Illusions of Marketing Planners

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ABSTRACT

The article highlights the risks of using self-evaluation as a substitute for primary and secondary market research when designing and monitoring marketing programs. Included is a study of 110 management teams that suggests internally dominated marketing analysis may breed illusory evaluations of a company’s own marketing programs versus competitors. If acted upon, such illusions could lead to oversights in developing marketing offerings. The overriding potential implication of the study addresses the allocation of a company’s substantial marketing assets—most notably, the risks of bypassing secondary market data and primary market research when developing and evaluating marketing programs. © 2001 John Wiley & Sons, Inc.

Companies no longer have the luxury of committing marketing miscues that were commonplace in the past. Today’s markets are swift and harsh in rejecting strategies that do not respond appropriately to dynamic market needs and aggressive competitive offerings. Despite the rapidly rising costs and risks associated with ill-designed marketing initiatives, many companies persist in “shooting from the hip,” disdaining the systematic use of secondary market data and formal market research in deference to “marketing by feel.” For these firms, internal management views and related biases tend to dominate the assessment of customers, competitors, and the performance of the companies’ own marketing programs. This top-down approach to marketing analysis is particularly risky and mystifying today, because it persists despite a corporate back-
drop that includes not only more dynamic markets and more intense competition, but also the proliferation of more timely market data as we continue our rapid move into the information age. With market databases and marketing research techniques rapidly becoming more accurate, user friendly, and cost effective (e.g., Oliva, 1998; Peacock, 1997, 1998), the time seems ripe for letting secondary market data and primary marketing research become more integral components of the marketing analysis process.

The current study takes place within the context of managerial development and evaluation of marketing programs. Specifically, this article delves into “illusions” within the managerial mindset that may occur when self-evaluation is used as a substitute for secondary market data and primary market research.

ENVIRONMENTAL SCANNING PRACTICES

Managers pay attention to environmental variables that experience has taught them not to overlook (Kiesler & Sproull, 1982) and to information that has historically provided useful insights (Miyake & Norman, 1979). This information tends to get encoded into routines that guide behavior (Levit & March, 1988), leading to the perpetuation of prevailing views of the environment and to reinforcement of the premises underlying current strategies (Hambrick, 1982).

These tendencies have been confirmed in various studies. For example, a study by Day and Nedungadi (1994) suggests four categories of companies with respect to the extent of environmental monitoring they do and the type of information they use in assessing their competitive positions. The largest group (41% of their sample) was characterized as “self-centered,” and “inner-directed,” and paid little attention to what customers believe or what competitors are doing (see Figure 1). This represents an “alpha” approach to market monitoring, whereby views on customers and competitors are gathered primarily from within the organization. ¹ What potential information environmental scanning might

¹Alpha views of customers and competitors are gathered primarily from within the organization. Beta views refer to data collected from potential buyers or primary users regarding actual or would-be market offers—with market-offer prototypes frequently used to aid in generating such data. Data collected from such beta testing is used to evaluate comparative actual or potential market offerings and, eventually, to help refine the company’s own market offering to improve the likelihood of its acceptance and commercial success among target buyers. Gamma views refer to data collected from stakeholders other than potential buyers or primary users, who are potential influencers of market-offer acceptance. Gamma views may be used as input for attempts to obtain regulatory approval (formal and informal), for evaluating usage and acceptance among resellers, for ad-agency account teams, or for other selected influencers (media, trade associations, educators, etc.). Subsequent modifications of market offers based upon gamma data may necessitate garnering further beta views as well (e.g., Moore & Pessemier, 1993; Rosenau et al., 1996; Thomas, 1993). For views concerning the relative accuracy of these alternative views, see Wheelwright and Clark (1992).
provide was not viewed as important by these firms. A second large group (30%) was characterized as “customer-oriented,” with their strategies relying on detailed analysis of customer benefits and satisfaction with the company’s brand. These managers do not track the competition to any great degree themselves, relying instead on customers telling them how their brand compares with competitors. Few firms in the sample (13%, “competitor-centered”) said that they regularly assess their competitive positions by directly comparing salient attributes of their brand versus major competitors. A similarly small proportion (16%, “market-driven”) said they actively try to stay well informed of both the dynamic demands of customers and the ever-changing relative strengths and weaknesses of individual competitors. Companies in the last three groups tend to use more formalized procedures to gather data on customers and competitors from customers themselves or from others outside the organization (“beta” and “gamma” approaches) (e.g., Moore & Pessemier, 1995; Rosenau et al., 1996; Thomas, 1995). Related studies have yielded similar results (Fiske & Taylor, 1984; Hambrick, 1982; Kiesler & Sproull, 1982; Levitt & March, 1988; A. Menon & Varadarajan, 1992; G. Menon, Bickart, Sudman, & Blair, 1995; Miyake & Norman, 1979), concluding that most managers have a simplified, narrow vision of market environments and do not attempt to keep a continuing watch of both customers and competitors.
HOW ACCURATE ARE MARKETING PLANNERS' VIEWS?

Given marketing planners’ apparent tendency to depend upon internal rather than external assessment of customers and competitors, assessing the accuracy of such internal views is important indeed. In the context of the current study, the specific question to be examined is, “Can marketing planners accurately assess customer preferences and comparative brand performance?” A company’s ability to develop effective marketing strategies for building and maintaining compelling competitive advantage would certainly be influenced by the accuracy of such internal assessments. Several bodies of literature were explored in the search for relevant hypotheses concerning experienced marketing planners’ ability to use self-evaluation to accurately assess customer preferences and comparative brand performance. The most insightful hypotheses came from a study of psychological and social psychological literature on illusions inherent in self-evaluation and from a perusal of behavioral decision theory literature on power and competitive inertia. Before presenting and expanding upon those hypotheses in the context of the current study, however, we review a number of additional theories that can contribute supplementary perspectives for better understanding the accuracy of self-evaluation by marketing planners. The highlights of these supplementary theories are presented below and summarized in Table 1.

Psychoanalytical Complexes

An inferiority complex may develop from feelings of being on the wrong end of a power relationship or of having weaknesses in general (e.g., competitive weaknesses). Compensatory striving may subsequently occur to overcome such feelings of inferiority. This can be good if properly channeled, but can become maladaptive if it involves too great an attempt to compensate, resulting in only superficial feelings of strength, power, or control—known as a superiority complex (Adler, 1918; Lefton, 1991; Stuart-Hamilton, 1995). This complex could contribute to egocentric attitudes and related management behavior. Although this theory has traditionally been applied primarily in psychoanalytic explorations of individual behavior (Adler, 1918; Jung, 1912, 1916), it may also provide insights for understanding egocentric attitudes and behavior of teams of managers.

Threat Response Behavior

The search for opportunities and threats is an integral part of the planning process for many companies (e.g., Aaker, 1998). Opportunity has a positive connotation, associated with a feeling of control and expectation of gain. Threat has a negative connotation, associated with lack of con-
Table 1. Other Theories and Bodies of Empirical Research that Might Contribute Further Insights for Better Understanding the Evolution of Managers’ Biases and Illusions in Self-Evaluation.

Although psychological studies on self-evaluation may offer reasonable and potentially relevant explanations for the illusory attitudes apparently observed in the current study, inquiries into related theories and literature would also seem appropriate. Several bodies of related research might also contribute insights for understanding the evolution, nature, and impact of apparent illusions observed. This table summarizes supplementary potential explanations that might come from related theories and research.

<table>
<thead>
<tr>
<th>Theories</th>
<th>Research</th>
<th>Implications</th>
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<tbody>
<tr>
<td>Psychoanalytical complexes and compensatory overstriving</td>
<td>Adler (1918), LeFtton (1991), Stuart-Hamilton (1995), Jung (1912, 1916)</td>
<td>Feelings of inferiority can lead to maladaptive compensatory feelings of strength, which may foster apathetic attitudes.</td>
</tr>
<tr>
<td>Threat-response behavior</td>
<td>Jackson and Dutton (1988), Nutt (1984), Billings, Milburn, and Schaalman (1980), Staw, Sandelands, and Dutton (1981), Dutton and Jackson (1987)</td>
<td>Managers tend to see the implications of threats in such intimidating terms that they may deny they even exist.</td>
</tr>
<tr>
<td>Cognition and competitive response behavior and risk taking</td>
<td>Chen (1996), Bilkey (1957), Kahneinan &amp; Lovall0 (1993), Mooree (1979), Oshikawa (1969), Hambrick and D’Aveni (1988)</td>
<td>Self-perceived superior performance builds on itself, leaving companies more and more content and less and less inclined to respond to competitive moves.</td>
</tr>
<tr>
<td>Group decision making in marketing</td>
<td>Cartwright and Zander (1968), Rao and Stockel (1991), Steckel (1990), Stockel and et al. (1991)</td>
<td>Focus is upon providing a better understanding of group decision making among groups of buyers and consumers, rather than as groups of marketing managers.</td>
</tr>
</tbody>
</table>

The following text briefly reviews each of these theories and its potential relevance for the current study.

trol and expectation of loss (Jackson & Dutton, 1988). Reflecting these inferences, managers have been found to react quite differently to perceived opportunities than to perceived threats. Perceived opportunities tend to result in open information search and overt appraisal (Nutt, 1984). On the other hand, perceived threats have been found to cause managers to restrict the amount of information they attend to and the
Cognition Theory
In cognition theory, in order for a subject (i.e., a manager) to respond to a stimulus, the subject must be aware of the stimulus, must be able to respond, and must be motivated to respond. Chen (1996) builds an integrated model that ties a series of studies on competitive management behavior into cognition theory. The awareness and motivation elements of Chen’s theory contribute insights for understanding egocentric competitive management behavior. Chen postulates that self-perceived superior performance (awareness), regardless of its origins (e.g., as explained by other theories reviewed), can easily build on itself by leaving a company less inclined (no motivation) to carefully monitor competitors. This self-feeding misinformation process can lead a company into feeling more and more content with its “superior” (potentially illusory) position over time and, in turn, less and less inclined to respond to competitive moves, even when aware of such competitive initiatives. This could be thought of as competitive response behavior driven by illusory positive attitudes.

Group Decision Making in Marketing
Marketing literature includes a rich body of theories of group dynamics and models of group decision making that contribute insights for exploring various dimensions of group effects on marketing (group polarization, risk shifting, etc.) (e.g., Cartwright & Zander, 1968; Rao & Steckel, 1991; Steckel & co-workers, 1990, 1991). The most important contributions of these and related marketing studies are the insights they provide for better understanding decision-making phenomena of groups as buyers and consumers—rather than for groups of marketing planners as strategy formulators per se, which is the focus of the current study.

National Differences: Uninformed Optimism of American Managers
Comparative studies of managers in different areas of the world have confirmed a relatively optimistic, practical, can-do attitude of American
managers—contrasted with more conservative views prevailing among managers from many other cultures (e.g., Deshpande, Farley, & Webster, 1993; Florida & Kinney, 1991; Haire, Ghiselli, & Porter, 1966; Hoecklin, 1995; D. Miller, 1990; Webber, 1969). This tendency of American managers to put a positive slant on things can yield “uninformed optimism” and favorable self-biases—that is, a backdrop that is consistent with the evolution of favorable illusory attitudes and related behavior.

SELF-EVALUATION AND ILLUSIONS

Although each of the above theories provide useful inputs for considering whether experienced managers can use self-evaluation to accurately assess customer preferences and comparative brand performance, the most insightful hypotheses came from a study of psychological and social psychological literature on illusions inherent in self-evaluation and from a perusal of behavioral decision theory literature on power and competitive inertia. Highlights appear later and yield several interesting hypotheses concerning illusory attitudes that might impact accurate self-analysis by marketing planners. The results of self-analysis by the teams interviewed are considered in the context of these hypotheses. The other theories previously reviewed (Table 1) are used to further inform the discussion of the study results.

It is important to emphasize that the hypotheses flowing from the psychological studies reviewed below are based primarily upon self-evaluation by and of individuals. The current study, on the other hand, involves evaluation by groups of individuals (“marketing planning teams”) and of an abstract object external to the individual (i.e., the estimated relative performance of the firm’s brand). One should interpret the results of the current study in this context.

Theories of Self-Evaluation and Illusions

A review of literature on self-evaluation and illusions begins with clarification of relevant terminology. In this literature, the terms error and bias imply short-term mistakes and distortions, respectively, that might be caused by careless oversight or other temporary negligence (Funder, 1987). Illusion, in contrast, implies a more general enduring pattern of error and/or bias that assumes a particular direction or shape. Illusion has been defined as:

A perception that represents what is perceived in a way different from the way it actually is in reality. An illusion is a false mental image or
This definition of an illusion as a “belief that departs from reality” presupposes an objective grasp of reality. This can raise philosophical questions concerning whether one can ever know reality. Social psychologists have spared us this conundrum in the context of the current study by providing operational definitions and supporting studies on several types of illusions that seem to occur in self-evaluation (Taylor & Brown, 1988)—as considered next.

The concern of the current study is whether illusions might impact the assessments of customer preference (attribute importance) and comparative brand performance by managers who rely primarily upon self-analysis. Illusions could potentially occur at several different levels. First, illusions could occur in managers’ assessment of customer preferences—that is, in estimating what attributes customers use to evaluate the marketing-related performance of different brands. Second, illusions could distort the managers’ evaluation of the performance of the company’s own brand on designated attributes (self-evaluation). Third, illusions could affect managers’ evaluation of the performance of competing brands on these same attributes. Finally, illusions could occur when managers estimate customers’ evaluations of alternative brands on key attributes. Psychological and social psychological literatures provide evidence that all these potential illusions are pervasive, enduring, and systematic among individuals who self-evaluate personality traits and performance. The question here is whether similar illusions occur among management teams that rely primarily upon self-evaluation for assessing customer preferences and for comparing the performance of alternative brands. The current study suggests that this may indeed be the case.

**Potential Illusion 1—Selection of Key Attributes.** In psychological literature on illusions, studies have shown that people perceive areas where they are less proficient to be less important than areas where they are proficient (e.g., Campbell, 1986; Lewicki, 1984; Rosenberg, 1979). Even when negative aspects of the self are acknowledged, they are often dismissed as inconsequential (Campbell, 1986; Marks, 1984). For example, people tend to use their own positive qualities when appraising others, thereby virtually assuring a favorable self–other comparison (Lewicki, 1983). Such illusory phenomena could also affect managers when self-selecting marketing attributes they think are most important to customers. This could systematically bias the results of comparative brand evaluations in favor of a company’s own brand.

**Potential Illusions 2 and 3—Self-Evaluations of the Company’s Brand and Competing Brands.** For most individuals, positive information about oneself is efficiently processed and easily recalled,
whereas negative information is poorly processed and more difficult to recall (Kuiper & co-workers, 1982, 1985). Thus, not surprisingly, evidence shows that most individuals have a very positive view of themselves (for a review, see Greenwald, 1980). Most individuals also show poorer recall of information related to failure than to success (Silverman, 1964) and tend to recall personal task performance as more positive than it actually was (Crary, 1966). Furthermore, individuals judge positive attributes as more descriptive of self than of the average person (Alicke, 1985; Brown, 1986). Because it is logically impossible for most people to be better than average, such positive views of self are deemed to be unrealistic and illusory in nature (Taylor & Brown, 1988). (Note that evidence also suggests that a positive self-view actually reflects privately held beliefs, rather than mere public posturing (Greenwald & Breckler, 1985; Schlenker, 1980; Tesser & Moore, 1986).) Such illusory phenomena could also affect managers’ self-evaluation of the company’s brand and competing brands on key marketing attributes. This would systematically bias self-analysis of comparative brand performance in favor of a company’s own brand.

Potential Illusions 4 and 5—Estimating Customer Evaluations of the Company’s Brand and Competing Brands. In investigations in which self-evaluations have been compared with evaluative judgments made by others (presumably more objective), individuals have been found to see themselves in more flattering terms than they are seen by others (Lewinsohn, Mischel, Chaplin, & Barton, 1980). Evidence that these flattering self-portrayals are illusory comes from studies in which researchers have found that most individuals see themselves as better than others see them. Such illusory phenomena could also influence managers’ estimates of customer evaluations of the company’s brand and competing brands on key marketing attributes. That is, when using their own views in place of secondary or primary customer research, managers may feel that customers undervalue the company’s brand while overvaluating competing brands. Such illusions could lull a company into feeling that customer-perceived weaknesses of the firm’s own brands are not real weaknesses at all. This could subsequently lead to misguided competitive inertia and strategic complacency regarding important customer-perceived weaknesses in the company’s marketing program.

POWER, COMPETITIVE INERTIA, AND ILLUSIONS

Success creates corporate cultures that make company or departmental leaders into power centers. They become heroes with status and resources to perpetuate their stewardship, their policies, and their ideas (D. Miller, 1983; D. Miller & Chen, 1994). This self-perpetuating status...
and the power it brings make it easier for managers at higher echelons in the company to maintain the status quo. This power is often used to fend off challenges to current management strategies and tactics, and to push forward the current managers’ positive views of the company and its marketing programs (D. Miller & Friesen, 1984; Tushman & Romanelli, 1985). Related research by Kahneman and Lovallo (1993) identifies and examines several studies on “organizational optimism” as affected by delusions of control and “managerial wisdom” of company leaders. This research questions whether organizations provide effective controls against optimistic biases (positive illusions) of individual executives and, together with D. Miller and Friesen (1984) and Tushman and Romanelli (1985), concludes that illusionary, optimistic attitudes of executive leaders can easily breed complacency with the status quo and resistance to change.

To the extent that such phenomena occur among managers, one might expect management teams with higher authority profiles (defined below) to exhibit more favorably illusionary views than lower-level managers when self-evaluating the company and its marketing programs. If so, a company would be wise to actively seek out and use the opinions of lower-level managers (who are closer to the marketplace) when trying to decipher customers and markets and when designing and evaluating marketing programs.

THE STUDY

Interviews were held at the U.S. headquarters of 38 major firms, including companies such as AT&T, Certainteed, Federal Express, IBM, International Paper, Texas Instruments, Whirlpool, etc. (a list of companies appears in Table 2). The companies had average total sales of $2.16 billion, with median sales of $250 million. All of the companies interviewed desired to develop initiatives to build sustainable competitive advantages for their key products and markets. Among other factors, the search for opportunities to build competitive advantage involves assessing the comparative performance of the company’s own brand versus major competing brands on key dimensions of current marketing programs (Porter, 1985, 1987). Each firm was advised well in advance to have at hand any in-house or externally generated secondary or primary market-research data that the company might have

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*Related biases have been found when asking executives with higher authority about stock prices. For example, a 1997 survey of 72 chief executives of the largest American firms found that 54% of the executives felt the “overall level of U.S. stock prices” was “too high,” whereas only 2% said they were too low. But when asked to evaluate the price of their own company’s stock, however, only 6% said the price was too high, whereas 53% said it was too low (Schlesinger, 1997). This was a convenience sample of companies indicating they were interested in building sustainable competitive advantage for brands that already had established market presence.
Table 2. Profile of Participating Companies and Marketing Planning Teams.

<table>
<thead>
<tr>
<th>Summary Data</th>
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<tbody>
<tr>
<td>Companies</td>
<td>35</td>
</tr>
<tr>
<td>Managers</td>
<td>356</td>
</tr>
<tr>
<td>Teams</td>
<td>110</td>
</tr>
<tr>
<td>Attributes evaluated</td>
<td>No. 692</td>
</tr>
<tr>
<td></td>
<td>Avg./Team 6.29</td>
</tr>
<tr>
<td>Competitors</td>
<td>No. 581</td>
</tr>
<tr>
<td></td>
<td>Avg./Team 5.29</td>
</tr>
<tr>
<td>Paired comparisons/team</td>
<td>Range 9–63</td>
</tr>
<tr>
<td></td>
<td>Mean 33.21</td>
</tr>
<tr>
<td></td>
<td>SD (s) 13.63</td>
</tr>
<tr>
<td></td>
<td>Total 3653</td>
</tr>
</tbody>
</table>

Firms in the Sample
Sample universe of 38 firms, 132 product markets
Useable data for 35 firms, 110 product markets

Profile of the Companies

<table>
<thead>
<tr>
<th>Annual Sales</th>
<th>%</th>
<th>for Our Brand</th>
<th>%</th>
</tr>
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<tbody>
<tr>
<td>$0–$95 million</td>
<td>26.4%</td>
<td>15.1%</td>
<td></td>
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<tr>
<td>$95–200</td>
<td>25.4%</td>
<td>11.3%</td>
<td></td>
</tr>
<tr>
<td>$200 million–$1 billion</td>
<td>15.3%</td>
<td>19.5%</td>
<td></td>
</tr>
<tr>
<td>$1–$2 billion</td>
<td>17.8%</td>
<td>12.7%</td>
<td></td>
</tr>
<tr>
<td>&gt;$2 billion</td>
<td>15.1%</td>
<td>12.6%</td>
<td></td>
</tr>
<tr>
<td>Average Sales:</td>
<td>$2.16 billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Sales:</td>
<td>$250 million</td>
<td></td>
<td></td>
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</tbody>
</table>

Market Shares for Paired Comparisons

<table>
<thead>
<tr>
<th></th>
<th>Our Brand</th>
<th>Compet. Brand</th>
</tr>
</thead>
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<tr>
<td>1–5%</td>
<td>22.5%</td>
<td>13.3%</td>
</tr>
<tr>
<td>5–10%</td>
<td>21.4%</td>
<td>22.0%</td>
</tr>
<tr>
<td>10–15%</td>
<td>14.7%</td>
<td>20.4%</td>
</tr>
<tr>
<td>15–25%</td>
<td>20.9%</td>
<td>20.7%</td>
</tr>
<tr>
<td>&gt;25%</td>
<td>20.0%</td>
<td>15.7%</td>
</tr>
<tr>
<td>na</td>
<td>0.6%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Average:</td>
<td>14.0%</td>
<td>15.8%</td>
</tr>
<tr>
<td>n =</td>
<td>110</td>
<td>581</td>
</tr>
</tbody>
</table>

(Continues)
Table 2. (Continued)

<table>
<thead>
<tr>
<th>Interview Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants</td>
</tr>
<tr>
<td>Avg. no. participants per firm:</td>
</tr>
<tr>
<td>Participants per team</td>
</tr>
<tr>
<td>SD (s)</td>
</tr>
</tbody>
</table>

Profile of participants

Among those participating were:

Title       | Number
---          | ---
President   | 13
General Mgr | 20
VP or Director of Marketing | 22
VP of Sales | 10
National Sales Mgr | 9
Product Mgr | 44
Marketing Mgr | 20
Sales Managers | 18
Others*     | 200

*Others included market research and marketing planning managers and personnel, national account managers, sales personnel, strategic planners, engineers, financial managers, advertising managers, etc.

Firms Interviewed


available on market-segment breakdowns, market shares, attribute relevance and importance, and comparative performance of alternative brands on key attributes.

Participants and Procedures

Within each company interviewed, managers who participated (typically 8–14 people) were split into several small groups. Useable data were ultimately generated from 35 of the 38 firms and 110 of the 132 management groups and market segments studied. Mean group size for the 110 useable cases was slightly over three managers per team. Average size was 3.24 (s = 1.08). Participants included marketing and sales vice presidents, general managers, product managers, sales managers, marketing researchers and analysts, engineers and technical specialists, and others. A number of presidents (13/38) also participated. Thus, the executives and managers interviewed were those with pri-
mary responsibility for designing marketing plans and strategies. Table 2 provides an overview of the sample.

Each of the 110 management teams selected one key market for analysis (a different one for each team). In most of the companies, each team worked with a different product line. Each team was asked to limit its consideration to the U.S. market and to select a mature market where the company’s own brand was established, but not dominant (a 5–30% share).

Attributes Driving Brand Preferences

Each interview began with a discussion of multiattribute compensatory logic and its potential contributions for uncovering new potential strategies for differentiating the company’s brands (e.g., Fishbein & Ajzen, 1975; Weber, 1997). The next step was to solicit each company’s views regarding what attributes were thought to most influence brand preferences in markets being analyzed.

Multilayered benefit segmentation initiated this process. Focusing marketing analysis upon homogeneous market subsets facilitates both understanding and sorting out complexities and interactions in business markets (e.g., Gesch, 1985) by reducing variability that can result from subtle differences in the definition of served markets (e.g., Day & Ne- 

dungadi, 1994). In this context, multilayered market segmentation serves as a useful starting point for market analysis and, in particular, the analysis of attributes affecting brand preferences. This process begins by identifying key macro segments (e.g., by customer size, region, etc.) and then overlaying selected macro segments with more finely tuned micro segmentation (Moriarty & Reibstein, 1982, 1996; Weber, 1994). Of the different types of micro segmentation available, benefits-oriented micro segmentation provides particularly helpful strategic per-

tatives (deKluyver & Whitlark, 1986; Hlavacek & Reddy, 1986; My-
ers, 1976; Weber, 1994). In this approach, importance ratings for benefits sought (i.e., individual attributes) are used to differentiate one segment from another. This micro benefit segmentation framework was used as the starting point in the interviews in order to help the man-

agement teams identify and select narrowly defined homogeneous target segments and key attributes for the subsequent in-depth attribute analysis. For extended treatment of the process of overlaying macro

segmentation with micro benefit segments for business markets, including several examples, see Weber (1994).

Thus, using multilayered benefit segmentation helped the teams to identify and select narrowly defined homogeneous target segments in order to consider more easily comparative brand performance. No prespecified lists of attributes were used. Attributes ultimately compared (brand versus brand) in the study were those attributes deemed by the teams to drive customer brand preferences. Notably, only a few of the companies interviewed had access to secondary or primary research identifying important attributes. Nevertheless, the companies were almost universally quite comfortable using their own views on attribute importance as a substitute for primary or secondary research, evidence of Potential Illusion 1 (i.e., illusion in selecting key attributes, as previously described).

Positioning the Study
As suggested above and elsewhere (e.g., Porter, 1985, 1987; Weber, 1997), assessing comparative brand performance and customer views of performance are logically important steps in the search for more effective competitive advantage strategies. Inaccuracies in such assessments can lead to inefficient, unproductive, even dysfunctional strategies and tactics. Some previous studies have measured the degree to which assessments of comparative brand performance and customer views of that performance are included as integral parts of environmental scanning and strategy formulation (Day & Nedungadi, 1994, and others; see earlier references). Contributing inputs for such efforts are a host of organizations that study the comparative objective performance of alternative brands (Faulds, 1993a, 1993b).

Furthermore, a number of academic studies have acknowledged and compared differences between objective performance and customer-perceived performance of alternative brands on specific attributes (see references in Table 3). Other studies have considered contrasts in the salience of different attributes (Morgan, 1985) and in evaluations of comparative brand performance on specific attributes for parties at different levels in the marketing chain (see references in Table 3). However, no previous studies have attempted to explicitly measure the prevailing opinions of managers regarding comparative brand performance and customer views of that performance for a full range of attributes. The current study makes strides toward filling that gap by exploring in some detail the accuracy of managers’ views of customers, competitors, and comparative brand performance. Table 3 positions the current study in the context of previous research on environmental scanning.
Managers’ Views of Comparative Brand Performance

In the current study, in order to explore the accuracy of managers’ views of the comparative performance of alternative brands, two types of brand ratings were solicited from each team:

1. How the managers themselves viewed comparative brand performance on key marketing attributes (referred to as “actual” in Table 4), which introduced Potential Illusions 2 and 3—illusions in self-evaluation of alternative brands, as previously described.

2. How managers thought customers view comparative brand performance on the same attributes (referred to as “perceived” in Table 4) which introduced Potential Illusions 4 and 5—illusions in estimating customer evaluations of alternative brands, as previously described.

Although other researchers have recognized and emphasized the difference between “objective” (actual) and “perceived” performance (see references in Table 3, Column 3), no previous studies have considered such contrasts explicitly from management’s point of view. [Some studies dispute such differences altogether. For example, when considering “quality,” Maynes (1976) claims that objective quality does not exist and that all quality evaluations are subjective. For a discussion, see Zeithaml (1988).]

To record managers’ views regarding actual and perceived performance in the current study, a structured matrix format was used. This facilitated garnering responses that were comparable from market to market and from firm to firm (Table 4). The specific attributes evaluated varied from team to team, since the set of attributes felt to most influence brand preferences differed from one product and market to another. Brand performance ratings were assigned with the use of a 7-point scale, reflecting recommendations from previous research on brand rating scales from Cox (1980), Devlin, Dong, and Brown (1993), and Haley and Case (1979).

To use inputs from more knowledgeable informants in the larger group as a whole, responses were gathered by team consensus, followed by group confirmation. To reduce response and rating biases (reflecting advice from research of Alpert, 1980; Bass & Wilkie, 1973; Schaninger & Buss, 1986), each team spent several hours discussing and identifying the most important attributes and the comparative performance of alternative brands on these attributes. Before finalizing the forms, each team presented (using overheads) its estimates and beliefs to the larger group as a whole, responding to inquiries and suggestions. In this way, final views recorded were garnered through in-team discussions, tempered by reactions from the larger group.
| Table 3. Position of the Current Study in the Context of Previous Research on Environmental Scanning. |
|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Objective versus Customer Perceived | Customers and Managers | Managers’ Views |
| Objective Studies | Previous Studies Comparing Objectives Performance on Specific Attributes Evaluated Customer-Perceived Performance | Previous Studies with Comparative Brand Performance Estimates Solicited from the Marketplace | How managers think customers view the performance of alternative brands |
| Attribute Evaluated | Comparative brand performance in general (without reference to specific attributes) Contrast in the relative salience of different attributes | Over 40 testing organizations (Fauld, 1993) | Day and Nedungadi (1994) |
| Customer-Perceived Performance | Different kinds of customers versus customers Suppliers, distributors, buyers Suppliers, retailers, customers | | Day and Nedungadi (1994) |
| Morgan (1995) | | | |

References:
- Fauld, 1993
- Morgan, 1995
- Day and Nedungadi, 1994
<table>
<thead>
<tr>
<th>Dimension</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price/quality</td>
<td>Dodds and Monroe (1985), Dickson and Sawyer (1985)</td>
</tr>
<tr>
<td>Service quality</td>
<td>Parasuraman, Zeithaml, and Berry (1985)</td>
</tr>
<tr>
<td>All salient attributes</td>
<td>Over 40 testing organizations (Faulf, 1993a, 1993b), Perkins (1993)</td>
</tr>
</tbody>
</table>
Table 4. Perceived and Actual Comparative Brand Ratings (and Double-Paired Comparisons).

Terminology

Terminology and notations used for describing the study results are the following:

- Our Brand’s Perceived (OBP) Performance—how managers think customers view the performance of Our Brand.
- Our Brand’s Actual (OBA) Performance—how managers themselves view the performance of Our Brand.
- Competitive Brand’s Perceived (CBP) Performance—how managers...
ers think customers view the performance of each competitive brand.
- Competitive Brand’s Actual (CBA) Performance—how managers themselves view the performance of each competitive brand.

Comparative brand rating matrices were ultimately gathered for 110 market segments, generating 3653 double-paired comparisons. The average matrix included the evaluation of 5.28 competitors on 6.29 attributes, yielding an overall mean of 33.21 double-paired comparisons per team ($s = 13.63$). Each double-paired comparison consisted of the following variables:

<table>
<thead>
<tr>
<th>Attribute 1</th>
<th>Perceived</th>
<th>Actual</th>
<th>Our Brand</th>
<th>Each Competitive Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OBP</td>
<td>OBA</td>
<td></td>
<td>CBA</td>
</tr>
<tr>
<td>Attribute 2</td>
<td>Etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Several examples of these double-paired comparisons (four component matrices) are highlighted in Table 4.

**Hypotheses**

As an important introductory note for developing the hypotheses and evaluating the data, the average market shares for “Our Brand” (14.0%, $n = 110$) and the average competing brand (15.6%, $n = 535$) were not significantly different [$z = -1.27$, $p = .20$]. Furthermore, there was no significant difference in the proportion of the paired comparisons where the market share for Our Brand was higher (49.2%) versus lower (47.4%) than that of the competing brand ($z = 0.55$, $p = .58$).

Reflecting these equal market shares, one would expect neither the actual nor the perceived performance of Our Brand to be significantly different from that of the average competing brand.

Flowing from the theories previously reviewed, two general hypotheses emerged. Flowing especially from the literature on self-evaluation and illusions, the first general hypothesis was that managers would
exhibit illusions in their evaluation of the comparative performance of their own brand (Our Brand) and competing brands. The second general hypotheses, from the literature on power and authority, was that managers with higher authority would be more subject to such illusions than those with lower authority.

To explore the first hypothesis, several subhypotheses were considered. The first subhypothesis, H1(a), was that the managers themselves should have felt that the actual performance of Our Brand (OBA) was significantly different from the actual performance of the average competing brand (CBA).

The second subhypothesis, H1(b), was that the teams should have felt that customers perceive a significant difference between the performance of Our Brand (OBP) and the average competing brand (CBP).

The third subhypothesis, H1(c), focused on expected differences in misperceptions (under- and overperceptions). Underperception infers that perceived performance of a relevant brand (OBP or CBP, as previously defined) is less than actual performance (OBA or CBA, as previously defined)—thus, OBP < OBA or CBP < CBA. Overperception infers that perceived performance (OBP or CBP, as previously defined) is greater than actual performance (OBA or CBA, as previously defined)—thus, OBP > OBA or CBP > CBA. The third subhypothesis was that the teams should have felt that customer misperceptions of Our Brand were significantly different from customer misperceptions of competing brands.

The second general hypothesis, H2, is that managers with higher authority would be more subject to such illusions than managers with lower authority. To explore this hypothesis, the study assessed whether company leaders higher in the corporate echelon tended to have more positive illusions about the company (as noted previously in the summary of relevant theories of corporate power)—in this case, about comparative brand performance. In order to consider this, the authority of each of the 300 + members of the 110 planning teams was rated on a 1–4 scale (e.g., president, marketing vice president, product manager, and market research analyst were assigned ratings of 4, 3, 2, and 1, respectively). An average “authority rating” was then calculated for each team. Teams were split into five equal-size “authority categories” based upon the authority rating index numbers. Cross-tab, chi-square analysis was then completed against the various possible combinations of actual and perceived comparative brand ratings [featured in H1(a)–H1(c)], which in turn, led to corresponding hypotheses H2(a)–H2(c). For all subparts of Hypothesis 2, all 3600 + paired comparisons of OBA, OBP, CBA, and CBP for each competitor on each attribute were used, with the goal of assessing whether the results of H1(a)–H1(c) held for groups with varying degrees of authority. Therefore, the focus of each corresponding hypothesis of H2(a)–H2(c) is that the illusions apparent in
H1(a)–H1(c) would be more prevalent among managers with higher authority.

**Statistical Procedures**

Potential dependence among the different brand performance estimates made by each team (OBA, OBP, CBA, and CBP) was a concern when selecting appropriate statistical tests. To reduce potential dependency effects, two means were evaluated: First, each team’s average rating for Our Brand for all attributes combined was calculated; second, each team’s average rating for all competing brands for all attributes combined was calculated. A matched-pairs two-tailed t test was then used to compare the observed difference between the two means and the expected difference between the two means (0). Thus, the sample population (n) in each test equaled the number of teams (110). To help make broader-based statements about proportions of teams falling into one category or another, chi-square analyses of proportions were used to complement the t tests.

Further supplementing the analysis was parallel hypothesis testing with chi-square analysis of proportions of relative market shares (Our Brand’s share/OBA CBA, OBP CBA) on all double-paired comparisons for each hypothesis (n = 3653) (i.e., comparing Our Brand against each competitor separately on each attribute). This analysis helped to sort out potential variances for situations with different relative market shares while at the same time addressing any distortions that might occur in the initial hypothesis testing (with n = 110). Such distortions might arise, for example, if managers rated their own brand inferior to the leading competitor but far superior to non-leading competitors.

**RESULTS**

Data analysis accepted nearly all of the hypotheses and suggested that illusions may influence managers’ self-evaluations of comparative brand performance. Furthermore, some illusions seemed to be particularly significant among managers higher up in the corporate echelon. Detailed analysis suggests the following.

**H1(a): Supported**

A statistically significant proportion of managers thought Our Brand was superior to competing brands (OBA > CBA)—regardless of relative market shares. Of the 104 teams (of 110) that did not rate brands as equal (on average), nearly 70% (69.3%) felt that Our Brand was actually superior to the average competing brands (Figure 2). Only 31% (30.8%)
thought the average competing brand as actually superior to Our Brand.  

**H1(b): Supported**

A statistically significant proportion of managers thought that customers perceive Our Brand to be significantly inferior to the average competing brand (OBP < CBP)—regardless of relative market shares. Of the 107 (of 110) teams that felt OBP and CBP were not equal (on average), a majority (58.9%) felt that customers perceive the performance of the average competing brand to be superior to Our Brand (Figure 3).  

\[ t(109) = -3.584, p < .001 \]

- Test results reinforced this, showing that team-estimated “actual” performance of Our Brand was significantly better than the average competing brand (OB) - CBP = 1.564, p < .001) This tendency held regardless of the relative market share of Our Brand versus the competing brand. Recall again, that the market shares for Our Brand and individual competitors were not significantly different (Our Brand had an average market share of 14.0 vs. 15.6% average share for competing brands—Table 2). Managers’ perception of Our Brand as “actually” superior occurred even when the market share held by Our Brand was significantly lower than the share held by the competing brand (39.3 vs. 35.6% of the 144 double-paired comparisons where Our Brand’s share was less than competing brand’s share). It was especially pronounced when Our Brand’s share was higher than the share held by the competing brand (50.2 vs. 24.2% of the 1810 double-paired comparisons where Our Brand’s share was greater than competing brand’s share). Note that using all of the double-paired comparisons for this analysis eliminates potential distortions that could result if managers evaluated their brand inferior to the leading competitor but much better than nonleading competitors. No significant differences in the findings for any of the hypotheses emerged when the salience of attributes was also assessed.

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**Figure 2.** Managers think Our Brand is superior. (Teams’ views of Our Brand vs. average competing brand.)
The other 41.1% of the teams felt that customers perceive the performance of Our Brand to be superior.⁶

**H1(c): Supported**

A statistically significant proportion of managers thought customers tend to underperceive the performance of Our Brand and overperceive the performance of competing brands (OBP—OBA < CBP—CBA). Of the 94 teams (of 110) that felt OBP and OBA were not equal (on average), >75% (76.6%) felt that Our Brand was underperceived (OBP < OBA), while <25% (23.4%) felt Our Brand was overperceived (OBP > OBA) (Figure 4).⁷

Furthermore, of the 96 teams (of 110) that felt CBP and CBA were not equal (on average), managers thought customers misperceptions were significantly different for Our Brand than for the average competing brand ($t_{(110)} = -6.47, p < .001$) and that customers significantly underperceive Our Brand ($t_{(110)} = -6.07, p < .001$).
Figure 4. Customers underperceive performance of Our Brand. (How teams think customers view Our Brand's performance.)

Figure 5. Customers overperceive performance of competitor. (How teams think customers view competing brands' performance.)
not equal, two-thirds (66.7%) felt that competing brands were overperceived (CBP > CBA), while only one-third (33.3%) felt that competing brands were underperceived (CBP < CBA) (Figure 5). 8

H2(a)–H2(c): Illusions Apparent in H1(a)–H1(c) Would Be More Prevalent among Managers with Higher Authority is Partially Supported

Hypotheses H2(a)–H2(c) were that illusions apparent in H1(a)–H1(c) would be more prevalent among managers with higher authority. 9 Analysis of the results showed that higher-authority teams did show a statistically significant greater tendency to overvalue their own brand and undervalue competitive brands than lower-authority teams (H2(a)). More specifically, teams with a higher authority estimated significantly more actual superiority for Our Brand than teams with lower authority. 10 Teams with higher authority rated Our Brand inferior (OBA < CBA) only 28% of the time versus 34% for teams with lower authority. 11 Viewed another way [comparing Figures 6(a) and 6(b)], teams with higher authority rated Our Brand superior more than twice as often as rating it inferior (53 vs. 26%), whereas teams with lower authority rated Our Brand as inferior almost as often as rating it superior (39 vs. 34%). Although significant chi-square values resulted from analysis of the other two subparts of Hypothesis 2 [H2(b) and H2(c)], the variances observed showed no consistent patterns related to the team authority indices.

8\[t(109) = 2.708, p = .008\]. t-test results confirmed that the teams believed customers significantly overperceive competing brands \(t(109) = 2.708, p = .008\). Again, these tendencies held regardless of the relative market share of Our Brand versus the competing brand. More specifically, Our Brand was thought to be overperceived with virtually the same incidence whether Our Brand or the competing brand had a higher market share (36.8 vs. 36.7% of 1360 double-paired comparisons where OBP < OBA). The same was true for the underperception of competing brands, whether Our Brand or the competing brand had higher market shares (36.8 vs. 15.7% of 601 double-paired comparisons where CBP < CBA). Competing brands were thought to be overperceived slightly more often when the competing brand had a higher share than Our Brand (22%) than when the competing brand had a lower share than Our Brand (22.2 vs. 17.8% of 728 double-paired comparisons where CBP < CBA)—but in either instance, were overperceived significantly more often than Our Brand (15.2%).

9Cross-tab, chi-square analysis was done, comparing the average authority rating of each team against the various possible combinations of actual and perceived ratings. For this analysis, all paired comparisons of OBA, CBA, OBP, and CBP for individual attributes were used, with the goal of assessing whether the results of H1(a)–H1(c) held for groups with varying degrees of authority. For this test, the paired comparison universe \(n\) was 3355 rather than 3653, because authority ratings were available for only 101 of the 110 teams.

10After a review of the details, teams were split into five equal-size “authority categories” based upon the authority-rating index numbers. Groups 4 and 5 were used as those with “higher authority.” The results showed that teams with higher authority rated Our Brand superior to competing brands (OBA > CBA) 53 vs. 39% of the time for teams with lower authority (Groups 1–3) \[x^2(4) = 89.5, p < .001\].

11\[x^2(4) = 28.2, p < .001\].
DISCUSSION AND IMPLICATIONS

The article has recognized four potential illusions that may influence self-evaluation in marketing. These include potential illusions regarding the selection of key attributes, illusions that could distort the managers’ evaluation of the company’s own brand (self-evaluation), illusions that could distort managers’ evaluation of competing brands, and illu-

Figure 6. How Our Brand is viewed by (a) high- and (b) low-authority teams. (Teams’ views of Our Brand vs. average competing brand.)
sions that could occur when managers themselves estimate how customers perceive the performance of alternative brands. Psychological literature provides evidence that all these potential illusions are pervasive among individuals when they are self-evaluating personality traits and performance. The question considered in this article is whether similar illusions occur among management teams that are overreliant upon self-evaluation when comparing the marketing performance of alternative brands. The study systematically considered the last three potential illusions, while providing anecdotal evidence of the first illusion (biased selection of key attributes). The results suggested that all three illusions existed among the management teams interviewed. More specifically:

1. Managers systematically overevaluated the performance of the company’s own brand.
2. Managers systematically underevaluate the performance of major competitors.
3. Managers feel that customers “unfairly” underevaluate the company’s own brand while unfairly overevaluating competing brands.

An interesting supplementary hypothesis and related finding concerned the potential influence of authority and power on illusory attitudes in marketing analysis. According to research in decision theory (cited earlier), company leaders with higher status may tend to have more positive illusions about the company. The findings of the current study support this notion—showing that some illusory attitudes regarding the self-evaluation of alternative brands were especially prominent among management teams with greater authority and power. More specifically, teams with higher authority had a greater tendency to overevaluate their own brands and underevaluate competitive brands. With certain caveats in mind (see “Shortcomings and Future Research” that follows), several potential implications from the study deserve consideration.

1. The study reinforced findings of previous studies that indicate most companies simply do not systematically proctor their customers and competitors. This apparent lack of commitment to regularly monitoring customers and competitors should concern any

The first potential illusion concerned managers’ selection of attributes thought by managers to drive customer brand preferences. As discussed below, if the managers interviewed were also affected by this illusion (e.g., selecting attributes where the company’s own brands were likely to compare more favorably with competitors), then the latter three hypothesized illusions may not have been illusions at all—see further discussion below.
corporate stakeholder. Failure to monitor the pulse of the marketplace can easily leave a company vulnerable to shifting customer demands and dynamic competitive offerings. The related recommendation would be for companies to commit to more regular and systematic monitoring of customers and competitors.

2. Companies’ apparent willingness to depend primarily upon internal views and self-evaluation for assessing customers, competitors, and the performance of the companies’ own marketing programs is appropriate only to the extent that such internal views reflect reality. Unfortunately, however, the current study suggests that self-evaluation in marketing analysis tends to yield illusory views about the companies’ own brands, about major competitive brands, and about how customers view alternative brands. Logically pursued, such erroneous views could easily lead to the development of nonoptimal marketing strategies. The related recommendation would be for companies to expand the use of secondary and primary market research as a complement to self-evaluation in marketing.

3. Illusory attitudes flowing from self-evaluation in marketing (most notably, the overevaluation of the company’s own brand and the underevaluation of competing brands) appear to be especially prominent among managers with greater authority and power. This suggests that companies using a top-down approach in marketing analysis and planning may be more subject to the strategic dangers of the observed illusions. The related recommendation would be for those high up in the marketing hierarchy to more actively seek out and act upon the opinions of managers closer to the marketplace (typically lower-level marketing managers) when attempting to decipher customers and markets and to design and evaluate marketing programs.

SHORTCOMINGS AND FUTURE RESEARCH

The phenomena examined in this article require further study before yielding more definitive findings, implications, and recommendations for marketing strategy planners. Among the weaknesses of the study and related suggestions for further research are the following.

A Broader-Based Sample

The companies interviewed in the study came from a convenience sample that may or may not represent corporations in general. A comparative study could be conducted to cover a more representative sample of companies marketing a wider range of industrial and consumer products and services. Furthermore, each team interviewed was asked to
limit its consideration to the U.S. market and to select a mature market where the company's own brand was established, but not dominant (a 5–30% share). In an extended study, specific brands and markets could be selected randomly. With more expansive and representative samples and data, subsequent studies could refine the exploration of hypotheses considered in the current study, potentially yielding more definitive analysis, more convincing results, and more specific implications and recommendations. For example, an expanded sample and study might enable researchers to consider additional potential hypotheses and findings concerning the relative incidence and degree of various illusions regarding specific attribute types, for firms of different size, for brands with different market shares, for managers from different countries, etc.

Add a Temporal Dimension
Perhaps the “marketing by feel” approach suggested in this study is gradually giving way to more analytical, data-based market analysis. The search for such temporal perspectives might be accomplished through conducting an expanded study that would include monitoring marketing analysis by a representative sample of companies over time. Besides help in determining whether a trend may exist toward more data-based market analysis, insights and recommendations could also be garnered from companies successfully making such a transition.

Generate Better Evidence of the Lack of Market Research
An important underlying hypothesis of this article is that companies have substantive misgivings about the use of secondary market data and primary market research as tools for market assessment. Related to this, it has been hypothesized that marketers are all too ready and willing to substitute internal views for more systematic external research. Although previous studies cited do support this notion, the current study omits systematic data and evidence to confirm it. The study provides only anecdotal evidence supporting this claim, simply noting: “. . . for the vast majority of the companies and management teams interviewed, responses revealed substantive misgivings concerning the potential use of secondary and primary market research as tools for assessing customers, competitors, and the performance of the companies' own marketing programs. These reservations seemed to have fostered a ready willingness to use internal views as the dominant inputs for marketing assessments. . . .” Furthermore, the current study merely suggested that “. . . few of the management teams interviewed even had access to the in-house expertise required to seek out relevant secondary data and to conduct and interpret appropriate primary market research.” While the observation is consistent with the findings of other studies cited (e.g., Day & Negandadi, 1994), the evidence pre-
sented in this study remains anecdotal, because no effort was made to gather specific data on these variables. Given this lack of systematic examination of these phenomena, these general comments remain exploratory only—awaiting more study before confirmation.

**Accuracy of Attribute Identification and Market-Share Estimates**

One could challenge whether some data generated in the study are valid. To wit, one major finding of the study was that participating managers rated the performance of their own brands higher than competing brands even though, on average, their own brands’ market share was generally not higher. The validity of this finding depends upon the accuracy of the identification of attributes thought to most influence brand preferences and the accuracy of the market-share estimates for the different brands. In the current study, however, both the attributes and the market shares were simply estimated by the managers interviewed, without further exploration and documentation (i.e., o-based). As pointed out in the article (discussion of Potential Illusion 1), people tend to use their own positive qualities when appraising others, thereby virtually assuring a favorable self–other comparison. Systematic inaccuracies in either attribute identification or market-share estimates could have invalidated the apparent findings of this study. In any subsequent study of the exploratory hypotheses raised here, a logical starting point would be to gather attribute and market-share data from a source external to the subjects being interviewed.

**Add Data on Actual Customer Brand Preferences**

Exploring actual market-based ratings for key attributes and then comparing them both with managers’ perceptions of actual comparative brand ratings and with customer-based views of comparative brand ratings would be insightful. This analysis would yield information on the incidence and degree of different types of customer-based distortions overall (i.e., various types of inconsistencies between perceptions and reality) as well as for specific attribute types, for competitive brands with different market shares, etc. Parallel analysis could be conducted for manager-based distortions, with potentially useful additional findings and inferences emanating from this comparative evaluation.

**Consider Whether Companies Act on the Hypothesized Illusions**

Assume for a moment that further study confirms that companies do indeed base market analysis primarily upon internal views instead of external research. Assume also that the illusions suggested by the cur-
Add Recommendations for Secondary and Primary Market Research

An important underlying premise of this article is that secondary data sources and primary market research tools are becoming potentially more relevant, as the article suggests that such capabilities are "... rapidly becoming more timely, accurate, user friendly, and cost effective." Only cursory documentation is provided to support this premise. Nor has the article provided specific suggestions for firms wanting to explore alternative ways to improve these capabilities. A potentially relevant addendum to any expanded and more definitive studies would be a catalog of important secondary market data sources, including Internet sources. Substantive references to time-proven and emerging primary market research tools and techniques might also be a worthwhile addition.

SUMMARY AND CONCLUSIONS

Understanding of competitive advantage requires a complex, multidimensional portrayal of all points of superiority or deficiency between a business and its competitors (Aaker, 1998; Porter, 1985, 1987). This can be a daunting task, especially in more dynamic markets. Without simplified representation, the sheer volume of incomplete information and flawed data on customers, competitors, and other market forces can easily overwhelm the limited capacity of managers to extract meaning and make decisions (Day & Nedungadi, 1994; Fiske & Taylor, 1984). Given these constraints, a company’s perception of reality is impacted by the necessary limits it places on its environmental scanning of customers, competitors, and market forces. This can easily lead to a heavy reliance on self-evaluation by marketing planners when assessing customers and competitors. Indeed, this is precisely what was observed in the current study.

Using self-evaluation as the primary input for marketing analysis might not cause concern if it generated accurate information on customers, competitors, and market dynamics. The findings of this study sug-
gest, however, that internally dominated marketing analysis may breed illusory, overly optimistic evaluations of companies’ own marketing programs. These illusory attitudes seem to be especially prominent among managers with greater power and authority. Such illusions, to the extent that they exist and are acted upon, have disturbing potential inferences. For example, the observed illusions could logically result in competitive inertia and strategic complacency on key dimensions of the company’s marketing program—dimensions that might actually be in dire need of strategic initiatives.

The article considered a variety of potential explanations for distortions resulting from self-analysis in marketing. The most useful of these came from psychological studies on self-evaluation. Alternative potential explanations were also introduced (Table 1). Perhaps engaging managers in a discussion of these underlying theories would be insightful. Most importantly, such discussions might help to build more awareness and concern regarding the potential dangers of overreliance on self-evaluation in marketing analysis. This in turn might help to motivate companies to think more seriously about expanding their use of more objective studies to supplement internal views when designing and monitoring marketing programs.

The implications of the study should disturb those responsible for corporate stewardship. The overriding concern is that the apparent minimal use of secondary market data and primary market research by marketing planners may yield nonoptimal marketing programs. The implication is that secondary and primary marketing research should start playing more important roles in the assessment of customers, competitors, market dynamics, and the effectiveness of the company’s own marketing programs. The time seems ripe for such changes today, as market databases and marketing research techniques are becoming ever more timely, accurate, user friendly, and cost effective.

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