marketing budget was allocated to product development & modification;
- around 20% was allocated to distribution systems and customer service;
- 55% was allocated to advertising, public relations, personal selling and sales promotion;
- the remaining 10% or so was allocated to price/fee setting & administration.

These averages, however, do not reveal the variety of practices, and the significant differences in budget-setting allocations across the range of primary activities of the sample. In terms of Product development & modification, for instance, the Investment Banks, Merchant Banks, and Stock Brokers seemed to give it a higher priority: the most common responses - in terms of the percentage of the total marketing budget allocated to 'product' - were higher in these primary activities than the other activities. The other marketing activity which differed across these primary activities was advertising etc. While the average percentage was around 55%, the responses of non MIC venture capitalists, and other private sector, profit-oriented firms were lower, on balance, than for their counterparts in other activity areas. Perhaps such companies regard other aspects of marketing as strategically more important to them - non MICs, for example, placed a higher emphasis on price/fee setting & administration than all other responding firms.

Research aim 3 was covered by Question 3 of the final questionnaire which focused on the marketing objectives set by responding organisations. TABLE 4.9 summarizes the most frequent responses to the first six sub-questions. Several interesting points emerged from a more detailed analysis of these answers.

In relation to Question 3.1, the first point of note is that while only 60.4% of respondents indicated that their organisation sets an annual marketing budget, approximately three quarters of the respondents indicated that their firm does set specific objectives in marketing activities. This seems to imply that marketing activities are incorporated into other aspects of the organisation's planning processes in some of the responding firms. Given the dynamic, highly competitive and increasingly volatile nature of the corporate finance market place, this apparent lack of focus on marketing is concerning. A second conclusion from responses to Question 3.1 is that Trading, or Corporate, Banks are the most committed when it comes to setting marketing objectives: 87% of respondents from this type of organisation indicated that their firms do set specific marketing objectives, compared with only slightly more than half of the respondents from Stock Broking.

TABLE 4.9

MOST FREQUENT RESPONSES TO QUESTION 3 - MARKETING OBJECTIVES

Question number	Question asked	Most frequent responses	% of response
Q 3.1	Does the firm set specific objectives in marketing activities?	Yes	74.7%
Q 3.2	If yes, are objecives set - monthly, quarterly, yearly, or other?	Yearly	41.8%
Q 3.3	By whom are they set?	Managing Director/ Chief Exec. Officer	47.3%
Q 3.4	To whom are they communicated?	Divisional Heads	52.7%
Q 3.5	Are actual marketing results compared with the set objectives - monthly, quarterly, yearly or other?	Monthly	42.9%
Q 3.6	Are the following objectives set?	Specific amount of sales revenue	61.5%

Notes: (a) A total of ninety one useable, completed questionnaires were received. The percentages shown in the TABLE are the most frequent number of responses divided by ninety one.

In relation to the frequency with which such marketing objectives are set, the most common time interval, across all of the primary activities represented by this sample, is yearly. There is a discrepancy, once again, between the responses to this question and Question 1.5 which asked respondents how frequently their organisations specified and reviewed the criteria against which their marketing activities are assessed. As indicated in TABLE 4.7, the most frequent time interval for assessing such criteria was monthly. While no hard data is available from this research to support a conclusion about this disrepancy, it does seem to indicate that some managers at least want very short-term results from their marketing activities: this does not acknowledge the often lengthy time delay noted in **CHAPTER 2** between the commitment of resources to marketing activities, and the consequent benefits of such resource commitments.

Questions 3.3 and 3.4 sought information about the responsibility for the setting of marketing objectives, and the communication of such objectives within the organisation. Apart from Trading, or Corporate, Banks, the most frequently indicated position title, across all the primary activities represented in this study, was Managing Director, or Chief Executive Officer: this is very consistent with the responses to Question 1.3 and 1.4, as noted in TABLE 4.7 above. In respect of the position titles to whom such marketing objectives are communicated, there is a high degree of uniformity across most of the Primary Activities: Divisional Heads were the most frequent response to this question.

Question 3.5 is similar to Question 1.5, seeking information about the frequency with which actual marketing results are compared with the set objectives. The most frequent response chosen, across all primary activities bar Venture Capital MIC, was monthly; this is quite similar to the responses to the earlier question.

Question 3.6 concerning the specific types of marketing objectives set, yielded a very wide range of responses, across the different primary activities. TABLE 4.10 summarizes the responses to this question across all primary activities. In terms of specific objectives by Primary Activity, the most frequently set marketing objective indicated , and the percentage of respondents who ticked that type of objective, was as follows:

• Specific sales revenue } Specified level of profit } Specified volume of sales }	Trading / Corporate Bank	82.6%
• Specified level of profit	Merchant Bank	75.0%
• Specific amount of sales revenue	Investment Bank	69.2%
• Specific amount of sales revenue	Stock broking	54.5%
• Specified level of profit } Specific amount of sales } Other }	Venture Capital MIC	33.3%
• Specified level of profit } Return on Capital Employed	Venture Capital Other	60%

TABLE 4.10

TYPES OF MARKETING OBJECTIVES SET

Type of marketing objective	% of respondents
Specific amount of sales revenue	61.5%
Specified level of profit	60.4%
Specified volume of sales/income/ interst earned	53.8%
Rate of Return on Capital Employed	44.0%
Growth of volume of sales/income/ interst earned	40.7%
Growth of sales revenue in real terms	33.0%
Specific sales revenue by customer or type of customer	33%
Specific percentage of market share	20.9%
Growth rate of market share	18.7%
Other objectives	15.4%

In summary, a specific amount of sales revenue or a specified level of profit are the most frequently set type of marketing objectives, both across all primary activities, and the sample as a whole. While the profit objective is in keeping with the research cited in CHAPTER TWO, the focus on sales revenue as the dominant marketing objective seems to imply a quest for volume of business, rather than a focus on securing quality clients who will generate profits, and profitability for the provider of the products and related services.

Question 3.7 was the second open-ended one in the questionnaire. Its purpose was to gain comments as to the specific reasons why marketing objectives are not set, from those respondents who indicated that their organisation did not regularly set them. Nineteen separate comments were provided. During the analysis of the results, these comments were split into the six major primary activities covered by this research. A representative sample of them, presented here, reveals some interesting differences between these primary activities.

Several respondents indicated that marketing was not treated as a separate function within their organisation. One such comment is:

> *The main reason is the lack of a marketing director and a formalised marketing management structure. There is no one responsible for setting marketing objectives at this nitty gritty level. (General Manager, Trading Bank)*

This comment is concerning, on two grounds. Firstly, the lack of a marketing director and a formalised structure in what is a highly competitive and quite volatile market, with very sophisticated clients, is rather alarming. Secondly, the attitude that such objectives as those detailed in TABLE 4.10 are "nitty gritty" is indicative of either an arrogant, or very naieve, view of the key responsibility of senior private sector managers.

> *The market itself is difficult to measure. In terms of lending, size of assets (* is the most appropriate measure) *and it can be measured. But overall in merchant banking it is virtually impossible to measure accurately. (General Manager, Merchant Bank)*

Perhaps this response indicates a lack of an effective Management Information System (MIS), or a lack of human resources to quantify the overall market's size.

> *Our objectives relate to profitability, not market share. (Investment Bank)*

This response suggests that the respondent did not fully read Question 3.6, as both profit, and return on capital employed are included in the ten specific types of marketing objectives listed in that question. On a more positive note, the focus on profitability is consistent with what the marketing literature reviewed in this study claim is marketing's primary objective.

> *Due to the nature of the business as a wholesaler in the*

capital markets, marketing is on an ad hoc basis, aimed at specific products at certain times. (Associate Director Investment Bank)

This comment is reasonably representative of the apparent lack of understanding of the need to make a sustained commitment of resources to marketing activities, especially in this very competitive market-place. Planning marketing activities on such an ad hoc basis seems to infer that this respondent equates marketing with one-off promotional campaigns, rather than an integrated set of decisions around the totality of marketing's four variables.

The company is still in its early establishment phase in the corporate advisory arena; the underwriting of realistic objectives are of very limited value because of the volatility of the income flow. (Chairman, Investment Bank)

This comment does acknowledge the volatility of the corporate finance market; however, the conclusion that such volatility renders the setting of realistic objectives rather valueless is quite arguable.

Marketing is not seen as relevant within this company. Investments are selected on certain criteria, eg potential for high growth, Return on Capital Employed. Venture capital is not amenable to most of the measures specified. (Venture Capital, Management Investment Company)

This respondent seems to have very little idea of what marketing fundamentally entails, nor on the direct relationship between marketing objectives such as those specified in TABLE 4.10 and the overall financial performance of any organisation, regardless of the specific industry within which it competes.

> *Objectives are difficult to determine, and invariably long-term in nature. (Venture Capital, other)*

It is quite valid to observe that objectives are often difficult to determine. However, this does not absolve senior managers from this primary responsibility.

> *Marketing activities are relatively new and these objectives haven't been fully considered. (Senior Partner, Stock Broking firm)*

> *These types of objectives are not practicable. (Senior Partner Stock Broking firm)*

Both these comments imply that stock broking has traditionally been a rather protected, and supplier dominated industry. The recent changes detailed in **CHAPTER 2** and about more which will be noted shortly, have perhaps irreversibly altered the competitive nature of stock broking, and therefore rendered such viewpoints rather obsolete.

TABLE 4.11
MOST FREQUENT RESPONSES TO QUESTION 5 - MARKETING AS A SEPARATE AREA OF ACTIVITY

Question number	**Question asked**	**Most frequent responses**	**% of response**
Q 5.1	Does your company have a separate Marketing Dept/Group/ or unit?	No	49.5%
Q5.2(a)	If yes, how many people comprise it?	Less than 5	24.2%
Q5.2(b)	Of these, how many have completed a marketing qualification at the tertiary level of their education?	Less than 5	35.2%
Q5.2(c)	Of these, how many have a Bachelor Degree or higher?	Less than 5	31.9%

Notes: (a) A total of ninety one useable, completed questionnaires were received. The percentages shown in the TABLE are the most frequent number of responses divided by ninety one.

Research Aim 4 of this thesis was investigated in QUESTION 4 of the final version of the questionnaire, which asked respondents to indicate over the most recent five years in which of seven ranges has been the company's average annual percentage Return on Shareholders Funds (ROSHF). Detailed comments on the responses to this question will be presened in Section (3) of this chapter. Suffice to note here that there was a wide range of individual responses, and that twenty eight of the ninety one respondents either did not provide an answer, or made comments such as "Not applicable, as we are not a company", "Not applicable to a government organisation", or "We use non traditional methods."

Research Aim 5 centred around investigating whether competing organisations had a separate part of their organisation structure specifically devoted to marketing activities. Its purpose was to see to what extent dedicated human resources were allocated to such activities. TABLE 4.11 summarises the most frequent responses to the four sub questions. The first comment on this table is the fact that only half of the responding firms did have a separate marketing department, or group, or unit. Of these firms, the bulk were Trading, or Corporate, Banks: this may be due to the fact that they were the most directly affected by the Campbell report, and the consequent deregulation of the Australian capital market. In relation to the size, and composition of the separate marketing function, it is obvious from TABLE 4.11 that such departments were generally quite small, and more often than not staffed by people who did not have a tertiary qualification, in any discipline base.

Question 5.3 was the third, and last, open question to which respondents were asked to comment. Its purpose was to gather opinions from executives who had indicated that a separate marketing department or group or unit, had not been established as to whether they thought that this would increasingly be required for the achievement of their organisation's marketing, and consequently corporate, objectives. A surprisingly large number of responses were obtained: in total, thirty three respondents availed of the oppportunity to comment. Of this number, twelve indicated that Yes, a separate marketing specialisation would be increasingly important; on the other hand, eleven indicated that they did not think so. Over twenty respondents went on to provide more detailed comments. As with the analysis of the second open question (viz, Question 3.7) these comments were analysed by Primary Activity. A representative sample of these responses together with comments now follows.

> *A separate head office marketing department is something of a luxury - and always a danger of producing huge overheads without measurable (or even sensed) enhancement of return.*
> *We may establish one (maximum of two people) in 1990-1991 but with very specific objectives, and only those more appropriate to Head Office, ie nationwide perspective, than to individual branches. This may be rare given the diversity of markets in a country this big. (Managing Director, Trading Bank)*

We have a decentralised management in our various business groups. Each business unit has its own promotion/ marketing arm. However, we have a centralised product development / systems group. Important that each business unit has control over their marketing function, however you define it. However, it needs co-ordination. (Manager Trading Bank)

As mentioned earlier, the company has only been operating or about 18 months. However, as a bank, in essence, all personnel market its products: its a personal business! Corporate awareness is another big issue and is currently being handled by an agency.
It is the writer's view that, in time, the Bank will consider employing a full time Marketing / Public Relations person. The need at this time does not, as yet, warrant such an appointment. (Chief Executive Officer, Corporate Bank)

These comments seem to indicate a lack of complete understanding of the modern marketing function. It appears that these respondents tend to equate marketing with advertising, and related promotional activities, rather than with the integrated set of the four variables of marketing, namely product, place, price and promotion. As second possible inference is that they seem to expect almost instant results from resources committed to marketing activities. As noted in relation to Question 3.7 this expectation is not compatible with the marketing literature, which clearly implies that a sustained commitment of resources is required: the logical consequence is that the benefits will often occur some time in the future, not straight away.

The respondents from Merchant Banks were the most numerous, and most categorical. Generally, they seemed to opt for highly decentralised decision-making, and also imply that marketing is most frequently seen, in the corporate finance market, as a discretionary overhead, rather than an essential and continuous competitive requirement. Respondents from Investment Banks offered almost identical views. The following responses are typical of these attitudes.

> *Marketing cannot be separated from the delivery of financial services. (Chairman, Merchant Bank)*

> *Not important for our particular range of highly specialised services, which could not be enhanced by a further specialist marketing department. (Managing Director, Merchant Bank)*

> *The senior mangement view has tended to be that each executive in each division has a responsibility to the marketing role of the company. A marketing department per se (much as personnel departments) can often fail to combine marketing focus with the specific needs of the distinct areas of the company's business. (Senior Executive, Merchant Bank)*

> *Absolutely not. All our company's marketing effort is directed through our divisional line officers. Our bank products are at this time customer specific and therefore mass marketing is less (if at all) appropriate. (State Manager, Merchant Bank)*

Responses from companies offering venture capital to other businesses suggested one of two attitudes: firstly, that the company was not big enough to warrant a separate marketing specialisation, or secondly that it was not relevant to the specific requirements of venture capital providers. Two of the six responses provided neatly summarise these attitudes:

> *Not for venture capital companies that must operate on a lean/mean structure. It may be useful however to draw on the services of a marketing /Public Relations consultant. (Chief Executive Officer, Non MIC Venture Capital firm)*
>
> *If one had the resources, it would be an excellent thing to have. (Managing Director, Non MIC Venture Capital firm)*

Research aim 6 of this thesis was to ascertain from responding executives their opinions on the extent to which a number of recent trends in either the global, or Australian, corporate finance market have had on their organisation's ability to achieve its marketing objectives. Question 6 and Question 7 of the final version of the questionnaire cover these issues. A summary of the most frequent responses to these two questions are provided in TABLE 4.12 and TABLE 4.13 respectively. Several interesting differences in responses are evident between the various primary activities covered by this study. Brief comments on these differences are as follows.

As is indicated in TABLE 4.12 the global trend which was seen, overall, to have the most positive impact on responding organisation's ability to achieve their marketing objectives was the enormous growth of SWAPS. As Hamilton (1986:67) explained SWAPS are relatively new financial instruments "by which a borrower in one market swaps his debt with a borrower in another

TABLE 4.12

MOST FREQUENT RESPONSES TO QUESTION 6 - IMPACT OF GLOBAL TRENDS ON ACHIEVEMENT OF MARKETING OBJECTIVES

Question number	Question asked	Most frequent responses	% of response
Q6	Have any of the following trends in the global corporate finance market had an impact on your firm's ability to achieve its marketing objectives?		
	* Very positive	The enormous growth of SWAPS	20.9%
	* Positive	Widespread application of computer-based information systems...	48.4%
	* Neither positive nor negative	Introduction of stock index futures	69.2%
	* Negative	Growing level of direct activity without financial intermediaries	20.9%
	* Very negative	Growing dominance of Japanese institutions in international finance markets	3.3%

Notes: (1) A total of ninety one useable, completed questionnaires were received. The percentages shown in the TABLE are the most frequent number of responses divided by ninety one.

market ... The technique can be used not only to swap currency obligations but also to exchange fixed debt for floating debt and short-term notes for long-term notes." Respondents from Merchant Banks and Investment Banks were the most emphatic in their positive reaction to SWAPS: 45% of the former, and 31% of the latter respondents indicated that these new instruments had a very positive impact on their organisation's ability to achieve its marketing objectives. Respondents from Trading, or Corporate, Banks, on the other hand, selected the growing support for the concept of relationship banking as the trend which had the most positive impact on their orgnanisation's ability to achieve its marketing objectives.

The widespread application of computer-based information systems was the global trend, overall, which was seen as having a positive impact on the ability to achieve marketing objectives. Once more, respondents from Merchant Banks were the most positively inclined, with 70% of them selecting the positive response to this trend. The next highest positive response was from executives employed in Stock Broking firms: 64% of them selected the positive impact in relation to this trend. Respondents from Trading, or Corporate, Banks were more inclined to view the spectacular growth of the Eurodollar market as having a positive impact, with 52% of them selecting this trend as having a positive impact. As noted in relation to earlier differences, one possible reason for these different responses, across the various primary activities is the varying nature of their strategic thrusts and competitive positioning strategies.

In terms of global trends which had neither a positive nor negative impact, TABLE 4.12 indicates that the introduction of stock index futures generally was seen as neutral. However, while respondents from Trading, or Corporate, Banks, and from Merchant Banks selected this in the great majority of cases, a number of other trends were selected by the other Primary Activities. Again, these differences probably reflect the varying strategies of these primary activities. A similar comment is applicable to the trend which had a negative impact on an organisation's ability to achieve its marketing objectives. While the growing level of direct activity by lenders without going through a financial intermediary was the most frequently chosen global trend, with 35% of respondents from both Trading, or Corporate Banks and Merchant Banks selecting it, four other global trends were indicated more frequently by respondents from Investment Banks, Stock Brokers, and Venture Capital firms. Finally, the growing dominance of Japanese institutions in international finance markets was selected as having a very negative impact most frequently by respondents from Merchant Banks, or Investment Banks, whereas respondents from Trading, or Corporate Banks selected the introduction of stock index futures as being the global trend which had exerted the most negative impact on their organisation's ability to achieve its marketing objectives.

TABLE 4.13

MOST FREQUENT RESPONSES TO QUESTION 7 - IMPACT OF LOCAL TRENDS ON ACHIEVEMENT OF MARKETING OBJECTIVES

Question number	Question asked	Most frequent responses	% of response
Q7	Impact of trends in Australian corporate finance market on ability to achieve marketing objectives?		
	* Very positive	Growing specialization among larger corporate fund providers	5.5%
		Rapid increase in number of specialist investment managers	5.5%
	* Positive	Growing specialization...	31.9%
		Rapid increase in number of specialist investment managers	31.9%
	* Neither positive nor negative	Increasing spin-off/ management buy-out activity	54.9%
	* Negative	Narrowing of profit margins...	38.5%
	* Very negative	Narrowing of profit margins	8.8%

Notes: (1) A total of ninety one useable, completed questionnaires were received. The percentages shown in the TABLE are the most frequent number of responses divided by ninety one.

Responses to Question 7 were even more diverse, when analysed by Primary Activity. The only local trend which was uniformly selected by respondents from all primary activities was the narrowing of profit margins. It was selected as either having a negative, or a very negative impact on an organisation's ability to achieve its marketing objectives by 37% and 9% of all respondents respectively. A possible interpretation of this attitude is that most competing businesses, both in this sample, and more generally, regard marketing as a variable cost element, rather than an investment for their future competitive health: therefore, when margins reduce, the amount of money which is allocated to marketing activities also probably reduces.

Research aim 7 sought executives' opinions on the practical relevance of the major factors contributing to marketing success, as reviewed in **CHAPTER 2: A review of selected literature.** TABLE 4.14 and Table 4.15 summarize the most frequent responses to Question 8 which asked respondents to indicate the extent of their agreement with the thirteen propositions detailed in **CHAPTER 2**. The first conclusion from these two tables is that most respondents seemed to generally agree with the propositions put to them: in total, the average rate of agreement with these thirteen proposed major success factors is nearly seventy percent. The second conclusion is that, conversely, only a small percentage, overall, had any level of disagreement: the only exception to this is the proposition that military theory and practice can be usefully applied to the marketing of financial products and services. A third conclusion is that the concept of

TABLE 4.14

MOST FREQUENT RESPONSES TO QUESTION 8 - MAJOR CONTRIBUTORS TO MARKETING SUCCESS

Question number	Question asked	Most frequent responses	% of response
Q8	Please indicate which of the following suggested contributors to marketing success coincides with your experience:		
	* Strongly agree	Developing a personal, sustained, complete & competitively sound relationsip with clients is vital	53.8%
	* Agree	Marketing mix is not the sole guarantor of marketing success	60.4%
	* Neither agree nor disagree	Military theory & pracice can be usefully applied...	49.1%
	* Disagree	Military theory...	15.4%
	* Strongly disagree	Military theory...	4.4%

Notes: (1) A total of ninety one useable, completed questionnaires were received. The percentages shown in the TABLE are the most frequent number of responses divided by ninety one.

relationship banking has been almost universally embraced by executives operating in the Australian corporate finance market: TABLE 4.14 indicates that more than half of all respondents strongly agreed with this proposition; TABLE 4.15 shows that it was the most widely supported of any of the thirteen propositions. This support was evident across all of the Primary activities covered in this study, with only Stock Broking and venture capital firms either showing less than fifty percent strongly agree, or choosing another proposition ahead of relationship banking. The other two most supported propositions, as indicated in TABLE 4.15, were firstly that the right timing of marketing activities is essential to the achievement of marketing objectives, and secondly that a sustained commitment of resources to marketing must be made to ensure the long-term achievement of marketing objectives. This second result, however, seems to be partly at odds with some of the comments provided by respondents to the three open questions discussed earlier in this section. It is possible that the respondents which neither agreed nor disagreed with this proposition were the ones who provided the comments to these open questions.

The next comment on TABLE 4.14 and TABLE 4.15 relates to the diversity of propositions about which respondents agreed. When analysed by Primary Activity, a total of nine of the thirteen propositions were the most frequently chosen: Trading, or Corporate, Bank respondents most frequently agreed about the need for a global perspective, as did respondents from Stock Broking firms; respondents from Merchant Banks and non MIC

TABLE 4.15

SUMMARY OF THE RESPONSES TO QUESTION 8 ON THE MAJOR CONTRIBUTORS TO MARKETING SUCCESS

Proposed contributing factor	Most frequent repsonse	Least frequent response
Environmental sensitivity is required	Agree 44.0%	Disagree 1.1%
Management must focus resources and energy on the few indentifiable critical success factors	Agree 37.4%	Strongly disagree 1.1%
The firm should be its own toughest competitor	Agree 40.7%	Disagree 4.4%
The marketing mix is not the sole gurantor of marketing success	Agree 60.4%	Strongly disagree 1.1%
Military theory and practice can be usefully applied ...	Neither agree / disagree 49.5%	Strongly disagree 4.4%
The right timing of marketing is essential to the achievement of marketing objectives.	Agree 56.0%	Neither agree/ disagree 6.6%
A global perspective is necessary to ensure marketing success in financial markets	Agree 47.3%	Strongly disagree 1.1%
A sustained commitment of resources to marketing must be made to ensure long-term achievement of marketing objectives.	Agree 46.2%	Neither agree/disagree 13.2%
Success relies heavily on effective, innovative and strategic use of computer & communication technologies	Agree 49.5%	Disagree 6.6%
Developing personal, sustained & competitively sound client relationships is vital ...	Strongly agree 53.8%	Neither agree/disagree 2.2%
Intimate understanding of any financial services market is a major pre-condition ...	Agree 45.1%	Disagree 2.2%
Usual rules of business logic & efective positioning & efective positioning& efective positioning adhered to...	Agree 39.3%	Disagree 2.2%
Successful firms better at identifying key customers...	Agree 46.2%	Disagree 1.1%

Notes: (a) The totals across the columns may not add to 100%, as a few respondents did not answer all of the individual questions.

Venture capital companies were most frequently in agreement about the need for the right timing of marketing activities; respondents from Investment Banks, on the other hand, generally agreed with the proposition that the usual rules of business logic and effective positioning apply. A similar spread of responses, when considered by Primary activity, was evident in respect of a neither agree nor disagree attitude to these proposed major success factors. While the overall result indicated in TABLE 4.14 was that the useful application of military theory and practice was not strongly agreed, four other factors were selected more frequently: respondents from Trading, or Corporate, Banks, were neutral in slightly more than half their responses to the notion that the firm should be its own toughest competitor; Respondents from Investment Banks were also not convinced about this proposition, nor about the suggestion that marketing success relies heavily on the use of computer and communication technologies, nor that an intimate understanding of any financial services market is a major pre-condition to marketing success. These differences in the level of agreement to the thirteeen propositions reinforce the comments made earlier in this section that the major factors contributing to marketing success are not the same across the various primary activities covered by this study.

Attention can now turn to an analysis of the differences in responses to the questionnaire between the most successful and least successful of the organisations which responded.

(3) Detailed comparisons of responses of the highest and lowest ROSHF groups

A break-down of the 91 respondents' answers to Question 4 - the company's average annual Return on Shareholders Funds (ROSHF) over the last five years - is detailed in TABLE 4.16

TABLE 4.16

AVERAGE ANNUAL RETURN ON SHAREHOLDERS FUNDS OF RESPONDING FIRMS OVER LAST FIVE YEARS [a]

AVERAGE ROSHF	Number of respondents	% of total
Less than 5%	13	14.3%
Between 5% to less than 10%	14	15.4%
Between 10% and less than 15%	13	14.3%
Between 15% and less than 20%	8	8.8%
Between 20% and less than 25%	5	5.5%
Between 25% and less than 30%	4	4.4%
Between 30% and less than 35%	6	6.6%
Other / Not applicable [b]	14	15.4%
No response	14	15.4%
TOTAL RESPONDENTS	91	100.0%

Notes: (a) The ROSHF figures indicated by the respondents to the final version of the questionnaire were compared, for reliability, against those reported in the Annual Survey of Financial Institutions prepared by Peat Marwick Hungerford. In all bar 3 instances, the respondents' answers matched those of the Survey.

(b) Several respondents indicated that average % ROSHF was not applicable, as the firm was either not a company, or was not a profit oriented organization.

TABLE 4.17

AVERAGE ROSHF BY NUMBER OF EMPLOYEES

Number of employees	Average annual Return on Shareholders Funds						
	< 5%	5%<10%	10%<15%	15%<20%	20%<25%	25%<30%	30%<35%
Less than 10	2	-	1	-	-	-	-
10 to 49	5	4	3	1	1	-	3
50 to 99	-	1	1	-	1	-	-
100 to 299	1	5	5	4	1	4	1
300 to 499	1	2	-	-	1	-	1
500 to 999	3	-	-	-	1	-	-
≥ 1000	1	2	3	3	-	-	1
TOTAL	13	14	13	8	5	4	6

Notes: (a) The total number of responses shown in the TABLE is 63. This equals the number of respondents who selected one of the first seven responses provided in Question 4 of the final version. It corresponds to the total of 63 (ie 91 less 28) shown in TABLE 4.16

The table indicates that there is a wide range of returns evident. As mentioned in Note (a) of Table 4. 16 , the respondent's answer to Question 4 was compared with the annual survey by Peat Marwick Hungerford to confirm the accuracy of the response. Over the years 1983 to 1987 inclusive, the average % return on net assets achieved by firms surveyed by Peat Marwick Hungerford also varied considerably, both by year and by primary activity. Trading Banks covered by the survey achieved return on net assets of 16.9% (1983), 20.7% (1984), 17.4% (1985), 12.8% (1986), and 9.4% (1987) - an average of 15.4% over the five year period. Merchant banks, on the other hand, earned 21.3% (1983), 16.1% (1984), 12.2% (1985), 9.5% (1986) and 13.6% (1987) - an average of 14.5% during 1983-1987. Authorized Money Market Dealers were the most erratic in terms of return on net assets -- 22.1% (1983), 16.5% (1984), -17.4% (1985), -7.9% (1986) and 5.4% (1987) - or an average return on net assets of 3.9%.

To be more informative, however, the data needs to be further analysed. Accordingly, responses to Question 4 were cross tabulated against responses to the classificatory questions discussed in section (1) of this chapter. The first cross tabulation was average ROSHF against the number of employees on the payroll of the company. The results of this are presented in TABLE 4.17. The second cross tabulation was average ROSHF against the company's primary activity: TABLE 4.18 summarises this cross tabulation.

TABLE 4.18

AVERAGE ROSHF BY PRIMARY ACTIVITY

Primary Activity	Average annual Return on Shareholders Funds < 5%	5%<10%	10%<15%	15%<20 %	20%<25%	25%<30%	30%<35%
Trading/Corporate Bank	5	6	2	3	1	--	1
Merchant Bank	2	4	5	2	1	--	--
Investment Bank	2	1	1	1	1	3	1
Venture Capital MIC	--	--	--	--	--	--	--
Venture Capital - Other	3	2	--	--	--	--	--
Stock Broking	--	--	--	--	--	1	3
Finance Company	1	--	--	--	--	--	--
Other	--	1	5	2	2	--	1
TOTAL	13	14	13	8	5	4	6

Note: The TOTAL is sixty three, which is the same figure as presented in TABLE 4.16. The other twenty eight respondents either did not respond to Question 4, or indicated that it was not applicable to their organisation.

The responses to these three questions were then manually cross-tabulated. Four interesting results emerged. First, three of the six respondents who indicated an average ROSHF of 30% < 35% were employed in stock broking firms with between 10 and 49 employees. This seems to confirm the comment by Emmott (1988) noted in CHAPTER TWO that size, per se, is no longer a major advantage in the corporate finance market-place. This claim is reinforced by the second result of this cross-tabulation, which revealed that while seven of the respondents who indicated an average ROSHF of less than 5% worked for companies employing less than 50 people, four of their colleagues in this ROSHF group were employed in companies with 500 or more on the payroll. The third broad result likewise suggests that, in terms of return on shareholders funds at least, smaller firms may have enjoyed an advantage: of the six respondents indicating an average ROSHF of 30% < 35%, five of them worked for firms with less than five hundred employees. Finally, medium sized organisations - that is, those employing between 100 and 499 people - seemed to earn ROSHF between 15% to 30% more consistently than either the smallest firms, or the largest ones: ten of the seventeen respondents who indicated an average ROSHF within this range were employed in such medium sized firms.

Discussion now turns to the differences in responses to the first eight questions asked of the potential respondents to the final questionnaire.

Firstly, in respect of the respondents' opinions on the practical possibility of determining marketing success, overall, the great majority of all respondents answered yes to Question 1.1, as has already been indicated in TABLE 4.7. However, all six of the firms earning between 30% and less than 35% average ROSHF answered Yes . The other two groups which likewise completely agreed that it is practically possible to determine marketing success were the 15% < 20%, and 20% < 25% ROSHF. Three of the four respondents whose firms earned between 25% and less than 30% average ROSHF also agreed. The agreement among the lowest three groups was slightly less - 36 of the 40 respondents, or 90%.

Responses to Question 1.2, concerning the criteria used to assess the success of marketing activities, were more notably different between the financially most successful, compared to least successful firms. The most frequently used criterion overall was Volume of transactions: 40 of the total 181 responses. This indicates, in passing, that most firms used more than one criterion to evaluate marketing success. The most common criterion employed by the groups with an average ROSHF between 25% and 35% was the number of enquiries / responses to advertising. For the lowest two groups - viz, firms achieving less than 10% average ROSHF over the last five years - growth of assets (followed closely by turnover / fee income) was the most frequently indicated criterion employed.

As noted in section (2) of this chapter, Questions 1.3 and 1.4 sought information on the responsibility for specifying and achieving such evaluative criteria. The most obvious difference is in the fact that three of the six responding firms with an average ROSHF of between 30% and 35% delegated responsibility to a Marketing Manager/Director, notwithstanding their relatively small size. This contrasts with only four of the twenty seven respondents of firms achieving less than an average 10% ROSHF who indicated this response. Given the small sample size, however, it would be perhaps ill-advised to read too much into this difference.

Question 1.5 concerned the frequency at which evaluative criteria are specified and reviewed. The responses from the different groups relative to ROSHF were quite similar. One difference, however, was in the lack of a 'yes' answer to whether such criteria were specified and reviewed yearly among the 25%- 30% and 30%-35% ROSHF groups, as compared to fifteen out of a total of forty one positive responses in the less than 5%, and 5%-10% ROSHF groups. Again, this is too small a sample to indicate a statistically significant difference. It may, however, suggest that the more profitable firms assess their marketing activities on a more frequent basis than other less financially successful ones.

Question 2 explored the use of budgeting procedures for marketing activities. As noted earlier, more than half of the total respondents - 60.4% - indicated that an annual marketing budget was set. The setting of an annual budget for marketing activities was, however, highest among the 30% < 35% group, with five of the six respondents indicating that such a budget is set. This compares with eight of the thirteen respondents in the less than 5% ROSHF group, and ten of the fourteen in the 5% < 10% ranges.

The most common method used to set such a marketing budget was the objective & task approach: <u>TABLE 4.8</u> shows that of the fifty five respondents to <u>Question 2.2</u>, just over three quarters selected the objective & task method. Of some interest is the fact that the 'All you can afford' method was not indicated by any respondent in the less than 5%, or between 5% < 10% category, as compared to two of the seven respondents from the 25% < 30%, and 30% < 35% groups.

In relation to the percentage of the annual marketing budget allocated to the 4Ps - product, distribution & customer service, Advertising, public relations, personal selling & sales promotion and lastly price/fee setting & administration - some perhaps significant differences are evident. Firms with an average ROSHF of above 25% seem to allocate, based on this sample at least, a greater proportion of the marketing budget to product development & modification than do firms in the less than 10% category. The cross tabulated responses indicate that three of the seven firms in the former group allocated between 30% < 50% to product based activities, as compared to none of the eighteen respondents from firms in the latter category. In respect of distribution systems & customer service, only two respondents indicated that between 50% < 60% of the total marketing budget was allocated to this element - one respondent's firm was in the 20% < 35% ROSHF range, the other in the 30% < 35% range. The allocation of funds to advertising and related areas also seemed to be less in the highest ROSHF ranges than the lowest, with the most frequent response being 20% < 30% of the marketing budget for the firms in the highest two ROSHF ranges, as compared to 90% - 100% for the less than 5% ROSHF firms. As already noted, the statistical validity of this finding is, unfortunately, questionable, given the small sample size. Little can be noted concerning pricing's share of the marketing budget, given that more than half of the respondents who indicated that their firms set an annual marketing budget did not indicate any percentage at all for pricing activities. In passing, it seems reasonable to suggest that pricing did not seem to be regarded as part of marketing's overall responsibility within the Australian corporate finance market in the time period under investigation in this thesis. Pricing seems to have been more frequently regarded as the responsibility of more financially oriented managers, with ultimate responsibility for determining price resting perhaps with the Board of Directors, or the Managing Director. This once again infers that the full ambit of activities which should be regarded, and managed, as an integrated set of marketing programmes were not generally viewed this way by these respondents.

As noted in section (2) of this chapter, Question 3 investigated the area of marketing objectives. In relation to whether marketing objectives are regularly set, there appears little difference between respondent firms, regardless of their achieved ROSHF. The only slight variation to the average response of about three in four firms which regularly set marketing objectives was in the 25% < 30% ROSHF group, where only two of the four respondents indicated 'yes' to Question 3.1. With respect to how frequently such objectives are set, the firms earning the highest ROSHF seem to set such objectives more regularly than their less profitable counterparts: four of the seven respondents indicated 'quarterly' to Question 3.2, whereas fifteen of the twenty yes responses from executives in firms earning less than 10% ROSHF indicated yearly setting of marketing goals. This is similar to responses to Question 1.5, which also suggested a more regular setting/review of evaluative criteria.

As noted in TABLE 4.9 the setting of marketing objectives generally involved the CEO or Managing Director, across all groups. However, as has been noted in regard to the responsibility for setting evaluative criteria (Question 1.3), firms in the 30% < 35% ROSHF group more often delegate this responsibility to senior marketing executives than most other firms surveyed. Two of the six respondents from this group indicated Marketing Manager /

Director, as opposed to two of eleven respondents from firms in the less than 5% ROSHF category. The reasons for this difference, however, are not clear from the information gathered from the questionnaire. Question 3.4 did not suggest any major differences between the communication of set marketing objectives, perhaps aside from the point that the Marketing Managers in the least well performing firms were told what objectives they were to pursue, rather more so than in the highest performing companies.

Question 3.5 concerned the frequency at which actual marketing results were compared against set marketing objectives. In a similar manner to Question 1.5 and Question 3.2, there appears to be a difference in regard to how often these comparisons occur. However, unlike the earlier two questions, the least well performing firms seem to more often than not compare results on a monthly basis, while quarterly review was indicated most frequently by respondents from the 30% < 35% ROSHF group. Perhaps this is because of the relative newness of some of these firms, or pressure from the most senior management level for marketing to show fairly immediate results. This is not, however, testable from the information received in this research.

In relation to the actual types of marketing objectives regularly set, all respondents in the 30% < 35% ROSHF group indicated a specific amount of sales revenue/ income / interest earned. The second most frequent marketing objective in this group was

TABLE 4.19

NUMBER OF MARKETING OBJECTIVES SET IN COMPARISON TO AVERAGE RETURN ON SHAREHOLDERS FUNDS

Average ROSHF	**Total number of marketing objectives**	**Average no. of objectives set**
Less than 5%	53	3.8
Between 5% < 10%	75	5.4
Between 10% <15%	58	3.9
Between 15% < 20%	35	5.0
Between 20% < 25%	27	4.5
Between 25% < 30%	8	4.0
Between 30% < 35%	25	4.2
TOTAL	281	4.25

specific sales revenue by customer or type of customer. Five other marketing objectives were also indicated by three of the six respondents from the 30% < 35% group - namely, specified level of profit, rate of return on capital employed, growth of sales revenue in real terms, specific percentage market share, and growth rate of market share. In comparison, the marketing objectives most frequently selected by the respondents whose firms earned less than 5% ROSHF were specified level of profit and specific amount of sales revenue/income/interest earned. The second most frequently indicated objective was specified volume of sales/ income/ interest earned. The third was specific sales revenue by customer or type of customer. Market share and growth rate of market share were not indicated by any executive from this group. Similarly, rate of return on capital employed was only chosen by three of the eleven respondents from the less than 5% ROSHF category. A possible difference between the most successful and least successful organisations which responded to the questionnaire is in the number of marketing objectives to which managers responsible for their achievement must aspire. Accordingly, responses to Question 3.6 were cross tabulated against the average ROSHF indicated in response to Question 4. The results are presented in TABLE 4.19: as it indicates, there was no major difference in the number of marketing objectives set across any of the seven ROSHF groups, with the exception of the 5% < 10% group, which on average set more than five specific marketing objectives.

Question 5 focused on whether marketing activities were separated out from other functional responsibilities. In total, slightly less than half of the firms represented had a separate Marketing Department/Group/ or unit. Its size varied, depending largely on the size of the company overall. Around one third of its people were indicated to have completed a marketing qualification at the tertiary level. When comparing these responses across the least financially successful, and most financially successful companies, however, the only significant difference was that 100% of the people in the marketing department of the firms with an average ROSHF of between 25% and 35%, were qualified in marketing at the tertiary level, as compared to 63.6% of those in the less than 5% and between 5% and less than 10% ROSHF category.

Question 6 sought to ascertain whether thirteen trends in the global corporate finance market had an impact on the firm's ability to achieve its marketing objectives. Of these thirteen trends, the responses to nine of the thirteen were not significantly different between respondents from the lowest two ROSHF (ie less than 5%, and between 5% and less than 10%) and the highest two (ie between 25% to less than 30%, and between 30% to less than 35%). There were, conversely, quite different responses to the remaining four trends. A brief discussion of them is in order.

The first trend set down was the growing level of direct investment or market borrowing by large companies, without going through a bank or other financial intermediary. While the bulk of the respondents from both groups indicated that this had neither a positive nor negative impact on their firm's ability to achieve its marketing objectives, one quarter of the respondents in the lowest two average ROSHF groups indicated that this trend had a negative, or very negative impact on this ability, while none of the respondents in the two highest ROSHF groups indicated a negative response. Perhaps this difference is due to the fact that three of the six respondents in the highest ROSHF were employed in stock broking firms, which have skills and expertise which is harder for customers to effectively and quickly develop in-house. The second trend where a difference was evident is in relation to the enormous growth of SWAPS. Almost two thirds of the respondents from less than 10% ROSHF groups indicated a very positive, or a positive impact, compared to about one quarter of the respondents from the 25% to less than 35% ROSHF groups. The third global trend where significant differences were evident is in the substantial growth of 'novel types of investments to attract the investor and spread the reach of bond finance'. While only twenty three percent of the respondents from the lowest two ROSHF groups indicated very positive or a positive impact on the firm's ability to achieve its marketing objectives, two thirds of respondents from the highest two average ROSHF groups indicated these positive impacts. The final trend where differences emerged was the spectacular growth in the 1980s of the Eurodollar market. In the lowest two average ROSHF groups, 57.7% of the respondents indicated a very positive, or a positive impact, as compared to only 22.2% of the respondents from the highest two ROSHF groups. Again, an explanation for these differences could lie in the different requirements of the specific primary activities of the respondents' firms: stock broking, and Investment Banking for the highest ROSHF respondents, compared with mainly Trading banking and venture capital for the lowest ROSHF respondents.

Question 7 sought to ascertain whether ten trends in the Australian corporate finance market had an impact on the firm's ability to achieve its marketing objectives. Of the ten trends indicated, responses to five were almost identical across the lowest and the hghest average ROSHF groups. Differences emerged in the other five. The first trend - rapid increase in the number of specialist investment managers - was seen to have a more positive impact on the firm's ability to achieve its marketing objectives in the 25% to less than 35% ROSHF groups: almost half of the respondents indicated very positive, or positive impact, compared to only one quarter in the less than 10% groups. The second trend - the growing specialization among larger corporate fund providers - also was suggested as having a more positive impact in the highest two ROSHF groups: 44.4% of the respondents, in contrast with 7.7% of respondents from the lowest two average ROSHF groups. The third local trend where a significant difference was evident is the narrowing of profit margins between borrowing and lending rates. While one third of the respondents in the 25% to 35% average ROSHF indicated a very positive or positive impact, only 3.8% of the lowest two ROSHFs indicated a positive impact. In comparison, while 55.5% of the respondents from the highest ROSHF groups indicated a negative or very negative impact, 73% of respondents from the less than 10% ROSHF groups indicated one of these two responses. The fourth local trend where a difference appeared was the substantial investment in new computer technologies by very large financial institutions. While none of the respondents from the above 25% ROSHF groups indicated that this had a negative impact on their firm's ability to achieve its marketing objectives, 16.1% of the less than 10% ROSHF groups selected this response. The final local trend where there was a difference was the recently implemented capital gains tax and dividend imputation policies. Half of the respondents from the highest two ROSHF groups indicated a very positive or positive impact, as compared to only 8% from the lowest two ROSHF groups.

Responses to <u>Question 8</u> have been covered in section (2) of this chapter. The current aim is to outline several differences in opinions between executives from firms earning the lowest average ROSHF and those from companies with the highest ROSHF, as is evident from the responses to the thirteen suggested major contributors to marketing success detailed in Question 8 of the questionnaire. The first of such differences is in relation to the third suggestion that the firm should be its own toughest competitor. Two of the respondents from the first mentioned group strongly agreed with this proposition, while none of the six from the second group indicated strong agreement. On the other hand, while five of the thirteen respondents from the lowest ROSHF agreed, five of the six from the 30% < 35% ROSHF group agreed. Almost twice as many executives from the lowest ROSHF group neither agreed nor disagreed with the proposition than did those from the highest ROSHF group.

The second suggested major contributor about which there seemed to be considerable difference of opinion between the two groups of executives is that a sustained commitment of resources to marketing must be made to ensure long term achievement of marketing objectives. All the thirteen respondents from the less than 5% ROSHF firms either strongly agreed (four of them) or agreed (the remaining nine). On the other hand, three of the six respondents from firms earning 30% < 35% ROSHF strongly agreed with the proposition, one agreed, and two neither agreed nor disagreed.

The third proposition about which there was some disagreement was that marketing success relies heavily on the effective, innovative and strategic application of computer and

TABLE 4.20

LEVEL OF AGREEMENT WITH THE PROPOSED SUCCESS FACTORS BY AVERAGE ROSHF

Average ROSHF	Average number of strongly agree responses	Average number agree responses
Less than 5%	3.1	6.1
Between 5% < 10%	3.6	6.3
Between 10% < 15%	2.5	7.5
Between 15% < 20%	5.7	5.0
Between 20% < 25%	5.2	5.2
Between 25% < 30%	2.8	3.7
Between 30% < 35%	4.0	6.7

Notes: Cross tabulation of responses to Question 4 and Question 8.

communication technologies. Executives from the highest ROSHF group either strongly agreed, or agreed with this proposition. In contrast, about one in four of the respondents from the less than 5% ROSHF neither agreed nor disagreed with this suggestion. This result is interesting, in the sense that the use of such technologies has been increasing at an unabated pace in the world's capital markets, as noted in **CHAPTER 2**. The lack of agreement just noted among the lowest ROSHF group is disturbing, both because of this very strong global trend, and the crucial role which timely, readily accessible information plays in the corporate finance market, as also noted in **CHAPTER 2** of this thesis.

Another comparison made was to compare the general level of agreement with these propositions across the seven ROSHF groups. The results of this comparison are presented in <u>TABLE 4.20</u>. As it indicates, there does not seem to be any significant difference between the seven groups, other than the ROSHF group of between 25% to less than 30%, where the respondents seemed to less positively inclined to the thirteen propositions than any other group. It appears that simply agreeing with these thirteen proposed major factors contributing to marketing success did not ensure a higher financial performance during the time frame of this study.

(4) Results of multiple regression analysis

As stated in CHAPTER ONE: INTRODUCTION the main aim of this thesis is the determination of the major factors contributing to marketing successs within the Australian corporate finance market, specifically during the years 1983 to 1987. While the above cross tabulated analysis does throw some light on the differences between the most successful and least successful organisations, it does not statistically explain the causes of the differences in this financially based relative performance. Consequently, multiple regression analysis, with the reported average annual Return on Shareholders Funds (ROSHF) as the dependent variable, was performed on the completed questionnaires. This analysis used the linear multiple regression component of the Statistical Packages for the Social Sciences (SPSS) set of statistical programs. The step wise selection procedure was employed. The initial sample size, as indicated in the various tables presented in earlier sections of this chapter, was sixty three useable questionnaires.

The Pearson Correlation Coefficients were calculated for each of the independent variables (that is, the wide range of variables discussed in the first three sections of this chapter). This coefficient indicates the strength of the linear relationship between two variables: in the present case, the strength of the association between average ROSHF and such variables as whether the organisation sets an annual marketing budget, the method used to set that budget, whether it regularly sets specific marketing objectives, and if so, the types of objectives set, and so forth. None of the independent variables had a Pearson coefficient of more than 0.5, which generally indicates that there is only a weak linear relationship between average ROSHF and these other variables. The variable with the highest coefficient was the percentage of the marketing budget allocated to Distribution systems and customer service, with a coefficient of 0.4056.

A second analysis was then done, this time using a smaller sample limited to only those respondents either from Trading, or Corporate, Banks or Merchant Banks. This restriction resulted in a sample size of thirty two, as opposed to the sixty three mentioned above. The Pearson Coefficient of Correlation was again calculated. The independent variable with the highest coefficient was again the percentage of the marketing budget allocated to Distribution systems and customer service, but this time it was higher at a value of 0.5561. The only other variable with a coefficient higher than 0.5 was the setting of a specific percentage of market share as a marketing objective: in this case, however, the coefficient was -0.5364, which indicates that those organisations seeking market share tended to have a lower average ROSHF than their counterparts which did not seek a specific share of market. Two other variables are of interest in relation to the cross tabulation analysis covered in section (3): firstly, the trend towards the widespread application of computer-based information systems, with a Pearson coefficient of -0.377; secondly, the number of an organisation's employees, with a coefficient of 0.3924. The negative value of the coefficient for the first one is perhaps not surprising, given the very high capital investment usually involved in developing such computer- based information systems. The positive value of the second coefficient is consistent with the comments in the earlier sections on the advantages which the smaller firms in this sample enjoyed relative to average annual Return on Shareholders Funds.

After considering these initial results, and examining the other output provided through the full printout of the results of this regression analysis, it was decided that pursuing the multiple regression analysis further was probably not going to yield statistically valid or insightful results. Perhaps the reason for this lack of validity lies in the possibly non-linear relationship between average ROSHF and the host of other variables against which it was compared. This is not completely surprising, however, given the highly inter-related and complex nature of marketing decision-making, as both O'Dell (1968:17, 22, 208) and Cravens, Hills & Woodruff (1976:419) both note, or the extreme volatility and complexity of the market under investigation.

(5) Comments provided in the follow-up interviews

Three in-depth interviews were conducted after an initial analysis of the results had been performed. As stated in **CHAPTER 3**, the interviewees were chosen based on the comments they provided in their questionnaires, and on the primary activity of their employing organisation: two of the interviewees worked for new Trading or Corporate Banks, and one for a very large stock broking house. A summary of each of these interviews is now presented.

The first interview was with the Chief Manager, Product Development at one of the foreign Trading Banks which established its banking operations in Australia after the Australian corporate finance market was deregulated in the early 1980s. This interviewee has had many years of experience, at a very senior management level in the marketing function, within several operating divisions of her organisation. The following issues were discussed :

(1) fundamental changes, over the last decade or so, in the bank marketing;

(2) major current "challenges in bank marketing"; and

(3) particular aspects of marketing with major strategic importance.

A number of fundamental changes have occured in bank marketing over the last decade or so. Specifically, according to this executive, there have been four major changes over the last two decades. The first is "*huge change in the way banks measure success*". In the 1970s total assets was the major criterion, that is to say that "*big is beautiful*". In the late 1970s/early 1980s, emphasis shifted to "absolute $ profit", that is "*to be fat is terrific.*" Since 1985, a "really big change" took the emphasis to "relative performance" - Return on Shareholders Funds (ROSHF) & Return on Total Assets (ROTA) are now the the key criteria against which marketing activities are evaluated. Currently, an even more precise yard-stick is being used - "*risk adjusted/risk weighted returns*". These criteria are being used both externally (as required by the Reserve Bank of Australia) and internally. On the lending side, ROTA is important. The reason is the need to "*look at total funds investec return on fixed assets*" as it costs "*approximately $1million to keep a branch open*".

The second fundamental change is that banks are "*not driven by market share any more*". Recently this interviewee observed that some competitors at least "are shifting towards a lower share but higher margin position, whatever way margin is measured." (This is happening across a wide range of markets.)

Another strategically important change in the last few months (that is, in the middle of 1988) is a growing awareness that "*the issue of* *capital is no longer about availability, but about the price of it*". Merchant Banks are most directly affected by the new capital adequacy regulations, as they "are so undercapitalized and worried about these new capital adequacy provisions".

The fourth major change relates to the cost structure of the major trading banks. The "*overhead costs structure of major banks is their soft spot*". Historically, the interviewee indicated that these costs amounted to approximately 5% of total assets: even now, they are about 2% of total assets.

According to this interviewee, there are four "major challenges" currently in bank marketing. The first concerns the organisational aspects of marketing activities. Product-based brand management is now necessary -"*you can't have a product without a Product Manager overseeing the total marketing of it*". Therefore, the first challenge is "to find people who understand the major (*marketing*) issues." Within this structure, relationship banking within her bank is handled by Account Executives who "*write all the business*". The second major challenge is to "*dream up ways to capture household wealth and to make them long-term clients*". According to this interviewee, the reason is that since about 1985, household wealth has grown considerably while the market share of trading banks has marginally declined. Consequently, the competitive position of such banks has sligthly deteriorated. Thirdly, there is also a strong need to change "*the* *way we think about our business and the tools available to make the product"*. The reason is that the "*main cost in product development is basically brain time*" rather than high capital expenditures on such items as plant and equipment and so on. The solution is, according to her, in *"future to take corporate banking techniques and package them into the mass market*". At the fundamental level, the key to marketing success in future is "*to really understand the customer need*" and to effectively "*look at the reasons for customer behaviour*". Then the issue is to deliver, at the same time, customer and company advantageous products/services.

The most strategically important aspects of marketing in the corporate finance market are, according to her, clearly needs-based market research, and product development. It is, however "*particularly hard to get this needs category analysis into corporate lending departments/ activities*" as marketing's strategic importance is only slowly being accepted within the organisations competing for business within the Australian capital market. Pricing policy is generally established at the corporate level "*by Product Managers and senior management*". At the "*coal face, some flexibility is then allowed*" . Advertising "*may not be all that important*" in corporate banking activities. A major concern is that bank marketing "*is weak both at the vision and implementation stages*" , although some improvements are occuring.

The second interview was with a Corporate Strategist, employed by another of the new competitors in the Australian corporate finance market. This interviewee was chosen for two reasons: firstly, his expertise and experience as a corporate strategist recently seconded to the local subsidiary, after spending several years on assignment in the bank's offices throughout the world, coincided with this study's desire to avoid marketing's "interdisciplinary isolation" (Wind & Thomas 1983:13); secondly, the comments provided in his completed questionnaire evidenced a very deep understanding of the key strategic requirements of success within the corporate finance product-market. Specifically, the researcher put the following questions for discussion:

(1) what relative emphasis does the firm place on Return on Shareholders (ROSHF) as a corporate objective?

(2) is effective marketing essential to achievement of corporate objectives?

(3) if yes, are there any particular aspects of marketing of major strategic importance?

(4) if no, why is marketing not essential to the achievement of corporate objectives?

In relation to the question (1), he indicated that Return on Shareholders Funds (ROSHF) is strategically important - it is the ultimate measure of the value of the parent company's investment of approximately $150 million to date in the Australian subsidiary .

However, given the dynamics and diversity of the subsidiary's served markets, ROSHF should be viewed from a long term perspective (ie "a minimum of 25 years). In the short term, senior management within his Bank focuses more on "absolute $ profit" and "the reasons behind it", rather than ROSHF. On a state/branch/area basis, profitability, however, is still important. Specific criteria depend "very much" on the the individual state's/branch's/area's "strategic priorities" and regular (monthly) assessment of progress against pre-determined action programmes.

Turning to question (2) this interviewee stated that marketing, in the general sense, is essential to the achievement of corporate objectives. However, he noted that you "can't isolate a distinct marketing budget" without having "isolated people and isolated activities". Also you need "products which are distinct and independent entities". These distinctions don't really apply, particularly in "commercial/corporate banking... In corporate banking everything is about relationships." This comment clearly endorses the applicability of one of the specific success factors discussed in **CHAPTER 2** of this study. Marketing strategy, overall "becomes part of corporate strategy."

In relation to question (3) concerning the particular aspects of marketing of major strategic importance, the first point he made is that "centralized market research (MR) strategy... has proven a waste of time." Any MR undertaken "has to be done very, very cleverly" and has to have deep understanding of specific user needs, that is of the information requirements of the managers to whom the research results will be distributed for consideration: "it also has to be surprising" - it has to contain new, interesting and immediately useful information, so as to attract the attention of its potential users. Pricing does not "fit in with" our bank's operational view of specific marketing activities. Individual Credit Teams have the responsibility and some strategic flexibility, within broad guidelines, for specific pricing decisions. This observation confirms the comments made in earlier sections of this chapter about the rather limited view of marketing evident from the responses to the mail questionnaire. While marketing overall is important, this interviewee felt that "advertising is not so essential, nor is a (separate) marketing department".

The third interview was with the newly appointed Marketing Manager of one of the largest stock broking firms in Australia. This interview focused on discussion of the following issues :

(1) the degree of importance attached to return on shareholders funds as a principal marekting objective;

(2) the main differences between marketing products and marketing services;

(3) general effects of increased market share/perceived market share on corporate performance; and

(4) the most strategically important elements of marketing

activities in the stock broking market place.

In respect of question (1) this interviewee was brief, but clear in her response:"Our firm is an independent firm owned by the Directors and Associates. Return on shareholders funds is not really a relevant criterion to evaluate corporate performance for such a privately owned organisation." Perhaps the main reason for this is that the total remuneration packages of these Directors and Associates contained a large element of bonus incentives, based on the achievement of sales objectives, rather than profitability otr Return on Investment.

Turning to question (2), she was of the view that "marketing products and services are fundamentally different: the fundamental difference is that services marketing has to be much more customer focused - it is "very important to identify critical areas of service required by customers" and then to deliver those services competitively and effectively. The second part of this comment is completely consistent with the observations provided by the other two interviewees, and the proposition that developing relationships with customers is a fundamental pre-requisite for marketing success in the corporate finance product-market.

In relation to question (3) on the general impact of increased market share on corporate performance, this interviewee began by stating that market share "is measured by the Stock Exchange". It does not, however, necessarily follow that building market share positively affects profit or profitability, as "a firm can build market share and decimate its profits quite easily." This comment about market share is most consistent with those provided by the first interviewee. There is, however, a "multiplier effect - if your are perceived to be big, then clients are likely to look to a range of related services, eg corporate advice etc."

The fourth question covered during this interview was the one about which she provided the most detailed comments. The first point made, like the other two interviewees, was that the corporate finance area is almost exclusively about relationships. Of particular importance is the market's view of the most senior management of a stock broking firm. Recently, for example, a new firm was able, in the space of two years, to gain strong market presence: "it is competitively slack and frightening that it could be done in two years" was her reaction to this event. Competitive rivalry is "not as relevant in the broking industry, as senior members (of firms involved) run the Stock Exchange". They are therefore, she observed, relatively aware of competitors' activities etc.

Pricing is generally a passive variable - "we never use price to win a business. Profit is a direct result of revenue : it is a margin-based business... A price premium can only be measured in terms of what clients can get elsewhere ... as broking services is basically a commodity business." Personal selling and negotiating skills are, on the other hand, she noted, strategically important. The sales force is highly trained and has to be effectively marketed to by marketing colleagues. Distribution is also important, especially for large firms: our firm has about 90000 clients, for example. Accordingly, this interviewee observed that "an extremely large client base means that direct mail is the most cost effective way of communicating with clients."

CHAPTER 5

SUMMARY AND CONCLUSIONS

As stated in the first chapter of this study, its key purpose was to identify the major factors which contributed to marketing success, as assessed by the average annual percentage Return on Shareholders Funds (ROSHF), during the financial years 1983 to 1987 inclusive, within the Australian corporate finance market.

The primary research method employed was the distribution, and subsequent analysis, of the mail questionnaire, which was initially sent to around five hundred of the most senior executives then employed within the Australian corporate finance market in late November 1987. As noted in **CHAPTER 3: RESEARCH METHODOLOGY,** a subsequent posting of the questionnaire was undertaken in April 1988 to increase the response rate. Overall, the response rate of 19.2 per cent provided a representative sample of the various types of organisations competing within this market. The second primary research instrument, three follow-up in-depth interviews, also provided quite informative qualitative information, as just detailed in the previous chapter.

The aims of this final chapter are firstly to discuss the main findings of this study, and their implications; secondly, to briefly sketch out, and comment on, the major events which have happened since the completed questionnaires were received in early 1988 ; thirdly, to outline the limitation's of this study; finally, to comment on appropriate areas for future research.

Main findings and their implications

There are seven major findings from this study.

The first key finding is that either marketing does not seem to be fully understood by senior executives of the organisation's covered by this research, or, alternatively, it seems to be regarded as a relatively minor strategic consideration by these managers and their firms. There are many points uncovered by the analysis presented in the previous chapter which confirm this finding. The first piece of evidence is the marked discrepancies between the responses to the questions relating to the actual decisions made by such executives on such marketing issues as the types of criteria used to evaluate marketing success, whether an annual marketing budget is set, and the types of marketing objectives regularly set. As noted in **CHAPTER 4**, while 89 per cent of respondents agreed that it was practically possible to assess marketing success, only 60 per cent indicated that their organisation sets an annual marketing budget; when comparing the responses to the criteria used to assess marketing success and the specific types of marketing objectives regularly set, there is not an obvious similarity between the two sets of responses. The comments provided by many responding executives to the open-ended question about why their firm did not regularly set such marketing objectives reinforce this conclusion: as noted in the previous chapter, quite a number of these comments indicated that marketing was regarded as little more than advertising and promotion. This finding is also confirmed by the responses to the question which asked respondents to indicate the relative percentage of the annual marketing budget allocated to marketing's four controllable variables, which generally indicated that over half of the 'average' budget was allocated to advertising and promotion. Pricing decisions, it was also noted by some respondents, are usually not the domain of marketing executives. In a similar manner, the comments made by the three interviewees likewise confirm this finding: the first interviewee was most clear with her statement that marketing's strategic importance is only slowly being accepted by banks and other financial institutions. A final confirmation of this first finding is in the fact, as noted in **CHAPTER 3**, that the sources used to compile the mailing list indicated that only a small portion of the organisations about which position titles were disclosed contained titles which are of a marketing nature.

The major implications of this first finding are several. Firstly, such a limited view of what marketing involves is most disturbing, since it infers a lack of sufficient appreciation among the senior executives who responded to the questionnaire of the clear need for a comprehensive and well integrated set of marketing strategies and management practices, covering each of marketing's four controllable variables, in such a turbulent and challenging competitive environment as that studied in this thesis. Secondly, it implies that some of these senior executives had not yet come to terms with the new strategic imperatives of marketing, brought about by the increasing globalisation of the major national capital markets, the continuing application of highly sophisticated and extremely costly computer and communication technologies within those markets, the deregulation of the Australian capital market in the early 1980s, and the growing level of sophistication and discernment by at least the largest corporate customers of the competing financial institutions.

The second main finding is the difference in approach to the management of marketing activities which is evident between the most successful organisations on the one hand, and the least successful on the other. The former group seemed to have a more disciplined and integrated approach to their marketing activities, programmes and strategic decision-making processes than do the latter organisations.

Supporting evidence for this conclusion is found in a variety of the differences in responses to a number of the questions posed in this study. Firstly, the most successful organisations more regularly set their marketing criteria and objectives than the least successful ones. Second, the most successful firms placed far less emphasis on the growth of assets as a key evaluative criterion than did their least successful counterparts. Thirdly, they devolved responsibility for the achievement of marketing objectives to a Marketing Director, or Manager, far more often than the least successful organisations. Fourthly, while five of the six respondents from organisations which had achieved an average annual ROSHF of between 30% to less than 35% during the period under investigation indicated that their firm did set an annual marketing budget, only eighteen of the twenty seven respondents from the lowest two ROSHF groups indicated this to be the case in their organisation. Fifth, the more successful firms allocated a greater percentage of their marketing budget to product development and modification and distribution systems and customer service than other competing organisations, and conversely a smaller percentage to advertising and promotional activities. Sixth, while the most succesful firms more regularly set marketing criteria and specific marketing objectives, they appeared more patient in terms of their expectations about the time-frame in which positive results from the commitment of resources to marketing activities: the actual results of such activities were generally compared to the marketing objectives quarterly in those firms, as compared to monthly in the least successful ones. Lastly, in the most successful organisations surveyed all people employed within their marketing department, or group, or unit, had a degree level qualification in marketing, compared to only sixty percent in the lowest two ROSHF groups.

The major implication of this second finding is that long-term success in marketing within the Australian corporate finance market appears to require a disciplined, systematic, and sustained application of resources to marketing activities, rather than ad hoc development of specific, narrowly focused marketing campaigns which place most emphasis on advertising and promotion.

The third finding of this study is the apparently short-term nature of marketing planning and decision-making which was evident. The main evidence for this finding is the noted lack of commitment of a significant level of resources to marketing within the responding organisations: for example, slightly less than half of these firms had established a separate marketing department or group or unit. The least successful organisations more frequently compared their actual marketing activities against evaluative criteria and specific marketing objectives than did the most successful of their competitors. Many of the comments provided in the open-ended questions also evidence a desire for almost immediate results from any resources devoted to marketing.

The major implication of this third finding is that it appears, from this study at least, that senior managers operating within the Australian capital market will need to seriously re-consider their attitudes to the time frame within which the competitive advantages of marketing activities and initiatives actually occur, as well as developing a clear appreciation of the need to convince the highest level of corporate management that return on these resource investments cannot be expected in the immediate future: marketing is, at the broadest level, an investment in the long-term health and competitive viability of an organisation.

The fourth finding is that increased size, within the organisations covered by this study, did not positively impact on marketing success, as measured by average ROSHF: TABLE 4.17. In fact, as indicated in that table, three of the most successful organisations employed less than fifty people, five of these six organisations employed less than five hundred staff, and only one was an organisation with over one thousand employees. This conclusion reinforces the comments made by two of the writers reviewed in **CHAPTER 2**: Emmott (1988) and Maidment (1990). Another corroboration of this finding is the "major new global survey ... conducted by the international capital markets publication *Euromoney*" on which Lloyd (1991:1-2) reports:

> Abandoning the principal measurement of a bank's global ranking used in the 1980s - sheer size - the survey instead has taken a combination of facts, such as profitability, and more subjective criteria based on the credit-rating agencies and investment analysts.
>
> ...
>
> "The bank must be profitable: it must have a high return on equity and, to a lesser extent, return on asset figures. It must be managed tightly and cost-effectively with a low cost-to-income ratio. It must fund itself at the keenest possible rates and lend (or generate fee income) in ways that produce the highest possible return and therefore a high net margin."

The results of this survey are most informative, relative to this finding. The world's best two banks in 1990 were both relatively quite small: the number one bank, Lloyd (1991a:1) indicates, was "Spain's Banco Popular Espanol... the sixth biggest bank in Spain; the second best bank was Toronto Dominion, followed by Banc One Corp in the US...". As Lloyd reports only two extremely big banking conglomerates managed to make the top ten list: "Deutsche Bank and Bank of America at eighth and ninth respectively, while in a demonstration of how fortunes are reversing in Japan, the highest ranking for any Japanese bank was Sanwa Bank in 38th place." Closer to home, the National Australia Bank (NAB) "is the 17th-best bank in the world across a broad range of criteria." (In passing, the NAB was the financial institution with the highest number of separate respondents to this research, with three of its senior executives completing the questionnaire.)

The fifth finding, as indicated in TABLE 4.10, is that the pursuit of market share was not a dominant objective among the majority of responding organisations, with the exception of Trading or Corporate Banks. There are a number of possible explanations for this. The first is perhaps an acknowledgement by the Non Bank Financial Institutions competing against these much larger banks that an aggressive pursuit of market share would not be productive, or profitable, given the sheer size and political clout of these competitors: Reinecke (1988:2). This is alternatively possibly the result of the capital adequacy requirements which were promulgated by the central bankers of the world's largest economies in early 1988, as the pursuit of market share, particularly in mature markets with quite discerning and knowledgeable customers, has been shown to not guarantee increased profits or profitability: see, for example, Porter (1980:43), Woo (1984:53).

Finding four and five are closely related, and their implications can therefore be discussed together. At the broadest level, the main implication is that, in future, neither being bigger in size, nor larger in market share, will necessarily ensure marketing success, as defined in this thesis, within the Australian corporate finance market. What will probably underpin the achievement of marketing objectives over the longer-term is, first and foremost, the ability to provide a very high level of quality service to the organisation's customers, in particular those which are well managed themselves and therefore able to withstand the negative consequences of the current economic malaise. This realisation seems to have hit home: Osborne (1990:64) reports that "the quality of service delivery has become the major factor in differentiating the various competitors in the banking sector." Therfore, Osborne observes: "Nearly all the major banks have embraced all or part of total quality management concepts in an effort to secure a competitive advantage." One of the most committed banks is the State Bank of South Australia, whose group managing director is reported by Osborne (1990:64) as saying that "raising service standards to a level of excellence, as judged by the customer, would be the key to the survival of business in the 1990s and beyond." The ANZ Banking Group "is also implementing TQM through management directed staff training in all aspects of the bank's work." While such a focus on improving the level of customer service is now being labelled as TQM (total quality management), many would argue, the present writer included, that this focus on the customer is simply the marketing concept at work. In the context of bank marketing, it is also consistent with three of the propositions discussed in **CHAPTER 2** of this thesis: firstly, that effective competitive positioning must be achieved; secondly, that marketing success relies heavily on developing a personal, sustained, complete, and competitively sound relationship with clients; and thirdly that successful companies are "better at identifying key customers and how best to provide products and services thart will capture higher asset values per customer at profitable rates."

To successfuly raise customer service standards to a "level of excellence" competing financial organisations will therefore need, among other things, to pay particular attention to the effective and motivating management of their human resources, especially those in regular contact with customers. Cowell (1987:382) empathised the key role of people in services marketing arena:

> "Human beings play a key role in the production and marketing of many services and certainly in a much greater extent than is suggested by the conventional marketing mix concept... This means that service businesses may have to focus attention on a wider range of 'people issues' than other businesses which have clear impact upon marketing effectiveness and efficiency."

Perhaps the most important of these wider range of people issues is the development, within financial institutions, of a new corporate culture which stresses the fundamental importance of superior customer service: the State Bank of South Australia, as reported by Osborne (1990:64) has accordingly "established four core values from which the quality business is driven ... customer satisfaction, respect for the individual, performance and profit." Such new cultures are, however, not easy to develop, especially where "different parts of the financial sector" are involved, according to Phillips (1990:8), the Deputy Governer of the Reserve Bank of Australia. Moreover, as Beyer (1991b:11) observes, the days when providers of corporate finance "were falling over themselves to lend their money at razor thin margins, and if a company was half way decent it could bypass the banks and raise money in offshore capital markets ... are a thing of the past and company treasurers can no longer dictate terms and conditions for loans". It appears now that even "top notch companies with a strong credit rating ... with the big advantage of being able to raise funds in their own name ... face higher borrowing costs" according to Beyer (1991b:11). Therefore, it seems that not all the competing financial institutions seem to agree with this drive for excellent customer service, at least not for all customers.

However, the sixth finding is that agreement with such propositions as those just mentioned above, did not have a significant positive impact on the financial performance of the organisations covered by this study. TABLES 4.15 and 4.20 both confirm that there was widespread agreement among all the respondents about these propositions, whereas the financial performance of the organisations, as detailed in TABLE 4.16, differed considerably. It would therefore appear that agreement with such broad propositions does not ensure that the often very challenging and specific requirements which are at the core of effective and competitively superior marketing strategies, tactics and overall decision-making are successfully managed.

The seventh finding of this study is that such specific strategic requirements which must be effectively addressed before on-going marketing success is achieved, differed between the varying Primary activities of the organisations which responded to the questionnaire. The responses to the two questions (Question 6 and Question 7) indicate that the nature of the impact of trends, both within the global corporate finance market, and the Australian one, varied quite markedly across the responding organisations, when the responses were analysed by Primary activity. These differences support the proposition detailed in **CHAPTER 2** that one of the major contributors to marketing success within corporate finance markets is an intimate understanding of any financial services market which an organisation is, or plans to, service.

Postscript: subsequent events

The great gusts of change which fundamentally altered the world's capital markets during the nineteen eighties are continuing unabated in the nineteen nineties. Witness, for example, in the Australian context, such recent events as the collapse of the Tricontinental Holdings, and the subsequent sale of the State Bank of Victoria to the Commonwealth Bank of Australia. The demise of several of Australia's once highly regarded and profitable merchant banks, and stock broking houses is another recent trend: along side such departures from the local competitive arena has been the retreat of some of the very large and extremely well experienced foreign financial institutions, which reportedly entered the local capital market with such high hopes for quick and highly profitable market penetration, and the quite deliberate contraction of the market scope of others which have remained, likewise bear witness to the extreme volatitility of our capital market: Clark (1990:17), Lloyd (1990b:28), Rogers (1990:43). In consequence of these harrowing few years of local trading, Lloyd (1990a:12) reports on a "concerted push ... among the foreign-owned organisations that they should be permitted to abandon their status as locally incorporated subsidiaries and become branch offices of their overseas parents."

On the other hand, the "Big Three Privates", namely the ANZ Banking Group Limited, National Australia Bank, and Westpac Banking Corporation, "appear to have a bigger stranglehold on our general banking sector than before deregulation": Clark (1990:15). However, Beyer (1991a:16) reports that both "Westpac and NAB withdraw to more familiar territory" by re-focusing their activities on their core businesses, those in which, according to the most recent annual report of Westpac, "it is capable of achieving a competitive advantage." Specifically, the most sought segment is now housing finance which these two banking giants will now focus on to "build their loan book", according to Beyer (1991a). A second most significant strategic change for both these banks is the "increased emphasis on credit control": this is primarily , Beyer (1991a:16) notes, because of the "blow-out in loan loss provisions' in the 1989-1990 financial year, a trend affecting all the competitors in the Australian corporate finance market in the most recent past." Lloyd (1991b:3) reports that the long-term credit rating of the ANZ Banking Group has just been downgraded by Moody's Investors Service which 'said that ANZ faced the prospect of making further loan loss provisions against both its commercial and corporate lending portfolios, despite the provisions, amounting to $793 million, charged in the year to September 1990."

The formal, government supported venture capital industry in Australia has recently been savaged by deteriorating economic conditions and consequently a flight to safety by investors: Roberts (1988:1,8), Gray (1990:31-32). The long-term negative consequences of this drying up of high risk, often export generating, business funding are not really appropriate to comment on within this study. However, given that at least some potentially highly successful, internationally competitive businesses may now find it even harder than they have historically to secure such wealth creating equity finance, the negative effects apply to both the suppliers of corporate finance in the sense of probably fewer opportunities for earning significantly above average returns on their loan portfolios, and on the Australian economy overall, as we are repeatedly reminded that our nation must improve its net exporting position if it is to significantly improve its apparently ever growing current account trade deficit.

Yet another most significant change becoming evident in 1991 is the marked change in investment focus among several of the largest fund managers in Australia: "Not capital gains, or dividend income, or even tax considerations, but simply protecting the capital base of the company and the money put into that company by the investor" is the new focus of such organisations as National Mutual, the AMP, and a number of others, according to Mitchell (1991:28). This change in emphasis seems consistent with the above-mentioned increased emphasis on credit controls by our very largest Trading Banks.

Perhaps the most disturbing recent event is the on-going criminal proceedings against such once hallowed and much envied corporate finance high flyers as Rothwells, and Spedley Securities : Kaye (1990:28), Treadgold (1990:29). Another recent event which possibly has an equally telling impact on the manner in which providers of finance in Australia conduct their business is the recent decision in the Queensland Supreme Court which found Westpac "liable for negligence at a cost of more than $500000" in respect of "advice given to clients in the early 1980s about the benefits and risks of using offshore loans to beat domestic interest rates which were then climbing above 20 per cent" as reported by Massey (1990:29).

In the Retail section of the Australian capital, the collapse of the Pyramid Building Society, Estate Mortgage and OST have caused considerable personal hardship to their customers, and renewed calls for tighter regulation, or more kindly perhaps, supervision of such non bank financial institutions.

Another major challenge to the financial institutions competing in Australia also suggests that their ability to insulate themselves from the broader world is under threat. Recently, some have seriously questioned whether the much publicised, and warmly embraced, claims of the benefits of deregulation of the Australian capital market, particularly those flowing to customers, have in fact materialised: for example, Clark (1990:15), Keen (1991:7). The Federal Treasurer, feeling perhaps that a frontal attack on the 'Big Four' local Banks may shore up his wavering political stocks, has recently instigated a full scale inquiry into this issue. (In passing, similar questioning of the benefits of the deregulation of Australia's telecommunications and airline industries is also becoming increasingly evident.) Notwithstanding the arguments which these enormously large and politically extremely powerful banks have advanced, and doubtless will continue to do so, there is certainly a case to be answered, at least from the perspective of increasingly disgruntled and apparently sometimes misinformed customers.

To summarise the major impression one gets from such a brief postscript of events subsequent to the primary research component of this thesis, it is unarguable that change, indeed, would appear to be the only constant in the Australian capital market. In turn, this compells managers, and their organisations, to improve their individual and collective abilities to maintain, and improve, their ability to read and effectively respond to thier ever-changing external environment.

Overseas, a similar pattern of flux and competitive turbulence is evident. In the United States of America, for example, the fallout, both financial, legal and political, of the Savings and Loan (S & L) fiasco is on-going: Hector (1990:74-76). Closer to the scope of this thesis, Hywood (1991:6) reports on the growing "fears over US Banks" primarily as "a result of financiers and banks having gone too far and taking the rest of the nation with them." Loomis (1991:60) reports that even Citibank, "whose $228 billion in assets make it the largest U.S. banking company and the 11th largest in the world" is currently undergoing a strategic metamorphosis, the most essential aspect of which "was Citibank's announcement that it anticipated taking immediate, as well as subsequent, steps to build its stockholder equity and other kinds of capital." Such a profound strategic change has even compelled Citibank's top management, Loomis reports, to reconsider one of its principal beliefs and to issue a memo to its employees: "The notion of low capital balanced by a broadly diversified business is simply not accepted in today's world." This could be seen as a belated recognition by management of the need for environmental sensitivity.

Limitations of the study

Several limitations were present in this study.

The first limitation is the extreme complexity and dynamic nature of marketing, which renders the pursuit of statistically defensible, generally applicable and practically useful guidelines difficult. This does not, however, imply that there is no valid place for quantitative field research in marketing. Rather, it forewarns the need for appropriate caution when analysing the results of such quantitative analysis, and a degree of circumspection when forming conclusions based on the information collected.

The second limitation is the volatility and ever-changing structure of the world's capital markets, and in particular, the global "crash" of stock markets on October 19, 1987, which possibly affected the response rate to the mail questionnaire and the responses themselves. To reduce this potential limitation, the follow-up procedures detailed in CHAPTER THREE and more fully in Appendix Four were employed.

The third limitation, some would argue, is the use of a single financial criterion to assess marketing success : Merchant and Bruns Jr. (1986), Christensen et al. (1987:655), Certo and Peter (1988). While such criticisms are completely valid, the focus which such a single yard-stick provides should not be lightly dismissed, especially where it concentrates decision-makers' attention on the rights and expectations of owners of the net assets of the business, such as does average annual Return on Shareholders Funds.

The fourth limitation of this thesis is its perhaps insuffucient focus on the role of the human resource asset of the competing organisations around which it is based. People are, at least over time, arguably the single most influential contributor to the achievement of organisational, and in turn, marketing objectives. One important consequence of this is that changes in the human resource base of an organisation may directly, and quickly, affect organisational performance.

The fifth limitation is that success is a time related phenomenon: that is, neither previous nor currently successful strategies, decision-making processes, systems, structures, cultures, and so on automatically guarantees future success. Peters (1987:3), co-author of such extremely well known and highly regarded books *In Search of Excellence*, *A passion for Excellence* and *Thriving on chaos*... strongly puts this view:

> There are no excellent companies... No company is safe... Too much is changing for anyone to be complacent.

Areas for future research

This study seems to have raised as many unanswered questions as it has provided insights into the major factors contributing to marketing success within the Australian corporate finance market. On reflection, the major areas for future research which stem from this research can be summarised into the following areas:

- the positive link between pursuit of growth, in either total assets or market share, and consequent financial results has been recently questioned by both competing organisations, regulators, and outside industry analysts; an extensive longitudinal research study seems most appropriate;

- the specific operational, or tactical, marketing requirements which must be in place within an organisation before its marketing objectives are consistently achieved over the longer-term have not been identified by this study; once more, this issue represents a fertile area of applied research;

- the people-centred requirements for successful marketing of the products and related services offered by providers of corporate finance need extensive research; as noted in the foregoing section on this study's limitations, perhaps insufficient attention was given to such requirements;

- the most appropriate financial parameters against which marketing decisions, strategies, actions, and consequent outcomes should be assessed is another area where the debate is still continuing; given the recent financial catastrophes noted in the postscript to this study, resolution of this debate is long overdue.

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Appendix One

Final version: mail questionnaire (including covering letter)

MEREDITHS PTY LTD

62 BARRY STREET, CARLTON, VIC. 3053, AUSTRALIA TELEPHONE (03) 347 4155. TELEX: AA 35942. FAX: (03) 347 5822

18 November, 1987

Dear Senior Executive,

As we all know, correct timing is vital in any decision in any capital market. Given the current significant volatility - some say complete uncertainty - of the global stock market, correct timing is essential.

As some of us are also aware - indeed may be directly involved - government policy-makers, at both the Federal and State level, have very recently issued "Guidelines for commercial interactions between higher education institutions and industry". It states, among other things, states the following:

> "Greater orientation of research to industrial needs has been declared by the government as a national policy objective."

With these brief comments in mind I seek your co-operation in completing the enclosed questionnaire.

The questionnaire asks you to respond, based on your and the firm's practical understanding and experience, to a number of major contributors to marketing success - which the researchers argue is the consistent achievement of marketing objectives over time. These major contributors are primarily those proposed in the marketing and corporate strategy literature over the last 40 or so years. They also include some recently suggested in the growing body of the practical and professional literature, both in Australia and internationally, which focuses on the global "capital market."

The questionnaire has been pilot-tested on 22 executives. The 2 researchers - John Odgers of the Department of Applied Economics, RMIT, and Peter Burgess a part-time student in the Graduate Diploma of Marketing, Chisolm Institute of Technology - are most grateful to the 13 executives who responded. The average time these 13 senior executives took to complete the questionnaire was 20 minutes.

I ask you, or another senior colleague if you don't have a spare 20 minutes, to complete the questionnaire and mail it back in the enclosed reply-paid, pre-addressed envelope. What's the ROI on this investment? There are 4 planned forms of feed-back all of which will happen over the next 6 months or so. They are:

1. All respondents will be mailed a summary of the complete set of responses of all respondents whose firms operate in the same part of the Australian corporate (business) financial market: for example, all firms included in the Merchant Banks section of the Australian Finance Directory (1986).

2. The researchers will submit an article on the results of this program. It will focus on the practical insights of the findings to the efficient and effective use of corporate resources in the achievement of a firm's marketing objectives. It will be submitted to a number of professional associations the members of which work within the corporate finance market.

3. Preliminary discussions have started with the Securities Institute of Australia on the SIA's interest - as part of its new Career Development Program - in small group seminars on the marketing of financial products and services.

4. John Odgers is most happy to discuss any aspect of the questionnaire with you at any time. You can contact him by phone (03-6602958), by Fax (03-6632764), or by Telex (AA36406).

I thank you for your attention and wish you and your firm continuing success.

Yours sincerely,

ROSS WRAIGHT
MANAGING DIRECTOR

RESEARCH TOPIC: MAJOR CONTRIBUTORS TO MARKETING SUCCESS
IN THE AUSTRALIAN CORPORATE FINANCE MARKET

Principal Researcher: John F. Odgers, Applied Economics, RMIT.
Co-Researcher: Peter Burgess, Grad. Dip. Marketing, C.I.T.
Research Period: September - October, 1987.

1. 1.1 Do you think it is practically possible to determine marketing success within the market(s) serviced by your firm?

YES |__|

NO |__|

1.2 If yes, what criteria does your firm employ to assess the success of its marketing activities?

1. No. of Enquiries/Responses to advertising |__|
2. Volume of Transactions |__|
3. Comparison of actual results to marketing budget |__|
4. Turnover/Fee Income |__|
5. Growth of assets |__|
6. Other....(Please specify) |__|

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1.3 By whom are these criteria specified?

Position title(s):

Chief Executive Officer |__|

Managing Director |__|

General Manager |__|

Senior Management |__|

Marketing Director/Manager |__|

Other....(Please specify) |__|

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1.4 Who specifically has the responsibility for the achievement of these criteria?

Position Title:

Chief Executive Officer |__|

Managing Director |__|

General Manager |__|

Senior Management |__|

Marketing Director/Manager |__|

Other....(Please specify) |__|

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1.5 Are the criteria listed in question 1.2 specified and reviewed?

	YES	NO
Monthly	|__|	|__|
Quarterly	|__|	|__|
Yearly	|__|	|__|
Other (Please specify)	|__|	|__|

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1.6 If you think it's not possible to determine marketing success, why do you hold this view?

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2. 2.1 Does your firm set an annual budget for marketing activities?

Yes |__|

No |__|

Other (Please specify) |__|

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2.2 If yes to 2.1 how does your firm set an annual budget for marketing activities?

1. Percentage of Turnover |__|
2. Competitive Parity |__|
3. All You Can Afford |__|
4. Objective and Task |__|
5. Other (Please specify) |__|

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2.3 If yes to 2.1 please indicate the percentage of the total marketing budget allocated to the various aspects of marketing shown in the table below.

% OF TOTAL MARKETING BUDGET	PRODUCT DEVELOPMENT & MODIFICATION	DISTRIBUTION SYSTEMS & CUSTOMER SERVICE	ADVERTISING PUBLIC RELATIONS PERSONAL SELLING SALES PROMOTION	PRICE/FEE SETTING & ADMINISTRATION	OTHER (PLEASE SPECIFY)
0% < 10%					
10% < 20%					
20% < 30%					
30% < 40%					
40% < 50%					
50% < 60%					
60% < 70%					
70% < 80%					
80% < 90%					
90% < 100%					

INSTRUCTIONS: Please place a tick in the appropriate columns

3. 3.1 Does the firm set specific objectives in respect of its marketing activities?

YES	|__|
NO	|__|
DON'T KNOW	|__|

3.2 If yes are these objectives set?

	YES	NO
Monthly	|__|	|__|
Quarterly	|__|	|__|
Yearly	|__|	|__|
Other (please specify)	|__|	|__|

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By whom are they set?

Chief Executive Officer	|__|
Managing Director	|__|
General Manager(s)	|__|
Senior Management	|__|
Marketing Manager/Director	|__|
Other....(Please specify)	|__|

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3.4 To whom are they communicated?

- Divisional Heads |__|
- Marketing Manager/Director |__|
- State Managers |__|
- Local Senior Managers |__|
- General Manager(s) |__|
- Other....(Please specify) |__|

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3.5 Are actual marketing results compared with the set objectives?

	YES	NO
Monthly	|__|	|__|
Quarterly	|__|	|__|
Yearly	|__|	|__|
Other (please specify)	|__|	|__|

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3.6 Are the following types of marketing objectives regularly set?

	YES	NO	
1.	|__|	|__|	Specified level of profit
2.	|__|	|__|	Rate of return on capital employed
3.	|__|	|__|	Specific amount of sales revenue/income/interest earned
4.	|__|	|__|	Growth of sales revenue in real terms
5.	|__|	|__|	Specific percentage market share
6.	|__|	|__|	Growth rate of market share
7.	|__|	|__|	Specified volume of sales/income/interest earned
8.	|__|	|__|	Growth of volume of sales/income/interest earned
9.	|__|	|__|	Specific sales revenue by customer or type of customer
10.	|__|	|__|	Other, please specify:

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3.7 If no - are there any specific reasons why such objectives are not set?

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4. Over the last 5 years in which of the following ranges has been the <u>company's average % return on shareholders funds?</u> Please tick one box:

- |__| Less than 5% average return on shareholders funds
- |__| Between 5% and less than 10% average return
- |__| Between 10% and less then 15% average return
- |__| Between 15% and less than 20% average return
- |__| Between 20% and less than 25% average return
- |__| Between 25% and less than 30% average return
- |__| Between 30% and less than 35% average return
- |__| Other (Please specify)

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5 5.1 Does your Company have a separate Marketing Department/ Group/or Unit?

- |__| Yes
- |__| No
- |__| Other (please specify)

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5.2 If you answered Yes to 5.1

(a) How many people comprise the Marketing Department/ Group/Unit

- |__| Less than 5 people
- |__| Between 5 - 10 people
- |__| More than 10 people
- |__| Don't know

(b) Of these people, how many have completed a marketing qualification at the tertiary level of their education?

- |__| Less than 5 people
- |__| Between 5 - 10 people
- |__| More than 10 people
- |__| Don't know

(c) How many of these people have a Bachelor Degree or Higher?

- |__| Less than 5 people
- |__| Between 5 - 10 people
- |__| More than 10 people
- |__| Don't know

5.3 If you answered no to 5.1 briefly comment on whether you think that having a separate Marketing Department/Group/Unit within the company is an increasingly important requirement for the achievement of marketing, and consequently corporate, objectives.

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6. Have any of the following trends in the global corporate finance market had an impact on your firm's ability to achieve its marketing objectives? (Instructions: Please tick one box per trend)

SUMMARY OF TREND	EXTENT OF TREND'S IMPACT ON ACHIEVING MARKETING OBJECTIVE VERY POSITIVE	POSITIVE	NEITHER POSITIVE NOR NEGATIVE	NEGATIVE	VERY NEGATIVE
1. Growing level of direct investment or market borrowing by large companies without going through a bank or other financial intermediary	[ ]	[ ]	[ ]	[ ]	[ ]
2. Increasing globalisation of both borrowing and lending facilities	[ ]	[ ]	[ ]	[ ]	[ ]
3. The process of securitization - viz, the conversion into paper of more and more borrowing that can be bought and sold in a secondary market	[ ]	[ ]	[ ]	[ ]	[ ]
4. The increasing break-down of conventional distinctions "between different types of borrowing and lending between short-term and long- term, between national and international" markets	[ ]	[ ]	[ ]	[ ]	[ ]
5. The recent introduction of "a host of new types of borrowings to enable the borrower to take out a general loan that he can use in various ways..."	[ ]	[ ]	[ ]	[ ]	[ ]
6. The enormous growth of SWAPS	[ ]	[ ]	[ ]	[ ]	[ ]
7. The recently established possibility of international futures trading	[ ]	[ ]	[ ]	[ ]	[ ]
8. The substantial growth of "novel investments to attract the investor and spread the reach of bond finance..."	[ ]	[ ]	[ ]	[ ]	[ ]
9. The introduction of stock index futures in 1982	[ ]	[ ]	[ ]	[ ]	[ ]
10. The growing support for the concept of "relationship banking"	[ ]	[ ]	[ ]	[ ]	[ ]
11. "The spectacular growth in the 1980's of the eurodollar market."	[ ]	[ ]	[ ]	[ ]	[ ]
12. The growing dominance of Japanese financial institutions in international finance markets	[ ]	[ ]	[ ]	[ ]	[ ]
13. The widespread applications of computer-based business information systems and the creation of "sophisticated international communication facilities"	[ ]	[ ]	[ ]	[ ]	[ ]

Comments: ______________________________

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7. Have any of the following trends in the Australian Corporate finance market had an impact on your organisation's ability to achieve its marketing objectives?

(Instructions: pkease tick one box per trend)

SUMMARY OF TREND	EXTENT OF TREND'S IMPACT ON ACHIEVING MARKETING OBJECTIVES				
	VERY POSITIVE	POSITIVE	NEITHER POSITIVE OR NEGATIVE	NEGATIVE	VERY NEGATIVE
1. The rapid increase in the number of specialist investment managers	☐	☐	☐	☐	☐
2. Growing specialisation among larger corporate fund providers.	☐	☐	☐	☐	☐
3. Growing incidence of mergers among large finance providers	☐	☐	☐	☐	☐
4. Increasing "in-house" management of finance raising and re-direction of large finance-market customers	☐	☐	☐	☐	☐
5. The expansion into new market segments and services by banks insurance companies and large retailers	☐	☐	☐	☐	☐
6. The narrowing of profit margins between borrowing and lending rates	☐	☐	☐	☐	☐
7. The increasing "spin-off" activity and management buy-outs by senior executives in large financial companies	☐	☐	☐	☐	☐
8. The substantial investments in new computer technologies by very large financial institutions	☐	☐	☐	☐	☐
9. The very significant increase in the number of competitors - particularly very large, well-established foreign financial institutions	☐	☐	☐	☐	☐
10. The recently implemented capital gains tax and dividend imputation policies.	☐	☐	☐	☐	☐

Comments: ______________________________

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8. Instructions: Please tick the box which most accurately coincides with your experiences.

SUGGESTED MAJOR CONTRIBUTORS TO MARKETING SUCCESS	STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRON DISAGREE
1. Environmental sensitivity, particularly current awareness of buyers, intermediaries, competitors and governments, is vital to long-term marketing success.	☐	☐	☐	☐	☐
2. Management must focus resources and energy on the few critical success factors identifiable in the firm's marketing environment	☐	☐	☐	☐	☐
3. The firm should be its own toughest competitor	☐	☐	☐	☐	☐
4. The marketing mix is not the sole guarantor of marketing success	☐	☐	☐	☐	☐
5. Military theory and practices can be usefully applied to marketing activities within the financial market-place	☐	☐	☐	☐	☐
6. The right timing of marketing activities is essential to the achievement of marketing objectives	☐	☐	☐	☐	☐
7. A global perspective is necessary to ensure marketing success in financial markets	☐	☐	☐	☐	☐
8. A sustained commitment of resources to marketing must be made to ensure long term achievement of marketing objectives	☐	☐	☐	☐	☐
9. Marketing success in financial markets heavily relies on the effective, innovative and strategic application of the computer and communication technologies	☐	☐	☐	☐	☐
10. Developing a personal, sustained, complete and competitively sound relationship with clients is vital to the achievement of marketing objectives	☐	☐	☐	☐	☐
11. An intimate understanding of any financial services market is a major pre-condition of marketing success	☐	☐	☐	☐	☐
12. The usual rules of business logic and effective competitive positioning must be adhered to in financial markets if marketing success is to occur.	☐	☐	☐	☐	☐
13. Successful companies are "better at identifying key customers and how best to provide products and services that will capture higher asset values per customer at profitable rates".	☐	☐	☐	☐	☐

Comments: ______________________________

____

9.1 What is the title of your position?

|__| Chief Executive Officer

|__| Executive Director

|__| Managing Director

|__| Associate Director

|__| Director

|__| Deputy General Manager

|__| General Manager

|__| Chief Manager

|__| Senior Partner

|__| Partner

|__| Senior Manager\National Manager

|__| Manager Investment Banking

|__| Manager-Corporate Finance

____ Manager

|__| State Manager

|__| Marketing Director

|__| Chief Manager Marketing

|__| Marketing Manager

|__| Senior Marketing Officer

|__| Other: Please Specify

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10. How many employees on the payroll of your company?

|__| Less than 10

|__| Between 10 and 49 people

|__| Between 50 and 99 people

|__| Between 100 and 299 people

|__| Between 300 and 499 people

|__| Between 500 and 999 people

|__| More than 1000 people

11. What percentage of company turnover comes from overseas customers?

|__| Less than 10%

|__| Between 10% and 50%

|__| More than 50%

12. Does the company regularly report to an overseas Head Office?

|__| Yes

|__| No

|__| Don't know

13. What is your company's primary activity?

- |__| Trading Bank/Corporate Banking
- |__| Represented Bank
- |__| Authorized Money Market Dealer
- |__| Merchant Bank
- |__| Investment Bank
- |__| Venture Capital - M.I.C.
- |__| Venture Capital - other
- |__| Stock Broker
- |__| Finance Company
- |__| Finance broker/consultant
- |__| Leasing finance
- |__| Factoring finance
- |__| Government sourced corporate funding
- |__| Other (please specify)

____

____

____

14. In which State/Territory is your Company's Head Office?

- |__| New South Wales
- |__| Victoria
- |__| Queensland
- |__| South Australia
- |__| Western Australia
- |__| Tasmania
- |__| Australian Capital Territory
- |__| Northern Territory

\FACULTY\J01016
BB: 14/9/87

MR S. VAN DER MYE
Chief Manager Corp. Finance
BNP Pacific Australia Limited
GPO Box 1687
Sydney NSW
2001

Appendix Two:

Mail Questionnaire: versions 1 and 2 (pilot survey)

Version 1: PROPOSED INTERVIEW QUESTIONS - MAIL QUESTIONNAIRE

1. (i) Do you think it is practically possible to determine marketing success within the market(s) serviced by your firm?

YES ☐

NO ☐

(ii) If yes, what criteria does your firm employ to assess the success of its marketing activities?

. by whom are these criteria specified?

Position title(s): ______________________

. who specifically has the responsibility for the achievement of these criteria?
(that is, not which specific individuals, but rather which specific positions within the organisation are responsible for their achievement)

Position Title: ______________________
____
____

. how frequently are these criteria specified and reviewed?

Monthly ☐

Quarterly ☐

Yearly ☐

Other (please specify) ☐

(iii) If you think it's not possible to determine marketing success, why do you hold this view?

2. (i) Does the firm set specific objectives in respect of its marketing activities?
   - YES |__|
   - NO |__|
   - DON'T KNOW |__|

(ii) If yes: How often are these objectives set?

Monthly	|__|
Quarterly	|__|
Yearly	|__|
Other (please specify)	|__|

(iii) By whom are they set? Position Titles: ____________________

(iv) To whom are they communicated?

Position titles (1)__________ (2) __________ (3) __________

(v) How frequently are actual marketing results compared with the set objectives?

Monthly	|__|
Quarterly	|__|
Yearly	|__|
Other (please specify)	|__|

(vi) Which of the following types of marketing objectives are regularly set?

1.	|__|	Specified level of profit
2.	|__|	Rate of return on capital employed
3.	|__|	Specific amount of sales revenue
4.	|__|	Growth of sales revenue in real terms
5.	|__|	Specific percentage market share
6.	|__|	Growth rate of market share
7.	|__|	Specified volume of sales
8.	|__|	Growth of volume of sales
9.	|__|	Specific sales revenue by customer, or type of customer
10.	|__|	Other, please specify:

(vii) If no - are there any specific reasons why such objectives are not set?

3. Have any of the following trends in the global corporate finance market had an impact on your firm's ability to achieve its marketing objectives?

	EXTENT OF TREND'S IMPACT OR ACHIEVING MARKETING OBJECTIVE				
SUMMARY OF TREND	VERY POSITIVE	POSITIVE	NEITHER POSITIVE OR NEGATIVE	NEGATIVE	VERY NEGATIVE
1. Growing level of direct investment or market borrowing by large companies without going through a bank or other financial intermediary	▢	▢	▢	▢	▢
2. Increasing globalisation of both borrowing and lending facilities	▢	▢	▢	▢	▢
3. The process of securitization - viz, the conversion into paper of more and more borrowing that can be bought and sold in a secondary market	▢	▢	▢	▢	▢
4. The increasing break-down of conventional distinctions "between different types of borrowing and lending between short-term and long- term, between national and international" markets	▢	▢	▢	▢	▢
5. The recent introduction of "a host of new types of borrowings to enable the borrower to take out a general loan that he can use in various ways..."	▢	▢	▢	▢	▢
6. The enormous growth of SWAPS	▢	▢	▢	▢	▢
7. The recently established possibility of international futures trading	▢	▢	▢	▢	▢
8. The substantial growth of "novel investments to attract the investor and spread the reach of bond finance..."	▢	▢	▢	▢	▢
9. The introduction of stock index futures in 1982	▢	▢	▢	▢	▢
10. The growing support for the concept of "relationship banking	▢	▢	▢	▢	▢
11. "The spectacular growth in the 1980's of the eurodollar market	▢	▢	▢	▢	▢
12. The growing dominance of Japanese financial institutions in international finance markets	▢	▢	▢	▢	▢
13. The widespread applications of computer-based business information systems and the creation of "sophisticated international communication facilities"	▢	▢	▢	▢	▢

John F. Odgers
[illegible] 1987

4. Have any of the following trends in the Australian Corporate finance market had an impact on your organisation's ability to achieve its marketing objectives?

	SUMMARY OF TREND	EXTENT OF TREND'S IMPACT OR ACHIEVING MARKETING OBJECTIVES				
		VERY POSITIVE	POSITIVE	NEITHER POSITIVE OR NEGATIVE	NEGATIVE	VERY NEGATIVE
1.	The rapid increase in the number of specialist investment managers	☐	☐	☐	☐	☐
2.	Growing specialisation among larger corporate fund providers.	☐	☐	☐	☐	☐
3.	Growing incidence of mergers among large finance providers	☐	☐	☐	☐	☐
4.	Increasing "in-house" management of finance raising and re-direction of large finance-market customers	☐	☐	☐	☐	☐
5.	The expansion into new market segments and services by banks insurance companies and large retailers	☐	☐	☐	☐	☐
6.	The narrowing of profit margins between borrowing and lending rates	☐	☐	☐	☐	☐
7.	The increasing "spin-off" activity and management buy-outs by senior executives in large financial companies	☐	☐	☐	☐	☐
8.	The substantial investments in new computer technologies by very large financial institutions	☐	☐	☐	☐	☐
9.	The very significant increase in the number of competitors - particularly very large, well-established foreign financial institutions	☐	☐	☐	☐	☐
10.	The recently implemented capital gains tax and dividend importation policies.	☐	☐	☐	☐	☐

5. Instructions: Please tick the box which most accurately coincides with your experiences.

SUGGESTED MAJOR CONTRIBUTORS TO MARKETING SUCCESS	STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE
1. Management must focus resources and energy on the few critical success factors identifiable in the firm's marketing environment					
2. The firm should be its own toughest competitor					
3. The marketing mix is not the sole generator of marketing success					
4. Military theory and practices can be usefully applied to marketing activities within the financial market-place					
5. A global perspective is necessary to ensure marketing success in financial markets					
6. Marketing success in financial markets heavily relies on the effective, innovative and strategic application of the computer and communication technologies					
7. Developing a personal, sustained, complete and competitively sound relationship with clients is vital to the achievement of marketing objectives					
8. An intimate understanding of any financial services market is a major pre-condition of marketing success					
9. The usual rules of business logic and effective competitive positioning must be adhered to in financial markets if marketing success is to occur.					
10. Successful companies are "better at identifying key customers and how best to provide products and services that will capture higher asset values per customer at profitable rates".					

6. Instructions: Please tick the appropriate box.

6.1 What is the title of your position?

- [ ] Chief Executive Officer
- [ ] Managing Director
- [ ] General Manager
- [ ] Assistant Managing Director
- [ ] Investment Banking Manager
- [ ] Corporate Finance Manager
- [ ] Marketing Director
- [ ] Marketing Manager
- [ ] Other (please specify)

6.2 How many employees on the payroll of your company?

- [ ] Less than 100
- [ ] 100 to 1,000
- [ ] More than 1,000

6.3 In what range is company turnover?

- [ ] Less than $5 million
- [ ] Between $5m and $50m
- [ ] Over $50m

6.4 What percentage of turnover comes from overseas customers?

- [ ] Less than 10%
- [ ] Between 10% and 50%
- [ ] More than 50%

6.5 Does the company regularly report to an overseas Head Office?

- [ ] Yes
- [ ] No
- [ ] Don't know

6.6 What is your company's primary activity?

- [ ] Trading Bank
- [ ] Represented Bank
- [ ] Authorized Money Market Dealer
- [ ] Merchant Bank
- [ ] Investment Bank
- [ ] Venture Capital - M.I.C.
- [ ] Venture Capital - other
- [ ] Stock Broker
- [ ] Finance Company
- [ ] Finance broker/consultant
- [ ] Leasing finance
- [ ] Factoring finance
- [ ] Fund management
- [ ] Other (please specify)

Instructions: Please tick the appropriate box.

6.1 What is the title of your position?

- |__| Chief Executive Officer
- |__| Managing Director
- |__| General Manager
- |__| Assistant Managing Director
- |__| Investment Banking Manager
- |__| Corporate Finance Manager
- |__| Marketing Director
- |__| Marketing Manager
- |__| Other (please specify)

6.2 How many employees on the payroll of your company?

- |__| Less than 100
- |__| 100 to 1,000
- |__| More than 1,000

6.3 In what range is company turnover?

- |__| Less than $5 million
- |__| Between $5m and $50m
- |__| Over $50m

6.4 What percentage of turnover comes from overseas customers?

- |__| Less than 10%
- |__| Between 10% and 50%
- |__| More than 50%

6.5 Does the company regularly report to an overseas Head Office?

- |__| Yes
- |__| No
- |__| Don't know

6.6 What is your company's primary activity?

|__| Trading Bank

|__| Represented Bank

|__| Authorized Money Market Dealer

|__| Merchant Bank

|__| Investment Bank

|__| Venture Capital - M.I.C.

|__| Venture Capital - other

|__| Stock Broker

|__| Finance Company

|__| Finance broker/consultant

|__| Leasing finance

|__| Factoring finance

|__| Fund management

|__| Other (please specify)

PILOT SURVEY

PROPOSED INTERVIEW QUESTIONS - MAIL QUESTIONNAIRE

(i) Do you think it is practically possible to determine marketing success within the market(s) serviced by your firm?

YES |__|

NO |__|

DON'T KNOW |__|

(ii) If yes, what criteria does your firm employ to assess the success of its marketing activities?

. by whom are these criteria specified?

Position title(s): ____________________

. who specifically has the responsibility for the achievement of these criteria?
(that is, not which specific individuals, but rather which specific positions within the organisation are responsible for their achievement)

Position Title: ____________________

. how frequently are these criteria specified and reviewed?

Monthly |__|

Quarterly |__|

Yearly |__|

Other (please specify) |__|

(iii) If you think it's not possible to determine marketing success, why do you hold this view?

2. (i) Does your firm set an annual budget for marketing activities?

Yes |__|

No |__|

Other (Please specify) |__|

(ii) If yes to 2(i) what percentage of the total marketing budget is allocated to:

(a) Product development and modification?..........%

(b) Distribution systems & customer services ....%

(c) Advertising expenditure, including public relations ....%

(d) Pricing administration and pricing decisions ......%

(e) Other: please specify. ______________________________

____

____

____

____

____

3. (i) Does the firm set specific objectives in respect of its marketing activities?

YES |__|

NO |__|

DON'T KNOW |__|

(ii) If yes: How often are these objectives set?

Monthly |__|

Quarterly |__|

Yearly |__|

Other (please specify) |__|

(iii) . By whom are they set?

Position Title ____________________

(iv) . To whom are they communicated?

Position titles (1)__________ (2) __________ (3) __________

(v) . How frequently are actual marketing results compared with the set objectives?

Monthly |__|

Quarterly |__|

Yearly |__|

Other (please specify) |__|

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____

____

(vi) Which of the following types of marketing objectives are regularly set?

1. |__| Specified level of profit

2. |__| Rate of return on capital employed

3. |__| Specific amount of sales revenue/income/interest earned

4. |__| Growth of sale revenue in real terms

5. |__| Specific percentage market share

6. |__| Growth rate of market share

7. |__| Specified volume of sales/income/interest earned

8. |__| Growth of volume of sales/income/interest earned

9. |__| Specific sales revenue by customer or type of customer

10. |__| Other, please specify:

____

____

____

____

____

(vii) If no - are there any specific reasons why such objectives are not set?

(viii) Over the last 5 years in what of the following range has been the company's average % return on shareholders funds. Please tick one box:

- |__| Less than 10% average return on shareholders funds
- |__| Between 10%-19% average return on shareholders funds
- |__| Between 20%-29% average return on shareholders funds
- |__| Over 30% average return on shareholder's funds
- |__| Other (Please specify):
- |__| Not permitted to disclose the required information

4. (i) Does your Company have a separate Marketing Department/ Group/or Unit?

- |__| Yes
- |__| No
- |__| Other (please specify)

(ii) If you answered Yes to 4(i)

(a) How many people comprise the Marketing Department/Group/Unit

|__| Less than 5 people

|__| Between 5 - 10 people

|__| More than 10 people

(b) Of these people, how many have studied marketing at the tertiary level of their education?

|__| Less than 5 people

|__| Between 5 - 10 people

|__| More than 10 people

|__| Don't know

(c) How many of these people have a Bachelor Degree or Higher?

|__| Less than 5 people

|__| Between 5 - 10 people

|__| More than 10 people.

(iii) If you answered "no" to 4(i) briefly comment on whether you think that ~~tertiary~~ ~~education~~ in ~~marketing~~ is an increasingly important requirement for success in marketing.

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5. Have any of the following trends in the global corporate finance market had an impact on your firm's ability to achieve its marketing objectives?

SUMMARY OF TREND	EXTENT OF TREND'S IMPACT OR ACHIEVING MARKETING OBJECTI				
	VERY POSITIVE	POSITIVE	NEITHER POSITIVE NOR NEGATIVE	NEGATIVE	VERY NEGATIVE
1. Growing level of direct investment or market borrowing by large companies without going through a bank or other financial intermediary					
2. Increasing globalisation of both borrowing and lending facilities					
3. The process of securitization - viz, the conversion into paper of more and more borrowing that can be bought and sold in a secondary market					
4. The increasing break-down of conventional distinctions "between different types of borrowing and lending between short-term and long- term, between national and international" markets					
5. The recent introduction of "a host of new types of borrowings to enable the borrower to take out a general loan that he can use in various ways..."					
6. The enormous growth of SWAPS					
7. The recently established possibility of international futures trading					
8. The substantial growth of "novel investments to attract the investor and spread the reach of bond finance..."					
9. The introduction of stock index futures in 1982					
10. The growing support for the concept of "relationship banking"					
11. "The spectacular growth in the 1980's of the eurodollar market."					
12. The growing dominance of Japanese financial institutions in international finance markets					
13. The widespread applications of computer-based business information systems and the creation of "sophisticated international communication facilities"					

Comments:

6. Have any of the following trends in the Australian Corporate finance market had an impact on your organisation's ability to achieve its marketing objectives?

SUMMARY OF TREND	EXTENT OF TREND'S IMPACT OR ACHIEVING MARKETING OBJECTIVES				
	VERY POSITIVE	POSITIVE	NEITHER POSITIVE OR NEGATIVE	NEGATIVE	VERY NEGATIVE
1. The rapid increase in the number of specialist investment managers	☐	☐	☐	☐	☐
2. Growing specialisation among larger corporate fund providers.	☐	☐	☐	☐	☐
3. Growing incidence of mergers among large finance providers	☐	☐	☐	☐	☐
4. Increasing "in-house" management of finance raising and re-direction of large finance-market customers	☐	☐	☐	☐	☐
5. The expansion into new market segments and services by banks insurance companies and large retailers	☐	☐	☐	☐	☐
6. The narrowing of profit margins between borrowing and lending rates	☐	☐	☐	☐	☐
7. The increasing "spin-off" activity and management buy-outs by senior executives in large financial companies	☐	☐	☐	☐	☐
8. The substantial investments in new computer technologies by very large financial institutions	☐	☐	☐	☐	☐
9. The very significant increase in the number of competitors - particularly very large, well-established foreign financial institutions	☐	☐	☐	☐	☐
10. The recently implemented capital gains tax and dividend ~~importation~~ policies.	☐	☐	☐	☐	☐

Comments: Imputation

Instructions: Please tick the box which most accurately coincides with your experiences.

SUGGESTED MAJOR CONTRIBUTORS TO MARKETING SUCCESS	STRONGLY AGREE	AGREE	NEITHER AGREE NOR DISAGREE	DISAGREE	STRONGLY DISAGREE
1. Management must focus resources and energy on the few critical success factors identifiable in the firm's marketing environment	☐	☐	☐	☐	☐
2. The firm should be its own toughest competitor	☐	☐	☐	☐	☐
3. The marketing mix is not the <u>sole</u> guarantor of marketing success	☐	☐	☐	☐	☐
4. Military theory and practices can be usefully applied to marketing activities within the financial market-place	☐	☐	☐	☐	☐
5. The right timing of marketing activities is essential to the achievement of marketing objectives	☐	☐	☐	☐	☐
6. A global perspective is necessary to ensure marketing success in financial markets	☐	☐	☐	☐	☐
7. A sustained commitment of resources to marketing must be made to ensure long-term achievement of marketing objectives	☐	☐	☐	☐	☐
8. Marketing success in financial markets heavily relies on the effective, innovative and strategic application of the computer and communication technologies	☐	☐	☐	☐	☐
9. Developing a personal, sustained, complete and competitively sound relationship with clients is vital to the achievement of marketing objectives	☐	☐	☐	☐	☐
10. An intimate understanding of any financial services market is a major pre-condition of marketing success	☐	☐	☐	☐	☐
11. The usual rules of business logic and effective competitive positioning must be adhered to in financial markets if marketing success is to occur.	☐	☐	☐	☐	☐
12. Successful companies are "better at identifying key customers and how best to provide products and services that will capture higher asset values per customer at profitable rates".	☐	☐	☐	☐	☐

<u>comments:</u>

8. Instructions: Please tick the appropriate box.

8.1 What is the title of your position?

- |__| Chief Executive Officer
- |__| Executive Director
- |__| Managing Director
- |__| Associate Director
- |__| General Manager
- |__| Director
- |__| Deputy General Manager
- |__| Chief Manager
- |__| Manager Investment Banking
- |__| Senior Manager\National Manager
- |__| Manager Corporate Finance
- |__| State Manager
- |__| Marketing Director
- |__| Chief Manager, Marketing
- |__| Marketing Manager
- |__| Senior Marketing Officer
- |__| Other: please specify: ______________________

8.2 How many employees on the payroll of your company?

- |__| Less than 100
- |__| 100 to 1,000
- |__| More than 1,000

8.3 In what range is company turnover?

- |__| Less than $5 million
- |__| Between $5m and $50m
- |__| Over $50m

8.4 What percentage of turnover comes from overseas customers?

- |__| Less than 10%
- |__| Between 10% and 50%
- |__| More than 50%

8.5 Does the company regularly report to an overseas Head Office?

- |__| Yes
- |__| No
- |__| Don't know

8.6 What is your company's primary activity?

- |__| Trading Bank / Corporate Banking.
- |__| Represented Bank
- |__| Authorized Money Market Dealer
- |__| Merchant Bank
- |__| Investment Bank
- |__| Venture Capital - M.I.C.
- |__| Venture Capital - other
- |__| Stock Broker
- |__| Finance Company
- |__| Finance broker/consultant
- |__| Leasing finance
- |__| Factoring finance
- |__| Government sourced corporate funding
- |__| Other (please specify)

____

\FACULTY\J01011
BB: 14/9/87

Appendix Three

Mailing List: questionnaire

MAILING LIST BY CODE & TITLE

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
Mr.R.M.Petfield	Specialist Partner	4000	0	Henderson Park Earnshaw & Petfield	
MR.R. WATSON	General Manager Investment Services	3000	1	ANZ Banking Group Limited	Y
Dr K.Albrecht	Managing Director - Melbourne	3000	1	Deutshe Bank Limited	
LLOYD A. COAKLEY	Gen. Man., Leasing & Investment	2001	1	Bank of New Zealand	
MR.MICHAEL BANKS	Chief Executive	3000	1	Commonwealth Development Finance	
MR. C. MCINNES	Manager Corporate Accounts	3001	1	ANZ Banking Group Limited	
MR. C. TODD	General Manager	2000	1	Security Pacific Australia	Y
MR. D. NICHOLSON	Director, Commercial Services	3000	1	ANZ Banking Group Limited	
MR. DOUGLAS R BROWN	Senior Manager Corporate	3000	1	The Bank of Tokyo (Australia) Ltd.	Y
MR. H. TANAKI	General Manager	2001	1	Bank of Tokyo	Y
MS.LINDA NICHOLLS	Chief Manager-Prod.Devt.& Marketing	2001	1	Bank of New Zealand	Y
MR. J.M. MCANANY	Deputy General Manager	3001	1	State Bank of Victoria	Y
MR. A.H.WHITEHEAD	General Manager	2001	1	State Bank of NSW	Y
MR. L. SCOTT-KEMMIS	Chief Executive Officer	2001	1	Bank of New Zealand	
MR. M. YOUNG	Deputy Managing Director	2000	1	Security Pacific Aust Ltd	Y
MR. O.B. O'DUILL	Associate Director	3000	1	National Mutual Royal Bank	
MR. P. WEAVING	Gen. Manager Corp. Financ	3001	1	ANZ Banking Group Ltd	
MR.MR. ROB FERGUSON	Managing Director	2000	1	Bankers Trust Australia Limited	
MR. ROGER TREMAIN	Manager	3000	1	Deutsche Bank Australia	
MR. STUART BROOKE	Chief Manager Personal Banking	3001	1	ANZ Corp. Limited	Y
Mr A.M. Archdeacon	Deputy Managing Director	2000	1	Barclays Bank Aust Ltd.	
Mr A.R Berg	Managing Director	2001	1	Macquarie Bank Ltd	
Mr L.Anderson	Managing Director	2001	1	Chase AMP Bank Ltd	
Mr M.L.Browne	Gen. Manager International Banking	3001	1	National Australia Bank Ltd	Y
Mr N.B.Aspery	Deputy Managing Director	2001	1	Commonwealth Bank Aust.	
Mr N.H.Blunt	General Manager	4001	1	Bank of Queensland Ltd	Y
Mr R.Amzallag	General Manager - Australia	2001	1	Banque Nationale de Paris	
Mr.R.Trim	National Marketing Manager-Ret.Bkg.	3001	1	A.N.Z Banking Group Ltd	Y
Mr W.G.Buttrose	Chief Economist & Gen. Manager	2001	1	Lloyds Bank NZA Ltd	
Mr W.J.Bailey	Managing Director	3001	1	A.N.Z Banking Group Ltd	
Mr. A. Finnin	State Manager Victoria	3000	1	Commonwealth Develop. of Australia	
Mr. B. Johnson	Divisional Head, Corporate Banking	2001	1	Bank of America Australia Limited,	
Mr. B.P. Hefron	Chief Gen. Man. Corp.& Int. Banking	3001	1	National Australia Bank Limited	Y
Mr. D. Dallimore	National Manager Corp. Banking	5001	1	Standard Chartered Bank Aust. Ltd.	
Mr. D. Dyer	Trust Consultant	2001	1	Advance Bank Australia Limited	
Mr. D. Gager	Investment Manager	3000	1	Commonwealth Develop. Finance Corp.	

MAILING LIST BY CODE & TITLE

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
Mr. D.B. Bray	Asst. Gen. Man. Corp. Banking	4001	1	Bank of Queensland Limited	
Mr. D.E.W. Green	Group Manager	3000	1	Tricontinental Group of Co's.	
Mr. G.J. Cole	Senior Manager(Plan.& Devt.)	6001	1	Rural & Industries Bank of W.A.	
Mr. I. Payne	Chief Gen. Man. Corp. & Internat'al	2001	1	Commonwealth Bank of Australia	
Mr. J. Brennan	Gen. Man. Corporate Services	2001	1	Advance Australia Bank	
Mr. J. Ormaldy	Chief Executive Officer	3001	1	Bank of Singapore (Aust) Ltd.	Y
Mr. J.W. Fletcher	Chief General Manager	2001	1	Commonwealth Development Bank	
Mr. K. Hanashima	Chief General Manager (Vic)	3000	1	IBJ Australia Limited	
Mr. L. Edwards	Chief Portfolio Manager	2001	1	Commonwealth Bank of Australia	
Mr. L.T. Grieve	Sen. Man. Corp. & International	6001	1	Rural & Indust. Bank of West.Aust.	
Mr. M. Broughton	General Manager	2001	1	Chase AMP Bank Ltd	
Mr. P. Dunn	Deputy State Manager Vic.	3000	1	Bank of Australia	
Mr. P.E. Byrnes	Deputy General Manager	5000	1	State Bank of South Australia	
Mr. R. Bannon	Senior Manager	2000	1	IBJ Australia Bank Ltd	
Mr. R.Corrick	Managing Director	2001	1	Bank of America Australia Limited	
Mr. T. Kusaba	General Manager Melb. Branch	3000	1	Mitsubishi Bank of Australia	
Mr. B.Avery	Chief Manager - Marketing	2001	1	Advance Bank Australia Limited	Y
Mr. V.Christie	Managing Director	2001	1	Commonwealth Bank of Australia	
Mr. W.G. Kent	Chief General Manager	2001	1	Westpac Banking Corporation	
Mr.A.J.Gordon	General Manager	6001	1	Rural Industries Bank of WA.	Y
Mr.B.Dunnbier	Manager Customer Relations	2000	1	Commonwealth Bank of Australia	Y
Mr.D.P.Fisher	Chief Executive Officer	6001	1	Rural & Industries Bank of WA	
Mr.D.P.Mercer	Group Executive Strat. Planning	3001	1	Australian & New Zealand Bank. Ltd	Y
Mr.F.Read-Smith	Chief General Manager	2001	1	Lloyds Bank NZA	
Mr.G.C.Nottle	Ass't. Gen. Man.-Man'ment Services	2001	1	Primary Industry Bank of Aust. Ltd.	
Mr.G.Crouch	State Manager -Victoria	3000	1	IBJ Australia Bank Limited	
Mr.M.J.C.Rankin	Corporate Strategist	3001	1	Hong Kong Bank of Australia Ltd	Y
Mr.G.Heigl	Executive Director Sydney	3000	1	Deutsche Bank Australia	
Mr.G.S.Ficken	Assistant General Manager	3000	1	Deutsche Bank Australia	
Mr.H.A.Parker	General Manager	7000	1	The Savings Bank of Tasmania	Y
Mr.I.C.Matheson	Deputy Managing Director	2001	1	Westpac Banking Corporation	
Mr.J.A.Davies	Chief Executive Officer	2001	1	Lloyds Bank NZA Limited	
Mr.J.B.G.Marshall	Chief Gen. Man. Strat. Planning	3001	1	National Australia Bank Limited	Y
Mr.J.C.Frearson	Managing Director	2001	1	Primary Industry Bank of Aust.Ltd	
Mr.J.M.Els	Managing Director	5001	1	Standard Chartered Bank Aust. Ltd	
Mr.J.N.Scott	Executive Director	2000	1	Barclays Bank Australia Ltd	
Mr.J.Roach	Chief Manager Marketing	3000	1	State Bank of Victoria	
----------	Senior General Manager	5001	1	Standard Chartered Bank Aust. Ltd	
Mr.L.G.C.Moyle	Chief Executive Officer & Gen. Mgr.	3001	1	State Bank of Victoria	

Mr.M.C.Deverell	Managing Director	2000	1	Barclays Bank Australia Ltd	
Mr.M.Furuichi	Managing Director	2001	1	Mitsubishi Bank of Aust. Ltd	
Mr.M.R.G.Johnson	Managing Director	2001	1	Australian Bank Limited	
Mr.M.Starr	National Product Manager	3000	1	National Mutual Royal Bank Ltd	Y
------------	Managing Director	2001	1	Stata Bank of New South Wales	
Mr.P.Fitzhenry	Deputy Chief Marketing Manager	3000	1	State Bank of Victoria	
Mr.P.Kemp	Deputy General Manager	7001	1	The Savings Bank of Tasmania	
Mr.R.G.Goddard	Chief Executive Officer	2000	1	Natwest Australia Bank Limited	
Mr.R.J.White	Managing Director	2001	1	Westpac Banking Corporation	Y
Mr.R.M. Carr	Deputy Chief Exec. Officer	3001	1	State Bank Of Victoria	
Mr.R.S.Dent	Chief Marketing Manager	5001	1	State Bank of South Australia	
Mr.S.Itah	Managing Director	2001	1	Bank of Tokyo(Australia) Ltd	
Mr.S.Uchikoga	Managing Director	6000	1	IBJ Australia Bank Limited	
Mr.T.Natori	Senior Dept. Chief Executive	6000	1	IBJ Australia Bank Limited	
Mr.V.N.Schutze	Associate Director & State Mgr.	3001	1	Hong Kong Bank of Australia Ltd	
Mr.W.P.Gurry	Chief Executive Officer	3001	1	National Mutual Royal Bank Ltd	Y
MR.R.A. GRIX	Dep. Chief Exec. & G.M. Admin.	2000	1	Natwest Australia Bank Limited	Y
MR. ROBERT ILLMAN	Director Corporate Lending	2000	1	Macquarie Bank Limited	
MR.STUART DAVIS	Assoc. Dir. of Capital Markets	2001	1	Wardley Australia Limited	Y
MR.T.R. KOLTS	Deputy Chief Manager	3000	1	Commonwealth Bank of Australia	
W.H.CLARK, O.B.E.	Chief General Manager	2001	1	Commonwealth Bank of Australia	
MR.Y.IMAKI	General Manager Corporate	2000	1	Mitsubishi Bank Australia Limited	
Mr.R.Trim	National Marketing Manager	3001	1	ANZ Corporation Limited	Y
MR.MILES ARMSTRONG	Managing Director	3000	2	First Boston Corporation	
A. SNAPE	National Manager	2001	4	Partnership Pacific	Y
MR.A.J. BERRY	Managing Director	2001	4	Chase AMP Capital Markets Ltd	Y
A.M. COHEN	Manager Swaps	2001	4	Citicorp Capital Markets	
MR.B. FORSKETT	Manager, Corporate Finance	2001	4	Chase AMP Capital Limited	Y
MR.B.MCKENZIE	Executive Director	2001	4	Chase AMP Capital Markets Ltd	
MR.BOB PROWSE	Manager Corporate Service	3000	4	Tricontinental Group	
MR.BRUCE MCLEOD	Executive Director	2001	4	BA Australia Ltd	
MR.C.G.T MACARTHUR	Director of Asset Management	2001	4	Sanura Australia Limited	
MR.D.A. SOLOMONS	Executive Director	2001	4	Credit Commercial De France (Aus.)	
MR.D.J. COGHLAN	Executive Director	2001	4	CIBC Aust Limited	
D.R. CRICK	Senior Executive	2001	4	Equiticorp Aust Limited	Y
DANIEL J KREPS	Chief Exec. Officer	3000	4	Chemical Aust Int Limited	
MR.D.LOVELL	Manager Corporate Loans	2001	4	BOT Australia Limited	
MR.J.CAVANACH	Managing Director	2001	4	Midland International Aust. Limited	Y
MR.G.J HARRINGTON	Manager Corporate Service	2000	4	Kleinwort Benson Aust Limited	
MR.G.JEANNIN	Managing Director	2000	4	Indosuez Australia Limited	
MR.V.BROCKMAN	General Manager	2000	4	Partnership Pacific Limited	
MR.H. LANGE	Manager, Customer Service	2001	4	Chase AMP Acceptances Ltd	Y
J.B. BALMFORTH	Senior Manager	2001	4	Australian European Finance	
MR.J.J. BERNIST	Managing Director	2001	4	Credit Commercial de France	
MR.J.R. MAGILL	Manager Corporate Service	4001	4	Graham & Company Limited	
MR.JOHN DICKINSON	Executive Director	2001	4	Wardley Australia Limited	

	Development			Ltd	
MR.L.R. DRANEY	Managing Director	2001	4	Chase AMP Capital Markets Limited	
MR.L.V. JACOBSEN	General Manager	3000	4	BBL Aust Limited	
MR.LEON IVORY	Managing Director	6001	4	Broadlands Limited	
M.R. BOYLE	Chief Executive	2000	4	Equiticorp Aust Limited	
MR.MARTIN BRADEN	Executive Director	2001	4	BA Australia Limited	Y
MR.MASARU ARAI	Managing Director	3000	4	Daiwa ANZ International Limited	Y
MR.MICHAEL PETRIE	Managing Director Melbourne	3000	4	Jardine Fleming (Australia) Pty Ltd	Y
MR B DORAN	Managing Director	2000	4	Manufacturers Hanover Ltd	
MR B.J. WHITESIDE	Managing Director	3001	4	ANZ Capital Markets Corp. (NZ) Ltd.	Y
MR J.A. WELCH	Executive Director Capital Markets	2001	4	CIBC Australia Limited	
MR S. VAN DER MYE	Chief Manager Corp. Finance	2001	4	BNP Pacific Australia Limited	
MR. A. HOLST	Chief Executive Officer	3000	4	F.N. Holst & Company	
MR. C. BICKERTON	Manager Corporate Finance	2001	4	Dai-Ichi Kangyo Australia Ltd.	Y
MR. A.J. BATTLE	State Manager Vic.	3001	4	Partnership Pacific Limited	
MR. B.E. FOY	Director, Capital Mkts	2000	4	Montred Aust Limited	
MR. B.R. YUILL	Managing Director	2000	4	Spedley Securities Limited	
----------------	National Service Development Mgr.	6001	4	Broadlands Limited	
MR. C. GUBB	Managing Director - Sydney	2000	4	Jardine Fleming (Australia)Pty.Ltd.	
MR. C. MACER	Director, Investment Management	2000	4	County Australia Ltd.	
MR. C.K. HALL	Managing Director	3001	4	First National Limited	
MR. D. BLAIR	Manager Corporate Service	2000	4	Indosuez Australia Limited	
MR. D. EWART-JAMES	Deputy Managing Director	2000	4	Hambro Australia Limited	Y
MR. D.D.H. GRAHAM	Managing Director	4001	4	Graham & Company Limited	Y
MR. D.J. FAIRFULL	Managing Director	2000	4	Kleinwort Benson Aust Limited	
MR. D.J. ROWAN	General Manager	2001	4	Chase AMP Acceptances Ltd.	
MR. E.J. BLACKLADDER	Managing Director	2000	4	Hambro Australia Limited	
MR. F.C. KEMPSON	Chief Executive Officer	2000	4	Security Pacific Australia Limited	Y
MR. G.C. HALL	Chief Manager NSW	2000	4	Bill Acceptance Corporation Ltd.	
MR. G.E. MCINTYRE	Managing Director	2000	4	OUB Australia Ltd.	
MR. G.L.T. VINE	Managing Director	3000	4	Kuwait Asia (Australia) Limited	
MR. H. LERBSCHER	Chairman	2000	4	Swiss Bank Corp. Australia Limited	
MR. H. SHIOTA	Chief Executive Officer	2000	4	Tokai Australia Finance Corp. Ltd.	
MR. H. TUTEN	Managing Director	2001	4	Rothschild Australia Limited	Y
MR. B.J.SEWELL	General Manager	2000	4	Mitsui Finance Australia Limited	Y

MAILING LIST BY CODE & TITLE

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
MR. I.J. STEWART	Director & Sydney Manager	2001	4	Swiss Bank Corp. Australia Limited	

MR. IAN R. SANDOVER	State Manager WA	4000	4	Elders Finance & Investment Co. Ltd	
MR. J. REES	Director Int. Capital Markets	2000	4	County Australia Ltd.	
MR. J. THOM	Managing Director	2000	4	Citicorp Capital Markets Aust. Ltd.	Y
MR. J. WYNDHAM	Manager Corp. Finance Division	2000	4	Indosuez Australia Limited	Y
MR. J.D. TAYLOR	Manager International Investments	2000	4	Kleinwort Benson Australia Limited	
MR. J.E. MARTIN	General Manager	2001	4	Amro Australia Ltd.	
MR. J.O. YONGE	Chief Executive Officer	2001	4	Wardley Australia Limited	
MR. J.V. CORSER	Manager Banking Division	2001	4	Midland International Aust. Limited	
MR. J.W.B. REILLY	Managing Director	3000	4	All-States Capital Group Ltd.	Y
MR. JEREMY SLATER	Senior Marketing Officer	2001	4	First Chicago Australia Limited	
MR. K. KAWAMURA	Chief Executive Officer	2000	4	LCTB Australia Limited	Y
MR. K. MURATA	Deputy Mng Dir. & Chief Manager	2000	4	Mitsui Finance Aust. Limited	
MR. K. YOSHITOMI	Managing Director	2001	4	Fuji International Finance Aust Ltd	
MR. K.A. HAWKINS	Executive Director	2000	4	Spedley Securities Limited	
MR. K.C.D. ROXBURGH	Manager Corporate Finance	2001	4	Wardley Australia Limited	
MR. K.G. OSBORN	Managing Director	5001	4	Michell NBD Limited	Y
MR. K.W. STEEL	Chief Executive Officer	2001	4	Morgan Grenfell Australia Limited	
MR. KEN GAGER	Manager Credit Division	2001	4	BOT Australia Limited	
MR. KEN JARRETT	Managing Director	3000	4	Elders Finance Group Limited	
MR. KEN W MILLER	Manager	2000	4	Elders Finance & Investment Co Ltd	Y
MR. L.R. CONNELL	Chairman	4001	4	Rothwells Limited	
MR. M.C. STUART	Chief Executive Officer	2000	4	Montreal Australia Ltd.	
MR. M.G. IRVING	Managing Director	2001	4	CIBC Australia Limited	Y
MR. N. SATO	Chief Executive Officer	2000	4	Kyowa Finance Australia Limited	
MR. N.D. GUNN	Manager, Banking & Internat. Divis.	3001	4	ANZ Capital Markets Corporation Ltd	
MR. N.J.D. BULL	Managing Director	2001	4	Morgan Grenfell Australia Limited	Y
MR. P. GRAHAM	Chief Manager, Marketing	2000	4	Bill Acceptance Corporation Ltd.	
MR. P. HALL	Chief Executive Officer	2000	4	County Australia Ltd.	
MR. P. HUTCHISON	Manager, Money Market Division	2001	4	Dai-Ichi Kangyo Australia Ltd.	
MR. P. MARK	Chief Executive	2001	4	Fay, Richwhite & Co. Ltd.	
MR. P.D. GERAGHTY	Chief Executive Officer	2000	4	PNB Aust Limited	
MR. P.R. GALLAGHER	Deputy Chairman	4001	4	Rothwells Limited	
MR. P.W. PETERS	Managing Director	2000	4	Oakminster Limited	
MR. PETER CAMM	Director Corporate Lending	3000	4	Elders Finance Investment Co Ltd	

MAILING LIST BY CODE & TITLE

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
MR. PETER THOMAS	Chief Executive	3000	4	First Boston Limited	
MR. R. GREENFIELD	Executive Director Services M'gent	2001	4	CIBC Australia Ltd.	

				Limited	
R.P. ROWAN	General Manager - Corporate	5001	4	Michell NBD Limited	
R.S. NYCUM JR.	Chief Executive Officer	3001	4	Morgan Guaranty Australia Limited	
R.S. SMITH	General Manager	3001	4	First National Limited	Y
R.W. THOMSEN	National Man. Project Finance	2001	4	Partnership Pacific Limited	
S. TAKAHATA	Deputy Managing Director	2001	4	Fuji International Finance (Aus)Ltd	Y
S. TANAKA	Chief Executive	2001	4	Taiyo Kobe Australia Limited	
IAN MORAY	Chief Manager Corp. Advisory	2000	4	Bill Acceptance Corp. Limited	Y
TAKASHI OGATA	Foreign Exchange Manager	2001	4	BOT Australia Limited	
W.A.H. WEBSTER	Mngr Corp. Funding & Portfolio	3001	4	Morgan Guaranty Australia Limited	
W.F. PAYNE	Chief Executive	3000	4	Elders Finance Group Limited	
E.JONES	Executive Director	2001	4	Chase AMP Capital Ltd	
J.LAIRD	Executive Director	2001	4	Chase AMP Capital Markets Ltd	
K.NOGUCHI	Managing Director	2001	4	Dai-Chi Kangyo Australia	
R.ANDERSON	Manager, Futures	2001	4	Chase-AMP Acceptance Co.	
R.G.ADAMS	Manager, Investment Management	2000	4	Citicorp Capital Markets Aust Ltd	
Y.NISHINO	Manager, Corporate Finance	2000	4	Kyowa Finance Aust Limited	
D. Ferdinands	National Manager	2001	4	Partnership Pacific Limited	
----------	Senior Investment Manager	2000	4	Citicorp	
Kato	Secretary & Mgr. Corp. Accounts	2000	4	Taiyo Kobe Australia Ltd.	
P.Deer	Chief Executive	2001	4	Partnership Pacific Limited	
R. Douglas	Managing Director	2001	4	Partnership Pacific Limited	
NICHOLAS BAIN	Manager	2000	4	Fay Richards and Co	
------------	General Manager	6001	4	Broadlands Limited	
P. DUNPHY	Chief Executive Officer	2001	4	Fay Richwhite and Co Limited	
P. LISK	Manager International	2001	4	Chase AMP Acceptances Ltd	
P.H. CORBEN	Managing Director	2001	4	BNY Australia Limited	
P.R.W. ROLLINSON	Managing Director	2001	4	Sanura Australia Limited	
R. MCCARTHY	Director, Capital Markets	2000	4	County Aust Limited	
R.L. COULTER	Executive Director	2001	4	Credit Commercial de France	
---------	Managing Director	2001	4	Partnership Pacific Limited	
S. BAGLEY	Senior Manager, Capital Markets	2001	4	BNP Pacific (Australia) Limited	
T. KAI	Deputy Managing Director	2001	4	Dai-Ichi Kangyo Aust Limited	
T. KIKUCHI	Manager (Int. Division)	2001	4	Dai-Ichi Kangyo Aust Ltd	
T.PARKES	Chief Executive	2001	4	LLoyds International Limited	
TOSHITAKA KOBAYASHI	General Manager	3000	4	Daiwa ANZ International Limited	

MAILING LIST BY CODE & TITLE

ME	TITLE	POST CODE	CODE	COMPANY	RESPOND
. KELLY	Senior Manager	2001	4	Australian European Finance	
. LINDQUIST	Managing Director	2001	4	First Chicago Australia Limited	
	Marketing Manager	3000	4	Elders Finance Group Ltd.	Y
B. CAMPBELL	Director Financial Services	3000	5	Elders Finance Group Limited	
N. SUNDERLAND	Chief Executive Officer	3000	5	Elders Finance & Investment	Y
G.H. BINDLEY	Manager	3000	5	ANZ Capital Markets Corp. Ltd.	
THORN	Managing Director	2001	5	Citibank Limited	Y
[illegible]	Director & [illegible]	[illegible]	5	Elders Finance [illegible]	

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
MR. K.W. MALONEY	Manager	2000	5	Elders Finance and Investment	Y
MR. P. MOORE	Director Corporate Australia	3000	5	Elders Finance & Investment	
MR.B. MANN	Divisional Head	2000	5	Bank of America Australia Limited	
MR.R.G.NOTT	Assoc. Dir. Banking & Investments	2001	5	Australia Bank Limited	
MR.R.HADDOCK	G.M. Australia, Invest. Bkg.&Treas.	2001	5	Banque National de Paris	
MS M.A. MAY	State Manager SA	5000	5	Elders Finance and Investment	Y
Mr. G. F.J. Ashton	Director	2001	5	Audant Investments Ltd.	
Mr.A.E.Vrisakis	Chairman	2001	5	Natcorp Holdings Ltd	
Mr.B.A.Hogan	Deputy Managing Director	2000	5	Bankers Trust Australia Ltd	
Mr.B.C.Low	Chairman	6000	5	Austeq Holdings Ltd	Y
Mr.B.J.Frost	Chairman	3000	5	Capvest Ltd	Y
Mr.B.Rowan	Chairman	5000	5	Adelaide Securities Ltd	
Mr.B.Smith	Chairman	2001	5	Clarence Aceptances Ltd	
Mr.C.Ridley	Chairman	6005	5	Apgar Industries Ltd	
Mr.C.Solomon	Managing Director	6000	5	Austeq Holdings Ltd	
Mr.D.A.Kater	Director	5000	5	Adelaide Securities Ltd	
Mr.D.H.Sutton	Chairman	3001	5	Fleet Capital Ltd	Y
Mr.H.Cooper	Director	3004	5	Security & Equity Investments Ltd	
Mr.I.Davis	Director	3000	5	Capvest Ltd	
Mr.I.R.Ingram	Chairman & Managing Director	2000	5	Australian Assets Corp. Ltd	Y
Mr.J.E.Babbage	Chairman & Managing Director	3122	5	Pacific Capital Ltd	
Mr.J.F.McGoldrick	Director	2070	5	Baden Pacific Ltd	
Mr.J.I.Gutnick	Chairman	3004	5	Security & Equity Investments Ltd	
Mr.J.S.Leaver	Managing Director	2000	5	Melbourne Australia Investments Ltd	
Mr.K.D.Pix	Chairman	6000	5	DGA Australia Ltd	
Mr.L.J.Gibbs	Managing Director	3000	5	Fleet Capital Ltd	
Mr.L.J.Williams	Joint Managing Director	3141	5	Australian Asset Management Ltd	
Mr.M.A.Hale	Director	6000	5	DGA Australia Ltd	
Mr.M.H.Bird	Chairman	2000	5	Compound Security & Management Ltd	
Mr.P.E.Caughlan	Director	2000	5	Compound Security & Management Ltd	
Mr.P.J.D.Elliott	Managing Director	2001	5	Natcorp Holdings Ltd	

MAILING LIST BY CODE & TITLE

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
Mr.P.L.Ward	Chairman & Managing Director	2070	5	Baden Pacific Ltd	
Mr.R.D.Dresdner	Director	2000	5	Australian Asset Corporation Ltd	
Mr.R.J.Walker	Joint Managing Director	3141	5	Australian Asset Management Ltd	
Mr.R.M.Whyte	Chairman	2000	5	Audant Investments Ltd	
Mr.V.H.Nigol	Director	3122	5	Pacific Capital Ltd	
Mr.V.R.Gould	Chairman	2000	5	Melbourne Australia Investments Ltd	
Mr.W.D.Mowbray	Director	3052	5	Charter House Ltd	
Mr.W.J.Apgar	Managing Director	6005	5	Apgar Industries Ltd	
Mr.W.J.Apqar	Managing Director	6005	5	Apqar Industries Ltd.	
MR.ROBERT ELSTONE	Assoc. Dir. Investment Banking	2001	5	Australia Bank Limited	
Sir R.Carnegie	Chairman	3141	5	Australian Asset Management	

BRIAN BALL	Venture Manager	3000	6	Western Pacific Investment Co.	
G. TEMPEST	Investment Manager	3000	6	Business Loans & Equity Capital Ltd	
H. TILLEY	Chief Executive Officer	2000	6	British Loans & Equity Capital Ltd	
J. PATERSON	Executive Director	2060	6	Austech Ventures Limited	Y
NICK CALLINAN	Managing Director	3000	6	Western Pacific Investments	Y
G. MORGAN	Managing Director	6102	6	Westintech Innovation Corp Ltd	
C. Jack	Senior Manager	2000	6	Business Loans & Equity Ltd.	
D. MacSmith	Director	2000	6	BT Innovation Limited	
J. Grant	Chief Executive	2000	6	Hambro-Grantham Limited	
J.Leaver	Chief Executive	2000	6	Continental Venture Capital Limited	
K.B. Godson	Managing Director	3000	6	Australian Pacific Technology	
K.F. Abbot	Investment Manager	6102	6	Westintech Innovation Corp	
R. Buckeridge	Chief Executive	3004	6	CP Ventures Ltd	
R.F. Cormie	Chief Executive Officer	4000	6	Techniche Ltd (M.I.C.)	
V. Gould	Manager	2000	6	Continental Venture Capital Limited	
.J. MALZER	Chief Executive Officer	3001	6	Morgan Guaranty Australia Limited	
M. SMITH	Principal	3123	7	Neo Technics Pty Ltd	Y
.C. BASSETT	Chief Executive & General Manager	5063	7	Enterprise Investments SA Limited	
OW-LAM OH	Director	3150	7	Oh Yow Lam & Associates	
FRECHEVILLE	Director	3001	7	Business Capital Limited	Y
. ROBINSON	Senior Investment Mgr	2000	7	Citicorp Capital Investors	
.F. LESTER	General Manager	3000	7	Pratt and Co Financial Services	
-----------	Director	3143	7	Interact Technology P/L	
R. PATAKI	Principal	3122	7	Neo Technics Pty Ltd	
R.P. NEWMAN	Chairman of Directors	3001	7	Quest Investments Limited	
A. Gosling	Executive Director	3168	7	Invetech	Y

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MAILING LIST BY CODE & TITLE

	TITLE	POST CODE	CODE	COMPANY	RESPOND
C.P.Blaxland	Managing Director	2000	7	Australian Venture Capital Ltd.	
D.J. Ciracovitch	Senior Executive	5063	7	Enterprise Investments SA Limited	
W.D.Fox	Chairman	3000	7	Investment Development Corp. Ltd	
K.W. Carroll	Director	3000	7	Quest Investments Limited	Y
	Chief Executive Officer	6000	7	The Small Business Invest't Co. Ltd	Y
K.Welch	Chairman	6000	7	Equity Finance Ltd	Y
Milder	Director	3000	7	Investment Development Corp. Ltd	
N.O'Brien	Director	3000	7	Rancoo Ltd	
A.Burns	Managing Director	6005	7	Penn Securities Ltd	
H.Adsett	Managing Director	3000	7	Corporate Development Ltd	
Wyndham	Manager(NSW & Products)	2016	7	Cashmaster Ltd	
A.Carter	Chairman	2000	7	Australian Venture Capital Ltd	

Mr.H.W.Richardson	Chairman	2016	7	Cashmaster Ltd	
Mr.I.Lansdown	Managing Director	2000	7	Citicorp Capital Investors Aust Ltd	Y
Mr.J.H.McKinlay	Director	3001	7	Integro Ltd	
----------------	Chairman	3001	7	Integro Ltd	
Mr.J.M.Opie	Director	3000	7	Corporate Development Ltd	
Mr.M.A.A.Povey	Chairman	6005	7	Penn Securities Ltd	
Mr.M.S.Gosling	Chairman	3000	7	Rancoo Ltd	
Mr.W.Abbot	Executive Chairman	3000	7	Mortgage Fimnance Australia Ltd.	Y
Mr.P.G.Jermyn	Director	6104	7	Newcap Holdings Ltd	
Mr.P.J.Unsworth	Chairman	6014	7	Newcap Holdings Ltd	
Mr.T.A.Lang	Chairman	6000	7	Small Business Investments Co. Ltd	
Mr.T.A.Lawson	Managing Director	6000	7	Equity Finance Ltd	
MR.PETER C. NICHOLLS	Manager	2060	7	TMC Technology Brokers	
B.R. Beresford	Senior Partner	5000	8	Thompson Brindal & Company	Y
D.R. BAKER	Senior Partner	5000	8	Baker Hindmarsh Partners	
DR DON STAMMER	Senior Partner	3000	8	Bain and Co	
F.A. BARNES	Senior Partner	5001	8	Barnes Tolhurst and Milner	Y
MR. A. SAINT HILL	Senior Partner	3000	8	Vinton Smith Dougall & Co.	
MR. A.M. MOFFATT	Senior Partner	5000	8	Moffatt Macgowan & Co.	
MR. B.H. PITTMAN	Senior Partner	5000	8	Taylor Collison Turnbull & Pittman	
MR. BILL CONN	Senior Partner	3000	8	Potter Partners	
MR. BRIAN RANDALL	Senior Partner	3000	8	Randall Company Sharebrokers	
MR. BRUCE B. TEELE	Senior Partner	3000	8	J.B.Were & Son	
MR. D. HARDING	Senior Partner	3000	8	Vinton Smith Dougall & Co.	Y
MR. D. PATERSON	Specialist Manager	5000	8	Goldsmith & Co. Pty Ltd	
MR. D.N. GROWNS	Joint Managing Director	3000	8	Smith New Lowt Australia Ltd.	
MR. E.J. HOLMES	Managing Director	4000	8	Holmes Tynan McCarthy Ltd.	
MR. G.V. DAY	Senior Partner	5000	8	S.V.B. Day Porter Pty.Ltd	

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
MR. GEOFF HOWARD	Managing Director Sydney	3000	8	J.B. Were & Son	
MR. IAN L. ROACH	Chairman	3000	8	Roach Tilley Grace & Co. Ltd.	Y
MR. J. TUMMEL	Senior Partner	5000	8	Cutten Pentlow Pty.Ltd.	
MR. J.R. COUSENS	Joint Managing Director	3000	8	Smith New Lowt Australia Ltd	
MR. J.S.T. MACGOWAN	Senior Partner	5000	8	Moffatt Macgowan & Co.	
MR. JOHN NICKSON	Director Corporate Finance	3000	8	J.B.Were & Son	
MR. K.C. LANGLEY	Senior Partner	5000	8	S.V.B. Day Porter Pty.Ltd.	
MR. M.D. TYNAN	Director of Research	4000	8	Holmes Tynan McCarthy Ltd.	
MR. N.C. SHIERLAW	Senior Partner	5000	8	N.C. Shierlaw & Associates	
MR. P. CANET	Corporate Partner	3000	8	McKinley Wilson and Co.	Y
MR. P. SCHUDMARK	Director International	3000	8	J.B. Were & Son	Y
MR. P.H. TYNAN	Director of Marketing	4000	8	Holmes, Tynan, McCarthy Ltd.	
MR. PAUL E. MORGAN	Senior Partner	4000	8	Paul Morgan & Co. Pty. Ltd.	Y
MR. PETER B LAWRENCE	Managing Director	3000	8	Roach Tilley Grite & Co. Limited	Y
MR. PETER D. EVANS	Partner, Private Clients	4000	8	Paul Morgan & Co. Pty. Ltd.	
MR. Q. YOUNG	Senior Partner	5000	8	Cutten Pentlow Pty.Ltd	
MR. R.L. COLLISON	Senior Partner	5000	8	Taylor Colkson Turnball & Pittman	
MR. R.L. KERBY-EATON	Partner Research	5000	8	Phillips Henderson Ward Limited	

MR. STUART SHELLEY	Director Research	3000	8	J.B. Were & Son	
MR. T.K. SHADFORTH	Managing Director	7000	8	Shadforths Limited	
MR. T.N. PHILLIPS	Senior Partner & Managing Director	5000	8	Phillips Henderson Ward Limited	
MR. THOMAS TOOTELL	Director Equities	3000	8	J.B. Were & Sons	
Mr Brad Walmsley	Partner Corporate Financi	6000	8	Porter Ray & Partners	
Mr D.W.Browne	Partner International Investments	3000	8	McCaughan Dyson & Co Ltd	
Mr G. Lochran	Manager of Research	3000	8	McCaughan Dyson and Co Ltd	
Mr Ian H Lloyd	Senior Partner	5000	8	Todd Partners	
Mr J Thompson	Chief Executive	6001	8	The Perth Stock Exchange	
Mr J.Bute	Partner - New Issues & Corp. Fin.	3000	8	May Mellor Laing & Cruikshank	
Mr J.Calvert-Jones	Senior Partner	3000	8	Bache Cortis & Carr Ltd	Y
Mr M B McLachlan	Senior Partner	5000	8	Thompson Brindell & Co	
Mr M H.Keelan	General Manager	6001	8	The Perth Stock Exchange	
Mr P.W.Averill	Senior Partner	2001	8	Lamploughs	
Mr.R.Annells	Partner Inst. Adv/Corp. Finance	3000	8	May Mellor Lainge & Cruickshank	
Mr Ray Porter	Senior Partner	6000	8	Porter Ray & Partners	
Mr S Pridham	Partner Research	5000	8	Todd Partners	
Mr W.J.Anschau	Partner	2000	8	John Anschau Fay & LaForest	
Mr. J.H.Cooper	Partner	2000	8	Herbert P.Cooper & Son	
Mr. L. Hosking	Chief Executive	2000	8	Sydney Futures Exchange Limited	Y
Mr. P.A.Lodge	Manager	3000	8	Potts,West,Turnbull & Co.	
Mr. R. Green	Executive Director	3000	8	Bache, Cortis & Carr	
Mr. S. Carr Horden	Partner	2000	8	Carr Horden & Co.	

MAILING LIST BY CODE & TITLE

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
Mr.A.A.Wigzell	Partner	2000	8	J.B.Dickson Flecknoe Osborne	
Mr.A.Harmer	Manager Research	3000	8	Bache Cortis & Carr Limited	
Mr.A.John	Senior Partner	2000	8	Reynolds & Company	
Mr.A.K.Wertheimer	Manager	7001	8	The Hobart Stock Exchange	
Mr.A.M.Goode	Principal	3000	8	A.C.Goode & Co. Ltd	Y
Mr.A.Mackay	Manager Research Division	2000	8	Jackons Limited	
Mr.A.R.Moyes	Partner Institutional Dealing	2000	8	Valder Elmslie Jardine Fleming Ltd	
Mr.A.S.Cunningham	General Manager	5001	8	The Adelaide Stock Exchange Ltd	
Mr.A.S.Macwilliam	Director	2000	8	Macwilliam A.S. & Partners Ltd	
Mr.B.A.Pryor	Equity Dealer	3000	8	Clarke Vickers Ltd	
Mr.B.C.M.Egan	Manager Melbourne Office	3000	8	Ord Minnett Limited	
Mr.B.G.Jackson	Director	2000	8	Jacksons Limited	
Mr.B.H.Sweetland	Partner	2000	8	J.M.Bauyer & Co.	
Mr.B.L.Smith	Sydney Partner & Sen. Market Dealer	2001	8	Lamploughs	
Mr.B.R.Potts	Partner	2000	8	Potts, West, Turnbull & Co.	
Mr.C.Williams	Partner Research	2000	8	John Sweeney Partners	
Mr.Constable	Managing Director	2000	8	Pembroke Securities Limited	
Mr.D.G.Macdougall	Senior Partner	2000	8	Macdougall & Co.	Y
Mr.D.Lesnie	Senior Partner	2000	8	A.B.S. White & Co.	
Mr.F.H.Mullens	Director	2000	8	Mullens & Co. Ltd	
Mr.G.D.Nash	Manager Melbourne Office	3000	8	Meares & Philips Limited	
				[redacted]	

Mr.G.T.Kryger	Managing Director	2000	8	Ord Minnett Limited	
Mr.G.Wortman	Manager Melbourne Office	2000	8	Pembroke Securities Ltd	
Mr.H.Falconer	Senior Partner	3000	8	Johnson Taylor & Co. Pty Ltd	
Mr.H.de Lange	Manager,Money Market	3000	8	Clarke Vickers Ltd	
Mr.Harriman	Senior Partner	2000	8	Gilbert Harriman & Son	
Mr.J,B.Wilson	Director	2000	8	Ping Dean Limited	
Mr.J.A.McHugh	Partner	2000	8	Bernard,Curran,McHugh & Co.	
Mr.J.A.Nissen	Partner Corporate Underwriting	3000	8	McCaughan Dyson & Co. Limited	
Mr.J.G.May	Senior Partner	3000	8	May Mellor Laing & Cruickshank	
Mr.J.H.Journeaux	Senior Partner	3000	8	Byron H. Moore Day & Journeaux	
Mr.J.H.Valder	Senior Partner	2000	8	Valder Elmslie Jardine Fleming Ltd	
Mr.J.Mesley	Senior Partner	2000	8	John Sweeney Partners	
Mr.J.R.Palmer	Partner	2000	8	Joseph Palmer & Sons	
Mr.J.Reynolds	Senior Partner	2000	8	Reynolds & Company	
Mr.J.Robertson	Partner Institutional Dealing	2000	8	A.B.S.White & Co.	
Mr.J.W.Goulay	Managing Director	3000	8	McCaughan Dyson Co. Limited	
Mr.K.A.Hyden	Managing Director	3000	8	A.C.Goode & Co. Ltd	
Mr.P.C.Small	Manager Options Clearing	2001	8	Sydney Stock Exchange	
Mr.P.D.Meares	Director	2000	8	Meares & Phillips Limited	
Mr.P.Falk	Managing Director	2000	8	McNall & Hordern	
Mr.P.N.Wallman	Senior Partner	2000	8	Wallman Peter & Co.	Y
Mr.P.W.Marshman	Managing Director	2001	8	Sydney Stock Exchange	
Mr.R.A.C.Keene	Director	2000	8	Hattersley Maxwell Noall Ltd	

MAILING LIST BY CODE & TITLE

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
Mr.R.B.Lee	General Manager	3001	8	Melbourne Stock Exchange	Y
Mr.R.C.Cran	Partner	2000	8	Robert Cran & Green	
Mr.R.D.Hess	Manager	2600	8	Pring Dean Limited	
Mr.R.Davies	Managing Director	2000	8	Gresham Securities Pty Ltd	
Mr.R.G.Pittorino	Partner	2000	8	J.M.Baiyer & Co.	
Mr.R.Green	Director	3000	8	Bache Cortis & Carr	
Mr.R.H.Polkinghorne	Senior Partner	2000	8	Polkinghorne K.J. & Co.	
Mr.R.Hay	Manager Melbourne Office	3000	8	Mullens & Co. Limited	
Mr.R.Rivkin	Senior Partner	2000	8	Rivkin Limited	
Mr.S.F.Knapp	Partner, Futures	3000	8	McCaughan Dyson & Co.Ltd	
Mr.S.Gazal	Senior Partner	2000	8	Pont Securities Limited	
Mr.S.J.Wedell	Partner	2000	8	Johnson & Wedell	
Mr.W.Evans	Director Institutional Clients	2000	8	Macquarie Davis Limited	
Mr.W.J.Earnshaw	Senior Partner	4000	8	Henderson Park Earnshaw & Petfield	Y
Mr.W.W.Moore	Senior Partner	2000	8	Norths	
Ms.I.B.Syme	Manager Victorian Branch	3000	8	Hattersley Maxwell Noall Limited	
MR.PETER J. BUCKLEY	Senior Partner	3000	8	McKinley Wilson and Co	
MR.RAY BLOCK	Investment Manager	2000	8	Dominguez Barry Samuel Montagu Sec.	
Mr.G.Silver	Chairman	3004	9	Eurolynx Ltd	
Mr.M.M.Heine	Managing Director	3004	9	Eurolynx Ltd	
Mr.L.E.Holmes	Managing Director	6000	11	Citizen Finance Ltd	
Mr.W.Ryder	Chairman	6000	11	Citizen Finance Ltd	
MR.A.W. O'SULLIVAN	General Manager	2601	13	Australian Industry Develop. Corp.	
Dr. R.B. Dun	Director General	2601	13	Australian Development Assist.	

MR. A. NELSON	General Manager	3000	13	Small Business Development Corp	
MR. G. PARKER	Director Industry Assistance	3002	13	D.I.T.R.	
MR. J. SHEPHERD	Acting Director Invest. Facilit'n	3002	13	D.I.T.R.	
MR. K. WHATSON	Asst.Gen. Man. Business Loans	2001	13	Commonwealth Devt. Bank of Aust.	
----------------	Manager Business Enquiry	3002	13	D.I.T.R.	
MR. P. MORAGHAN	Senior Manager	3000	13	DITAC	
MR. R. PURDON	Executive Director	2608	13	Canberra Development Board	
MS. H SILVER	Director, Business Policy	3002	13	D.I.T.R.	
Mr, P. Boschma	Senior Executive Officer	3000	13	Victorian Economic Dev. Corp.	Y
Mr. B.Hartnett	Group Proj. Man. Industry Studies	3002	13	DITR	Y
Mr. D. Dyer	Gen. Man. Development Finance	2601	13	Aust. Industry Development Corp.	
Mr. D.C.W. Hill,	Deputy Managing Director,	2001	13	Export Finance & Insurance Corp.	
Mr. J. Jenkin,	Project Manager Invest. Finance	3002	13	DITR.	

MAILING LIST BY CODE & TITLE

NAME	TITLE	POST CODE	CODE	COMPANY	RESPOND
Mr. L. Hielscher	Chief Executive	4001	13	Queensland Government Dev. Auth.	
Mr. M. Fitzpatrick	Sen. Man. Industry Development	3000	13	Aust. Indust. Develop. Corp. DITAC.	
Mr. N.J.F. Hislop	General Manager	2001	13	Export Finance & Insurance Corp.	
r. R. Cunningham	Manager Finance Division	3000	13	Small Business Development Corp.	
r. R. McCully	Senior Lending Manager	3000	13	VEDC	
r. S. Hohnen	Co-ordinator	6000	13	Department of Resource Development	
R. P. PHILIPP	Manager Financial Services	3144	14	Agridata Aust Pty Ltd	
R. R. VOWLES	Managing Director	3160	14	Inprod Pty Ltd	
r. B. Fraser	Secretary,	2600	14	Department of Treasury	
r. L. Burr	National Director	3000	14	Ernst & Whinney	
r.D.A.Mortimer	Chairman	2000	14	Property Equities Ltd	
r.P.C.Bradfield	Managing Director	2000	14	Property Equities Ltd	
r.R.Pearson	Manager Marketing	3064	14	Reserve Bank of Australia	Y
R.RAY A PRICE	Chief Executive	3004	14	Australian Innovation Corp Ltd	
r.B.Stone	Executive Director	2001	1	Wardley Australia Limited	Y
------------	Deputy General Manager	3000	1	Bank of Tokyo (Australia) Ltd.	Y
r. C.Bawden	State Manager	3000	14	Monitor Money Corporation	Y
-------------	Executive Director	3000	3	Bank of Tokyo (Australia) Ltd.	Y
r. I.A.Moray	Manager Marketing	2000	4	Bill Acceptance Corp. Ltd.	Y
-------------	Associate Director	3000	4	Bank of Tokyo (Australia) Ltd.	Y

Appendix Four

Follow-up techniques employed

Dear Sir,

This is a request for 20 or so minutes of your very valuable time to complete a questionnaire mailed to you, by me, approx. 2 weeks ago. Given the stated aim of feeding back the analysis of completed questionnaires in mid January 1988, receipt of your completed questionnaire by 18 December 1987 would be most appreciated.

To date, 58 fellow senior executives - 11.3% of the total - have returned a completed questionnaire. I - and my co-researcher - are most grateful for their - and hopefully your - cooperation.

If you have any questions - in particular about the practical usefulness of the questionnaire - I'm most willing to answer.

I can be contacted either by 'phone [(03)6602958] or by FAX [(03)6632764).

Wishing you, and your firm, a successful 1988.

Yours sincerely,

John Odgers

Lecturer, Dept. of Applied Economics, RMIT.

17 December 1987.

RMIT

Royal Melbourne
Institute of
Technology

GPO Box 2476V
Melbourne Vic 3001
Australia
Telephone (03)
Telegraphic Address
'Meltech' Melbourne
Telex AA36406
Fax (03) 663 2764

APPENDIX 4: FOLLOW-UP TECHNIQUES

John F. Odgers
Applied Economics
March 30 1988.
[(03)6602958 BH]
FAX 662 2335

Dear senior executive,

You probably don't remember receiving a detailed questionnaire, with a covering letter from Ross Wraight, M.D.of Merediths Pty. Ltd. in late November 1987. Don't be concerned - having also worked in the "real world" I know how tight your time schedules are, and how much material hits your desk on any one day.

To date, however, 67 fellow executives have managed to find a "spare" 20 minutes to complete the questionnaire and to mail it back in the envelope provided. This represents a 13.5% response rate, so far. Attached is a list of the employing companies of these senior executives.

From the outset, our aim has been a 20% response rate - about a 100 completed, usable questionnaires. This target explains the reason for this note. I'd greatly appreciate the investment of 20 minutes of your very valuable time to complete the attached questionnaire, and to send it back in the envelope provided - a Freepost number has been allocated.

As I have promised to mail out a detailed summary of the questionnaire responses to all executives who complete it and mail it back by the end of May, your prompt co-operation is sincerely appreciated. As a broad target, your response by April 29 1988 would greatly assist in meeting the end of May schedule.

If you have any queries about any aspect of the questionnaire - confidentiality can be ensured by simply peeling of the sticky label at the bottom of the last page of the questionnaire - feel free to contact me via any one of the communication media listed above.

Sincere regards and a successful 1988.

John Odgers

TABLE 4.3

COMPANIES RESPONDING TO QUESTIONNAIRE

1. TRADING/CORPORATE BANK
   ANZ Banking Group Limited
   Australia Bank Limited
   Bank of New Zealand
   Bank of Queensland Ltd.
   Bank of Singapore (Aust) Ltd.
   Bank of Tokyo (Australia) Ltd.
   Chase AMP Bank Limited
   Commonwealth Bank of Australia
   National Australia Bank Limited
   Natwest Australia Bank Limited
   Rural & Industries Bank of West. Aust.
   State Bank of South Australia
   State Bank of Victoria
   Westpac Banking Corporation

3. AUTHORIZED MONEY MARKET DEALER

   All-States Capital Group Limited
   Bank of Tokyo (Australia) Limited

4. MERCHANT BANK

   All States Capital Group Limited
   BA Australia Limited
   Bill Acceptance Corporation Ltd.
   Elders Finance & Investment Co. Ltd.*
   First National Limited
   Fuji International Finance (Aust.) Ltd.
   Graham & Company Limited
   LCTB Australia Limited
   Midland Internat'al Aust. Ltd.
   Mitsui Finance Australia Limited

5. INVESTMENT BANK

   Austeq Holdings Ltd.*
   Chase AMP Capital Markets Ltd.
   Citicorp Cap'al Markets Aust. Ltd.*
   Elders Finance & Investment Co. Ltd.
   Fleet Capital Limited*
   Wardley Australia Limited*

7. VENTURE CAPITAL - NON MIC

Invetech Pty. Ltd.*

8. STOCK BROKER

Bache Cortis & Carr Limited
Barnes, Tolhurst & Milner Pty. Ltd.
A.C. Goode & Co. Ltd.
Henderson Park Earnshaw & Petfield
Macdougall & Co.
Melbourne Stock Exchange
McKinley Wilson & Co
Paul Morgan & Co (NSW) Pty. Ltd.
Roach Tilley Grice & Co. Ltd.
Thompson Brindal & Co
Vinton Smith Dougall & Co
Wallman Peter & Co
Were Stockbroking Limited

13. GOVERNMENT SUPPORTED FUNDING ORGANIZATIONS

Victorian Economic Development Corporation

14. OTHER

Business Capital Limited
Department of Industry, Technology & Resources
Monitor Money Corporation
Mortage Finance Australia Limited
Sydney Futures Exchange Limited
The Savings Bank of Tasmania

NOTES : The description of primary activities used in this table are almost the same as those used in the Australian Finance Directory, which was the major source of information used in compiling the mailing list for the questionnaire.
* Those organizations marked with an * either were not included in the Directory, shown differently in the Directory than indicated by the respondent or were indicated, by the respondent(s) as having more than one primary activity.

John F. Odgers
Applied Economics
RMIT
March 14 1988.
T.(03)6602958 BH.
FAX 662 2335
TELEX AA36406
GPO Box 2476V
Melbourne Vic. 3001.

Dear

This is a brief note of sincere personal thanks for your prompt and insightful co-operation in responding to the questionnaire I mailed to you in late November 1987.

495 were mailed altogeher - 22 to pilot respondents & 473 in the main survey.To date, 67 - including yours - competed, usable questionnaires have been received. A second mail-out is occuring this week. The target respones rate is 20% - approx. 100 usable completed questionnaires.

As Ross Wraight, MD of Merediths Pty. Ltd. indicated in his covering letter all respondents will receive a detailed summary of respondents whose firms share the same "primary activity". Unfortunately, we've been having trouble getting SPSS - the statistical package we've decided to use - to "talk to" our computer. As an interim measure, I've attached a broad, overall summary of the total responses to the major areas covered in the questionnaire.

If you'd like any more information, or wish to comment on any aspect of the research programme, feel free to contact me via any one of the media detailed above.

Once again, many thanks and a very successful 1988.

John Odgers

John Odgers
Department of Applied Economics
RMIT
GPO Box 2476V
Melbourne, Vic. 3001
FAX (03)6622335
Telephone (03)6602958
18 July 1988

Dear senior executive,

You have my sincere thanks for investing your valuable time in completing, and returning, a detailed questionnaire I mailed to you some time ago. As promised, I am now writing to provide a summary of the responses which the 91 respondents, including yourself, have made. A total of 473 senior executives received the questionnaire - the response rate of over 19% is most appreciated.

Attachment 1 details the companies represented by the respondents, by the primary activity indicated in the questionnaire.

Attachment 2 is a summary of the most frequent response selected by the 91 executives to each question asked.

Attachment 3 is a similar summary of responses of the senior executives of those companies which are involved in the same primary activity as the one specified by you.

If you have any questions or comments on any of the information contained in any of these attachments, I am most happy to hear from you.

Once more, thanks sincerely for your valuable input. I hope the information provided here is interesting, and more importantly, of practical use to you and your company.

Yours faithfully,

John Odgers

Attachments

ATTACHMENT 2 - MOST FREQUENT RESPONSES TO EACH CLOSED QUESTION
PRIMARY ACTIVITY : ALL
TOTAL NUMBER OF RESPONDENTS = 91

Question number	Question asked	Most frequent responses	% or response
Q 1.1	Do you think its practically possible to determine marketing success within the market(s) served by your firm?	Yes	86.8%
Q 1.2	If yes, what criteria does your firm employ to assess the success of its marketing activities?	Volume of transactions	54.4%
Q 1.3	By whom are these criteria specified?	Managing Director	38.0%
Q 1.4	Who specifically has the responsibilty for the achievement of these criteria?	Managing Director/ Senior Management	29.1% 29.1%
Q 1.5	Are the criteria listed in question 1.2 specified and reviewed - monthly, quarterly, yearly or other?	Monthly	55.7%
Q 2.1	Does your firm set an annual budget for marketing activities?	Yes	61.5%
Q 2.2	If yes to 2.1, how does your firm set an annual budget for marketing activities?	Objective & Task	50.5%
Q 2.3	If yes to 2.1, please indicate the % of the total marketing budget allocated to the various aspects of marketing...		
	* Product development	0% < 10%	18.7%
	* Distribution systems & customer service	20% < 30%	12.1%
	* Advertising, public relations, personal selling, sales promotion	90% < 100%	12.1%
	* Price/fee setting & administration	0% < 10%	14.3%
Q 3.1	Does the firm set specific objectives in marketing activities?	Yes	75.8%
Q 3.2	If yes, are objecives set - monthly, quarterly, yearly, or other?	Yearly	41.9%
Q 3.3	By whom are they set?	Managing Director	28.6%
Q 3.4	To whom are they communicated?	Divisional Heads	51.6%
Q 3.5	Are actual marketing results compared with the set objectives - monthly, quarterly, yearly or other?	Monthly	40.7%
Q 3.6	Are the following objectives set?	Specific amount of sales revenue	61.5%
Q4	Over the last 5 years in which of the following ranges has been the company's average % return on shareholders funds?	Less than 5%	16.5%

Question number	Question asked	Most frequent responses	% of response
Q 5.1	Does your company have a separate Marketing Dept/Group/ or unit?	No	53.8%
Q5.2(a)	If yes, how many people comprise it?	Less than 5	25.3%
Q5.2(b)	Of these, how many have completed a marketing qualification at the tertiary level of their education?	Less than 5	35.2%
Q5.2(c)	Of these, how many have a Bachelor Degree or higher?	Less than 5	31.9%
Q6	Have any of the following trends in the global corporate finance market had an impact on your firm's ability to achieve its marketing objectives?		
	* Very positive	The enormous growth of SWAPS	22.0%
	* Positive	Widespread application of computer-based information systems...	49.4%
	* Neither positive nor negative	Introduction of stock index futures	68.1%
	* Negative	Growing level of direct activity without financial intermediaries	22.0%
	* Very negative of Japanese instit-	Growing dominance 4.4% utions in internat-ional finance markets	
Q7	Impact of trends in Australian corporate finance market on ability to achieve marketing objectives?		
	* Very positive	Growing specializ-ation among larger corporate fund providers	5.5%
	* Positive	Growing specializ-ation...	33.0%
		Rapid increase in number of specialist investment managers	33.0%
	* Neither positive nor negative	Increasing spin-off/ management buy-out activity	55.0%
	* Negative	Narrowing of profit margins...	37.3%
	* Very negative	Narrowing of profit margins	8.8%

Question number	Question asked	Most frequent response	% of responses*
Q8	Please indicate which of the following suggested contributors to marketing success coincides with your experience:		
	* Strongly agree	Developing a pers- onal, sustained, complete & competit- ively sound relationsip with clients is vital	53.8%
	* Agree	Marketing mix is not the <u>sole</u> guarantor of marketing success	65.9%
	* Neither agree nor disagree	Military theory & pracice can be usefully applied...	48.4%
	* Disagree	Military theory...	15.4%
	* Strongly disagree	Military theory...	4.4%
Q9	What is the title of your position?	Managing Director	18.7%
Q 10	How many employees on the company payroll?	Between 10 & 49 Between 100 % 299	25.3% 25.3%
Q 11	What % of company turnover comes from overseas customers?	Less than 10%	60.4%
Q 12	Does the company regularly report to an overseas head office?	No	58.2%
Q 13	What is your company's primary activity?	Trading/corporate bank Merchant Bank Investment Bank Stock Broker	21.8% 20.0% 15.5% 11.8%
Q 14	In which State/Territory is your company's Head Office?	New South Wales Victoria	45.0% 37.4%

Appendix Five

List of responding organisations by Primary Activity

Companies represented by responding executives by primary activity indicated in the questionnaire

1. **TRADING/CORPORATE BANK**
   - ANZ Banking Group Limited
   - Australia Bank Limited
   - BA Australia Limited*
   - Bank of New Zealand
   - Bank of Queensland Ltd.
   - Bank of Singapore (Australia) Ltd.
   - Bank of Tokyo (Australia) Ltd.#
   - Chase AMP Acceptances Limited*
   - Chase AMP Bank Limited
   - Citibank Limited
   - Commonwealth Bank of Australia
   - Hong Kong Bank of Australia Limited
   - National Australia Bank Limited
   - National Mutual Royal Bank Limited
   - Rural & Industries Bank of Western Australia
   - State Bank of NSW
   - State Bank of South Australia
   - State Bank of Victoria
   - Westpac Banking Corporation

3. **AUTHORIZED MONEY MARKET DEALER**
   - All-States Capital Corporation Limited*
   - Bank of Tokyo (Australia) Ltd.*
   - Spedley Securities Limited*

4. **MERCHANT BANK**
   - All-States Capital Markets Corporation Limited
   - ANZ Capital Markets Corporation Ltd.
   - ANZ Capital Markets Corporation (NZ) Limited
   - Bill Acceptance Corporation Ltd.
   - CIBC Australia Limited
   - Dai-Ichi Kangyo Australia Limited
   - Elders Finance & Investment Co. Ltd.#
   - Equiticorp Australia Ltd.
   - Fay Richwhite & Co. Ltd.
   - First National Limited
   - Fuji International Finance (Aust.) Ltd.
   - Graham & Company Limited*
   - Hambro Australia Limited
   - Indosuez Australia Limited
   - LTCB Australia Limited
   - Midland International Australia Limited
   - Michell NBD Limited
   - Mitsui Finance Australia Limited
   - Security Pacific Australia Limited
   - Spedley Securities Limited

5. INVESTMENT BANK

Australian Assets Corporation Limited
Capvest Limited
Chase AMP Capital Markets Ltd.
Citicorp Capital Markets Australia Ltd.*
County Australia Limited*
Elders Finance & Investment Co. Ltd.
First Boston Limited
Fleet Capital Limited*
Jardine Fleming (Australia) Limited*
Morgan Grenfell Australia Limited
Partnership Pacific Limited
Wallman Peter & Co.*
Wardley Australia Limited*

6. VENTURE CAPITAL - MIC

Austech Ventures Limited
Western Pacific Investments Company Limited
Westintech Innovation Corporation

7. VENTURE CAPITAL - NON MIC

Citicorp Capital Investors Australia Ltd.**
Equity Finance Limited**
Quest Investments Limited**
The Small Business Investment Company Limited**
Venture Management Associates

8. STOCK BROKER

Bache Cortis & Carr Limited
Barnes, Tolhurst & Milner Pty. Ltd.
A.C. Goode & Co. Ltd.
Henderson Park Earnshaw & Petfield
Jardine Fleming (Australia) Pty. Ltd.*
Macdougall & Co.
McKinley Wilson 7 Co.
Paul Morgan & Co. (NSW) Pty. Ltd.
Roach Tilley Grice & Co. Ltd.
Thompson Brindal & Co.
Vinton Smith Dougall & Co.
Wallman Peter & co.
Were Stockbroking Limited

9. FINANCE COMPANY

Natwest Australia Bank Limited*

14. OTHER

Advance Bank Australia Limited
ANZ Banking Group Ltd. - Retail Division#
Austeq Holdings Limited**
Business Capital Limited#
Daiwa ANZ International Limited*
Department of Industry, Technology & Resources*
Invetech Pty. Ltd.**

14. OTHER ... continued

Melbourne Stock Echange*
Monitor Money Corporation**
Mortgage Finance Australia Limited*
Neo Technics Pty. Ltd.**
Reserve Bank of Australia*
Rothschild Australia Asset Management Limited*
Sydney Futures Exchange Limited
The Savings Bank of Tasmania

NOTES : (1) The major source of the mailing list of senior executives t whom the questionnaire was mailed is the Australian Finance Directory, Information Australia (1986). Accordingly, the primary activities from which respond were asked to select the one(s) best describing that of th company are almost identical to the section headings of Directory. The research focuses on corporate finance providers, rather than the capital market in general. As a result, "Banks" was narrowed to trading/corporate banks; "Venture Capital" was separated into MIC license holding companies and Non-MIC Venture capital provider Other was used to replace the ten section headings of the Directory which were felt to be more related to the retail/non commercial capital market activities.

(2) A number of other sources were also used - the main one being Jobsons Yearbook of Public Companies of Australia & New Zealand 1987-1988, Dun & Bradstreet.

* Companies so marked were listed in a different sectio the Directory than the primary activity indicated by the responding executive, or were indicated to have more one primary activity.

** Companies so marked were not included in the Direct

\# Companies so marked responded to a pilot questionna sent to 23 executives of four companies several weeks before the main questionnaire was mailed.