AN EXPERIMENTAL INQUIRY INTO THE EFFECTS OF THE AMOUNT OF INFORMATION, ATTRIBUTED SOURCE OF THE INFORMATION AND SITUATIONAL CONTEXT ON PERCEIVED RISK IN THE SELECTION OF AN ATTORNEY

by

Kenneth E. Crocker

Dissertation submitted to the Faculty of the

Virginia Polytechnic Institute and State University

in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

in

Business Administration

APPROVED:

Kent B. Monroe, Chairman

Paul F. Anderson

William E. Snizek

Joseph Sirgy

Jeffrey E. Danes

August 1983

Blacksburg, Virginia

AN EXPERIMENTAL INQUIRY INTO THE EFFECTS OF THE AMOUNT OF INFORMATION, ATTRIBUTED SOURCE OF THE INFORMATION AND SITUATIONAL CONTEXT ON PERCEIVED RISK IN THE SELECTION OF AN ATTORNEY

by

Kenneth E. Crocker

(ABSTRACT)

This dissertation examines the relationship between the situational context of a decision, the amount of information, attributed source of the information and perceived risk in a professional service setting. Perceived risk theory, the dichotomy of goods and services, and factors unique to professional services are discussed relevant to consumer choice. Hypotheses stemming from the literature are offered relating to the perception of performance and social risk, and intent to retain to the amount of information, the attributed source of the information and situational context of the choice.

The research was conducted in three phases. Phase one consisted of the development and testing of risk situations and also the construction of the information treatments. Phase two consisted of a pretest to measure the reliability of the test instrument used in phase three. The third phase consisted of two 2 x 2 x 2 factorial design experiments. One experiment used performance risk situation as an independent variable, the other a social risk situation. Both situations were at two levels, high and low risk. The remaining independent variables in both

experiments were: the amount of information, at two levels, high and low; and attributed source of the information, either personal sources or advertising. Multiple dependent variables measured three constructs; perceived performance risk; perceived social risk; and intent to retain. Reliability was assessed using (1) correlation analysis; (2) Cronbach's alpha; and (3) factor analysis. Statistical techniques used to analyze the data were (1) multivariate analysis of variance; (2) univariate analysis of variance; and (3) multivariate tests of simple effects.

In general, the data analysis resulted in mixed support for the hypothesized effects. While partial support was gained for the effect of information source and amount of information on perceived risk involved in a professional service selection, it also indicated that the effects may be situation specific; and in most cases the effects are not independent but rather interact.

Results of the dissertation are discussed with respect to major findings and significance to the area of professional service marketing. The dissertation concludes with a discussion of the limitations of the study areas for future research.

ACKNOWLEDGEMENTS

I wish to express my gratitude to Professor Kent B. Monroe; my dissertation chairman and adopted mentor. His unlimited patience and guidance through the good and bad times will not be forgotten.

The contributions of Professors Anderson, Danes, Sirgy and Snizek have all added substantially to this dissertation.

Thanks are extended to my fellow colleagues at Bowling Green State University for their wholehearted support; and also to , without whose enthusiasm and diligence this dissertation may not yet be completed; and especially to who had the unenviable task of typing from my notes.

To my children, , from whom I took valuable time, I want you to share this.

Finally, I wish to dedicate this dissertation to . Her support, understanding and love throughout this whole process has never failed, despite having to finish her own dissertation. So to my wife, , I dedicate this with love.

TABLE OF CONTENTS

Page

Page

LIST OF TABLES

Table | Page

LIST OF FIGURES

CHAPTER I

INTRODUCTION

The purpose of this chapter is to provide an overview of the research that has been conducted. The nature of the research problem is presented along with a statement of the objectives of the research. A brief description of the research design is presented along with a discussion of some of the major findings and their significance to the academic researcher and the practitioner. The chapter concludes with an outline of organization of the dissertation.

Research Problem and Objectives

One of the fastest growing sectors of the economy of the United States is the market for services. Estimates on consumer expenditures for services range upward from one-third of the consumer's income to nearly one-half of their income. It is also estimated that the service sector of the economy provides approximately two-thirds of the employment opportunities in the labor market.

Much of this growth in service marketing as measured by revenues generated and total number of new entities in the market has occurred in those areas serving our changing life style and increased leisure time. This rapid expansion offers both opportunities and problems. Opportunities occur because of the growth in the interest in marketing techniques and principles by service-oriented organizations. However, despite this increase in awareness of marketing by service organizations, there has not been an equal increase in research attention to the problems that influence consumers' selection of service alternatives. Such factors as user participation, the intangibility of the service, and the heterogeneity of the offerings all may serve to hinder the selection/choice process for consumers with respect to services.

These characteristics that differentiate a good from a service are further intensified in the area of professional services including physicians, lawyers and accountants. In addition, recent developments, as detailed in Chapter III, have stimulated the emergence of professional services into the public marketplace with an accompanying need to understand marketing practices.

As such, the overall objective of the study was to gain a better understanding of the effects that factors unique to services, and professional services in particular, have on the consumer's perception of risk. The concept of perceived risk provides a rationale for investigating whether the differentiating attributes of a service significantly influence the amount of variation in consumers' risk perception.

Perceived risk has been shown to be influenced by several factors: the buyer's personality with respect to risk taking or avoidance; situation under which the purchase is taking place; and product type. However, empirical research, to date, has focused almost exclusively on physical goods and not services.

In some respects this research is a continuation of the perceived risk research that first entered the literature with Bauer (1967). The major points of difference between the research presented here and earlier research are reflections partly of the growth of the discipline of marketing. First, this research dealt with perceived risk in a professional service setting whereas prior research on perceived risk has focused exclusively on physical goods. A second major difference rested with the experimental design of this study. Unlike previous research in the area, the risk variable was itself manipulated, as was, also for the first time, the risk relief method. Thus, this research differed from the traditional perceived risk research in two fundamental ways: (1) the manipulation of several independent variables--risk, information, and the attributed source of the information; and (2) the application to a newly emerged area of marketing--professional services.

The justification for focusing specifically on professional services as a unique circumstance of the service area is threefold. First, there has been some empirical research done on professional services aimed at "explaining" the attitude of the professional toward marketing. Second, much of what is now allowed or not allowed to be used in the promotion of these services was determined without regard to the consumer's needs, contrary to current marketing philosophy. Third, for the first time, in the case of some professions, in this century we have professional services supposedly openly vying with one another for the consumer's patronage.

In addition, this research attempted to correct weaknesses in previous research. Marketers have recently come under attack for their neglect in developing better measures of their constructs. As a small step toward correcting this weakness, this study included multiple measures of the dependent variables and a test of their reliability. The use of multiple dependent variables also added to the formal validation procedures through which marketing as a discipline must progress.

Thus, this research was a multidimensional inquiry into the nature of perceived risk and the relationship of several determinants of perceived risk to the overall perception of legal services. Specifically, the purpose of the research was to determine the effect of the amount of information and information sources on a subject's perception of the risk of retaining a legal service and intention to retain that service in different risk situations with respect to both the type and amount of risk inherent in the situation.

Research Design

This research involved two experiments, each a 2 x 2 x 2 factorial design. The independent variables manipulated were: (1) risk situations, either high or low; (2) source of information, either personal source or advertising; and (3) information amount, either high or low. In addition, the study was replicated for two types of risk situations. Specifically, in one study the risk situation involved high and low levels of performance risk while in the other social risk was manipulated at high and low levels. The dependent variables measured were perceived performance risk, perceived social risk and intent to retain. Each of these dependent variable constructs were measured by multiple items.

Significance of the Research

The overall findings of this research substantiated earlier findings of researchers in the field of perceived risk. Specifically, the study indicates that there exists a relationship between the amount of information and the source of the information in reducing levels of perceived performance risk and perceived social risk and a subject's intent to retain a legal service. In addition, the research reveals an apparent relationship between an individual's degree of perceived performance risk and their intent to retain. While this finding alone cannot be used as evidence of causality, it does provide an area that would seem to warrant further investigation.

The findings resulting from this research have significance to both the academician and the practitioner. For the academic researcher they provide evidence that certain principles of perceived risk do hold in a professional service setting. While one may have intuitively surmised this, basic scientific principle calls for a reexamination of each concept before it can be stated as being true for a new area of examination. Too often in new sciences, such as marketing, concepts learned in one area of investigation, indeed in one study, are often thought of as holding true for all situations and are dispensed as truths. Perceived risk is such a concept that must be proven again in the service sector.

The significance of the findings of this research for the practitioner are less clear but nonetheless important. The results do indicate that information of a substantive nature seems to reduce levels of perceived risk and thereby increase an individual's expressed intent to retain a legal service. However, it must be cautioned that this study was in essence a pilot study of the concept of perceived risk in a professional service setting. Thus, any findings before being accepted into actual practice must be confirmed through replication. One finding that may be of immediate value to the practitioner is the effect of personal sources on levels of perceived risk. This has been an accepted form of self-promotion for the professional services for a long time and the study confirms that information of a substantive nature when attributed to a personal source is effective in reducing perceived risk and increasing intent to retain.

Organization of Dissertation Scope

The text of this dissertation is organized into six chapters. Chapter I introduces the dissertation topic and presents a brief overview of the study, including the significance of research. The second chapter provides a critical review of the literature pertinent to perceived risk. Specifically, Chapter II includes discussions of: (1) the conceptualization of perceived risk; (2) the determinants of perceived risk; (3) the conceptual and methodological considerations of past studies of the concept; and (4) a critical analysis of those studies. Chapter III reviews the literature relating to the differentiation of a "good" from a "service." From the review a definition of a service is provided. The chapter also provides a background to the advent of legal service marketing, and drawing upon the literature from the sociology of occupations, a definition of professional services is offered. The chapter concludes with a synopsis of the reviews of literature on perceived risk and service marketing, and outlines several research issues. Chapter IV provides a transition from issues raised in Chapters II and III to the current research. The chapter includes the research hypotheses and the methodology used to test the hypotheses. Also included is the methodology used to: (1) develop the treatments used; (2) pretest the instrument and treatments; and (3) administer the final experiment. Further, the construction of treatments and results of the pretest are discussed in detail. Chapter V discusses all the procedures used to analyze the data and presents the results for each hypothesis developed in Chapter IV. The dissertation concludes with Chapter VI. This chapter discusses the findings of the research and their significance to both the practitioner and academician. The limitations of the study and avenues for future research are also discussed in the final chapter.

Chapter Summary

This chapter has provided a general overview of the context in which the study was conducted; specifically, an examination of certain principles of perceived risk in a professional service setting. The chapter briefly noted the rapid growth of the service sector of the economy and the recent emergence of professional services into the competitive marketplace. The chapter points out the differences between a good and a professional service that may have a bearing on the consumer choice process. The chapter noted that the purpose of the study was to develop a better understanding of the principles of perceived risk in a professional service setting; specifically, the effect of the amount of information available, the source of the information and the context in which the choice decision is being made on an individual's degree of perceived risk and intent to retain.

The chapter outlined the design used to examine these relationships. The significance of the research to both the academician and the practitioner was discussed. The chapter concludes with an outline of the organization of the dissertation.

CHAPTER II

REVIEW OF THE LITERATURE: PERCEIVED RISK

This chapter discusses the research relevant to perceived risk. The chapter is divided into four major sections. The first provides an overview of perceived risk theory. The second details the conceptualization of perceived risk. The third section outlines the studies that sought to isolate the determinants of perceived risk. The fourth major section provides a critical analysis of the studies in the area of perceived risk. The chapter concludes with a brief synopsis outlining the major findings and methodological weaknesses of the studies examined.

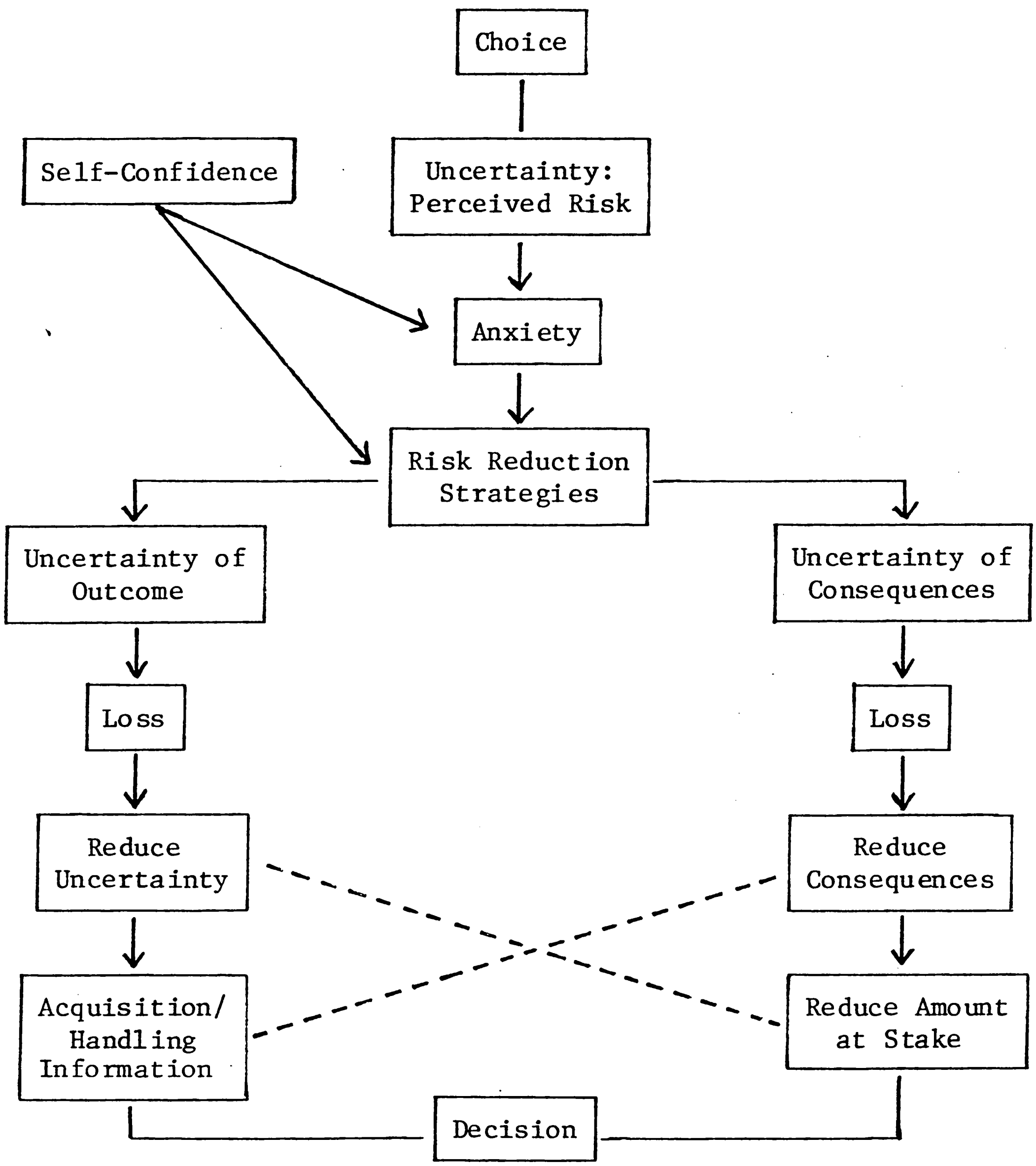
Overview of Perceived Risk

Perceived risk can be viewed as an attempt at explaining consumer behavior. As originally postulated by Bauer (1960) and his colleagues at Harvard perceived risk is an integral part of the consumer choice process. Each consumer is faced with a choice among alternatives and since the results of a decision cannot be known beforehand each decision carries with it a certain degree of uncertainty or risk. This uncertainty, regarding either the outcome of the decision or the possible consequences of the decision or both, gives rise to a state of anxiety. The anxiety rests on the anticipation of a probable loss or disruption of one's interpersonal relationship. The degree to which an individual experiences anxiety is in part a function of an individual's confidence in his/her ability to make a correct choice. The greater an individual's confidence in any given choice situation the less the felt anxiety. Each individual attempts to reduce their level of risk by engaging in certain forms of behavior. This behavior, termed risk reduction strategies, is an integral part of perceived risk theory. Among the behavioral strategies employed are: brand loyalty; the purchase of popular brands; the acquisition, handling and processing of information; and also the postponement of the choice. These strategies are engaged in to reduce the level of uncertainty perceived by the individual.

Figure 1 provides a conceptual scheme of the role of perceived risk in consumer choice behavior. The discussion that follows focuses on the conceptualization of perceived risk and the research that has been conducted to examine its determinants and explain the factors effecting risk reduction.

Conceptualization

Perceived risk as conceptualized by Bauer (1967) consists of two dimensions, uncertainty and consequences. These elements are combined by the consumer into some measure of overall perceived risk. According to Bauer, the consumer in a purchase decision is faced with certain consequences that cannot be anticipated with any fixed degree of certainty. Some of these consequences are likely to be unfavorable. This



Adapted from "The Role of Risk in Consumer Behavior," James W. Taylor, 1974. Journal of Marketing, Vol. 38, April, p. 55.

FIGURE 1

PERCEIVED RISK

uncertainty regarding the consequences of the purchase decision is referred to as perceived risk.

Cox (1967), on whose initial research Bauer formulated his conceptualization of perceived risk, refers to the amount of risk perceived by a consumer as being a function of two factors: (1) the amount which is at stake (which could be lost) if the consequences of the purchase action were unfavorable; and (2) the consumers' "feeling" of uncertainty that the consequences will be unfavorable.

While there are various approaches to the definition and operationalization of risk, they all share one element, subjectivity. Bauer (1967, 30) said

> It should be noted that I have carefully said perceived risk....This is because the individual can respond to and deal with risk only as he perceives it subjectively. If risk exists in the real world and the individual does not perceive it, he cannot be influenced by it.

This emphasis on the subjectivity of the risk is to differentiate it from objective risk which deals with known probabilities. Subjective risk then infers unknown probabilities. Thus, Bauer's (1967) contention that

> Consumer behavior involves risk in the sense that any action of a consumer will produce consequences which he cannot anticipate with anything approximating certainty and some of which at least are likely to be unpleasant.

Kogan and Wallach (1964) defined perceived risk in objective terms. In their view, perceived risk consisted of a "chance" and "danger." Chance infers a known probability, an objective case; danger refers to severity of negative consequences. Cunningham (1967), while using as a basis for his definition of perceived risk the work of Kogan and Wallach, substitutes the terms uncertainty and consequence for chance and danger to conform more closely with the work of Cox (1967).

Perceived risk then appears to be a subjective concept having two primary elements: the uncertainty of the outcome of an act and the negative consequence that may occur if the act does not provide favorable results. While this concept has achieved some measure of agreement, others have viewed perceived risk as a combination of basic risk types. These risk types are believed to be an inherent part of the purchase act and are labeled performance risk and psychological risk. Each risk type can be independently measured and combined to form an index of overall perceived risk (Bauer 1967; Cox 1967). Others have indicated that there are other types of risk that enter into overall perceived risk: social risk, financial risk, physical risk (Jacoby and Kaplan 1972) and time, hazard, ego, and money risk (Roselius 1971). This latter viewpoint, that perceived risk is a function of a combination of more basic types of risk, each of which has the two basic components of uncertainty and consequences, was investigated by Roselius (1971) who termed his factors not risk, per se, but as losses, and by Jacoby and Kaplan (1972, 382).

This review shows two approaches toward the conceptualization of perceived risk. Lewis (1976) labels the two the global concept and risk component approaches. While both approaches acknowledge the multidimensional nature of perceived risk, each researcher it seems has elected to measure those components he or she has felt more important.

Sheth and Venkatesan (1968) focused on the uncertainty component in their study of risk reduction over time. Others have varied the different dimensions: Schiffman (1972) used the constructs uncertainty and importance; Arndt (1967) used uncertainty by itself. As stated earlier, Roselius (1971) examined four kinds of risk: time, hazard, ego, money. Jacoby and Kaplan (1972) found their index of risk to be predictable by evaluating five risk types: financial, performance, physical, psychological and social. Bettman (1975) has indicated that the process by which consumers build their overall perceived risk is an additive one.

There have been studies that examine how factors such as product, personality and situation affect the overall perception of risk. Those studies will be reviewed and the operationalization of risk will be examined.

Determinants

Product

That consumers perceived varying degrees of risk in products was an underlying assumption made by Bauer (1967) et al. The extent to which this is true is pointed out to some degree by many researchers. Spence, Engel and Blackwell (1970) studying perceived risk in buying via mail or in store found that risk varied across the 20 products in the study. Dean, Engel and Talarzyk (1972) found that respondents were able to distinguish between products in terms of perceived risk.

The products used in these studies and others cover a wide array of products all of which are in the "goods" classification of products. For example, Arndt (1967), Popielarz (1967), Bettman (1973), Lutz and Reilly (1972), and Hoover, Green and Saegert (1978) all used instant coffee as the foci for their perceived risk; fabric softener was used by Cunningham (1967) and Bettman (1973); drugs by Bauer (1967), Bearden and Mason (1979); a salt substitute by Schiffman (1972). This concentration on the "goods" aspect is apparent in the Roselius (1971) study, though the author attempted to avoid any product bias by not using a specific type of product. Yet, the operationalization of risk infers that a "good" is under consideration. The respondents are asked to "buy a brand," "use a free sample," or "buy whichever brand."

The importance of product class to perceived risk is best illustrated by Bettman's (1973, 184-185) concepts of handled and inherent risk. Inherent risk is defined as "the latent risk a product class holds for the consumer, it is the risk the consumer perceived as residing in that product class." Handled risk is the amount of conflict a product class engenders when the consumer selects a brand from that product class. Handled risk is the result of the consumer's application of their risk reduction strategy on inherent risk. This risk reduction process, or cognitive style, will be discussed later in this chapter.

While not dealing specifically with the inherent risk concept, findings from several studies appear to support the concept. Both Schiffman (1972) and Wasson (1975) note that there is a greater degree of perceived risk in products that are new and about which there is little or no information. Consumers it seems then are more reluctant to purchase high-risk products than low-risk products and more reluctant to purchase newer products about which there is little or no information.

Personality

A note of explanation must preface this discussion of personality. Assuming personality to be the organized pattern of behavioral characteristics of the individual, this discussion must include not only personality types such as high- or low-risk takers, but also cognitive style as it applies to risk reduction. These two elements are, for this discussion, not mutually exclusive.

Cox (1967) and Cunningham (1967) have observed that people, consumers, have generalized tendencies toward their perception of degree of risk and toward the way they seek to reduce this risk. The work of Cox and Rich (1966) and others point out that the preferred method of handling risk is by increasing certainty through information processing by relying on past experience. It was also shown that people have a marked consistency in their risk reduction process. This consistency is referred to as a person's apparent willingness to accept risk or avoid negative instances (Popielarz 1967).

To understand this concept of cognitive style somewhat better, Social Judgment Theory suggests that:

> For any issue which could be defined as having a spectrum of positions (i.e., risk) an individual would have a range

> of acceptable positions (latitudes of acceptance) which include an ideal or most acceptable position, a range of objectionable positions and a range of neither acceptable nor objectionable positions (Rothchild and Houston 1979, 95).

To the extent this is true for consumers in a market choice situation is stated by Popielarz (1967, 371) who observed that

> Willingness to try a new product involves the propensity to assume different kinds of risk. A willingness to try a new product seems to be associated with a preference for errors of inclusion, rather than errors of exclusion; unwillingness to try a new product involves a preference for errors of exclusion.

Support for this concept can be drawn from the psychological literature that deals with the perception of stimuli.

In the psychological literature there is reference to the process by which a person in selecting maximum and minimum values of various stimuli (auditory and visual) will tend to have either broad, medium, or narrow ranges of judgment. Broad categorizers will judge extreme instances of a category more distant from a central tendency value relative to the judgments of narrow categorizers (Pettigrew 1958, 1970). This concept was related by Pettigrew to the risk literature when he drew a parallel between the broad categorizer and what he termed a high-risk type and the narrow categorizer and low-risk types. Broad categorizers tend to have a tolerance for a Type I error, i.e they risk negative instances in an effort to include maximum positive instances. Narrow categorizers are willing to commit Type II errors, i.e. they will include many positive instances by restricting their category ranges to minimize the number of negative instances (Pettigrew 1958;

Popielarz 1967). The concept of high- vs. low-risk types of individuals has been used in several studies with the result that it has been found that high-risk groups will seek more information and deliberate longer than will low-risk types and are more prone to try new products (Cunningham 1964; Sheth and Venkatesan 1968).

Self-esteem is conceptualized as having two components: a generalized level and a specific level. Generalized self-confidence can be defined as a personality dimension that reflects the individual's feeling of self-adequacy and of confidence in his/her own ability to cope with problems. Specific self-confidence is the consumer's perception of his/her ability to cope with a specific problem.

The effect of self-confidence on the consumer decision process is such that when faced with a wide array of alternatives, the consumer may doubt the adequacy of his/her competence leading to a state of anxiety. Taylor (1974, 59) states that "the mechanism that links self-esteem and anxiety is the ability to perceive the possibility of loss or risk in a choice situation." Anxiety increases when a person is confronted with a choice and has no guarantee of the final outcome (consequence component of risk), but must bear the full responsibility of that choice. What has been observed is a negative relationship between self-confidence and anxiety. That is, the lower the individual's self-confidence, the greater the perceived anxiety (Locander and Hermann 1979).

Schanninger (1976) reports similar findings and states that in a study of the relationship begween self-esteem and perceived risk it was found that all tests of self-esteem (five tests) exhibited significant negative correlations between self-esteem and perceived risk. Kogan and Wallach (1964) found self-efficiency and independence were positively related to risk taking. Arndt (1967) found that high-risk perceivers were less likely to purchase new products than low-risk perceivers.

To narrow the discussion of focus almost exclusively on the consumer's cognitive style, Cox's explanation of cognitive style was examined. When faced with a choice among alternatives, a consumer's goal is to make an objective and impartial evaluation of the merits of the alternatives. To accomplish this objective the consumer engages in certain behavior, the form of which is the collection and evaluation of information about the alternatives. This process continues until the consumer has enough confidence to make the decision.

> The more important the decision, and the more variable the information about the alternatives, the higher is the confidence that the person will want before he makes his decision (Festinger 1964, 152-153).

The action incurred above describes the consumer's effort to reduce the uncertainty dimension of perceived risk. Cox (1967) and Sheth and Venkatesan (1968) acknowledge that it is, for the most part, beyond the power of the consumer to change the consequences of a bad choice, but the consumer can alter the degree of uncertainty felt about the choice. The method chosen by the consumer to reduce this uncertainty is referred to as the consumer's cognitive style. The degree to which the consumer will seek out information, and the amount of information needed, has been found to be a factor of:

1. That consumer's experience with the product.
2. The degree to which the product is new.
3. The relative resource commitment required of the consumer.
4. The irreversibility of the decision.
5. The availability of the information needed.
6. The conspicuousness of the purchase.
7. The degree of involvement the consumer feels.
8. The product is one that is infrequently purchased.

(Cox and Rich 1967; Engel, Kollat and Blackwell 1968; Sheth and Venkatesan 1968; Ratchford and Andreasan 1973; Anderson, Engledow, and Becker 1979; Dawson and Wales 1979; Hugstand and Taylor 1979; Markin 1979; Thorelli and Engeldow 1980).

It would seem that upon investigation there is evidence that the perceptual or cognitive construct, category width and personality are related to the consumer's willingness to adopt new products; broad categorizers being more willing to adopt new products than narrow categorizers; and the greater the individual's self-confidence the more willingly that individual will adopt new products.

Roselius (1971) summarizes these findings when he states

> As buyers differ in discerning the characteristics of potential loss (risk as operationalized by Roselius) in a purchase decision, they are expected to differ also in the kind of hesitancy to buy, it is believed that they will respond differently to opportunities to relieve the risk they perceived.

Situation

Though there have been several studies dealing with the effects of the purchase situation on perceived risk, notably those of Hisrich, Dornoff and Kernan (1972) and Vincent and Zikmund (1975), the results have been less than conclusive. For instance, Hisrich et al. found that store selection "may" affect perceived risk. Vincent and Zikmund found that buying situations more probably interact with other variables, individual and product, in determining risk.

Thus, a quick review shows that as Cox (1967) and Spence, Engel and Blackwell (1970) indicate, perceived risk is affected by factors other than the product and personality. The interaction of the product, the individual, the situation, and perceived risk have clouded the research efforts to isolate the effect of the situation on perceived risk.

Personal Influence

Much has been written of the usage of personal sources of information as a leading risk reducer. While there is agreement among those who have researched this phenomenon that it is a dominant source of information, it is also agreed that it is not necessarily the most important source.

The study by Bursk (1960) dealing with the adoption of new drugs by physicians found that as the severity of the disease for which the drug was intended increased, so too did the value of the physician's professional sources of information, defined as collegial information.

This study reflects the findings in the works of others that state the higher the risk involved in a particular product decision the greater the importance of personal influence (Sheth and Venkatesan 1968; Perry and Hamm 1969; and Lutz and Reilly 1973).

A study not directly related to the literature but to the subject of this study is one by Smith and Meyer (1980). In this study they asked the subjects to rank order some 17 bits of predetermined selection criteria for an attorney; the bits were ranked twice, once according to usage, and again according to importance. By usage, personal acquaintance and recommendation by friend, were ranked twice, once according to usage, and again according to importance. By usage, personal acquaintance and recommendation by friend, were ranked numbers one and two, respectively. When ranked by importance, these same two selection criteria were positioned as twelfth and ninth out of 17 places. Pointing out the contention mentioned earlier, that while word of mouth is a dominant source of information it is not necessarily the most important, it may be surmised that the reason for the discrepancy between usage and importance in the Smith and Myers (1980) study may reflect the unavailability of commercial sources of information. Further, the earlier positive linkage of perceived risk and the importance of personal influence might also help explain the top ranked criteria by usage. In any event, this linkage within the situation of lawyer selection provides an avenue for potential inquiry.

Information Load

Earlier in the chapter it was noted that the preferred method of handling risk was by increasing certainty through information acquisition and processing. The amount of information gathered was in part a function of the variability of the information and the importance of the decision. Relevant to the discussion of this risk reduction procedure is the literature dealing with information load.

The basic concept in this literature is that consumers have finite limits to their ability to absorb and process information in a fixed period of time (Jacoby, Speller and Kuhn 1974; Scammon 1977; Malhotra 1982). Indeed, the studies cited indicate the major factors affecting an individual's ability to process information are time and importance of the information.

Jacoby et al. (1974) concluded that certainty increased for individuals as the number of items of information for a brand increased. This finding seems to support the contention of Cox (1967) that the individual seeks information to identify and gauge the performance and/or psychosocial consequences of a purchase. Thus, it would seem that the handling of risk means the handling of information. However, Malhotra (1982, 428) suggests that there appears to be a finite limit to the number of items an individual can optimally handle, with 10 items being the absolute ceiling for processing.

The beforementioned studies and their findings and relevance to this study must be viewed with the same care as taken with the other studies reviewed in this chapter. First, the three major studies reviewed all dealt with the choice of multiple products: Jacoby et al., laundry detergents; Scammon, peanut butters; and Malhotra, houses. Second, all of the products used in the studies were physical, tangible in nature, thus reinforcing the void mentioned earlier of studies dealing with services.

Methodological Considerations

The examination of the perceived risk literature has been focused to this point on the development of the construct without concern for the methodologies used. However, to determine the relative value of these findings, it is also necessary to review the measures and methodologies used.

The research in the area of perceived risk is victim to the same ills cited by Jacoby (1978), Churchill (1979) and Peter (1981) in their critiques of the research techniques used by marketers in general. The methodological review of the perceived risk literature reveals an absence of several important methodological and conceptual considerations. The most glaring deficiency is the lack of any checks on the measures used with respect to their reliability and validity. Table 1 provides a graphic illustration of this omission. The issue of reliability and validity of the measures of perceived risk is of concern for several reasons. First, evidence of reliability, defined as proof that the measure is relatively free of random error and yields consistent results, is a necessary but not sufficient criterion for the assessment

TABLE 1

SUMMARY OF PERCEIVED RISK STUDIES

	Arndt 1967		Bauer		Bearden and Mason 1979	Bettman 1973	Cox 1967	Cox and Rich 1964; 1967	Cunningham 1967			Dash Schiffman and Berensen 1976	Hisrich, Dornoff and Kernan 1972
	W.O.M.	Perceived Risk Socio-Eco.	1960 1967	Risk Hand in Drug					Major Dimensions of	Perceived Risk as a	Perceived Risk and		
Type of Sample		Non-random		Non-random	Systematic Random	Non-random	Non-random	Two stage*		Non-random		Non-random	Random
Sample Size		449		600	412 118	123	2	52 2945 1184		1200 Same Data Base	424		300
Respondent		Female		Physicians	State AMA Members	Female Volunteer	Female	Dept. Store		Female	Buyer of Audio Eq. $100+ W/		Previous Buyers
Data Collection Method		30-minute Structured Interview		5 item Self-administered questionnaire	7 pt. & 6 pt. mail questionnaire	20 pt. 19 pt. questionnaire	Case Interview	Interview Personal & Phone interview		Phone Survey		Mail Questionnaire	Questionnaire
Reliability Measure Discussed		None No		None No	Yes	None No	None No	None No		None No		None No	None No
Validity Measure Discussed		None No		None No	Yes	None No	None No	None No		None No		None No	None No
Explicit Hypothesis		No		No	Yes	Yes[1]	No	Yes[1]	No[1]	Yes[1]	Yes[1]	Yes[1]	Yes[1]
Experimental Design			No	No	No	No	No	No	No	No	No	No	No
Pretest		No		No	No	No	No	No	No	No	No	No	No
Non-Empirical, Conceptual	X		X										
Generalizable		Yes		No	No, to physicians only	No	Yes	No	Yes	Yes	Yes	No	No

[1] Explicit hypotheses in additional table.
* "Single stage replicated area probability sample."

TABLE 1 (Contd.)

	Hugstad and Taylor 1979	Humphreys and Kenderdine 1979	Lutz and Reilly 1973	Perry and Hamm 1969	Popielarz 1967	Pras and Summers 1977	Pras and Summers 1978	Roselius 1971	Schiffman 1972	Sheth and Venkatesan 1968	Spence Engel and Blackwell 1970	Vincent and Zikmund 1975	Zikmund and Scott 1973
Type of Sample			Non-random	Non-random	Non-random	Non-random		Non-random	Non-random	Non-random	Random	Non-random	Non-random
Sample Size			243	101	61	40		472	100	104	300	44	57 118
Respondent			Undergrad. Convenience	Male Undergrad.	Volunteer	Undergraduate Volunteers		Female Convenience	Female Geriatric	Undergrad. Volunteers	M/F	F Volunteers	F F Volunteers
Data Collection Method			Self-adm. questionnaire	Self-adm. questionnaire	11 pt. questionnaire	Ranking Questionnaire		5 pt. Questionnaire	Interview	Self-report Ranking	In-home Interview & questionnaire	Self-adm. Questionnaire	Interview
Reliability Measure Discussed			None No	None No	.67 Yes	None No		None No	None No	None No	None No	None No	None No
Validity Measure Discussed			None No	None No	Yes	None No		None No	None No	None No	None No	None No	None No
Explicit Hypothesis			Yes[1]	Yes[1]	Yes[1]	Yes[1]	Yes[1]	No	Yes[1]	Yes[1]	Yes[1]	Yes[1]	No
Experimental Design			3 x 3 factorial	No	No	No	No	No	No	Yes*	No	2 x 2 factorial	No
Pretest			No mention	No	No	Yes	Yes	No	Yes to deter. dim.	Yes	No	No	No
Non-Empirical Conceptual	X	X											
Genralizable			Yes with Qualification	Yes	Yes	No	No	Yes	To all elderly	No	No	Yes	Yes

[1] Explicit hypothesis in additional table.

* See write up.

of construct validity. Second, since construct validity is the verification that the measured constructs are as conceptualized, it is important to "prove" that the conceptual variable has been measured. Otherwise, there is no indication that the researcher has measured what he/she sought to measure. Third, the lack of any reliability or validity assessment negates the ability of the researcher to extend the findings to other times, places or settings. That is, the external validity of such studies is extremely doubtful. The review of the literature shows that the guidelines for attaining more reliable and valid measures have not been followed. Rather, the review reveals numerous unidimensional measures, unrealistic samples, unidentified domains of construct, little or no work on measure development, little pretesting, and almost no measure purification as outlined by Churchill (1979) and Ray (1979).

Also apparent from the review of the literature is the almost exclusive focus of the studies upon "physical goods." This fixation upon "goods" limits the ability to generalize the findings into the "service" area of marketing (Ratchford and Andreasan 1973; Ross 1975). Table 2 illustrates the "good" aspect of the studies.

Yet another element to consider is the fact that in spite of the near unanimity of the research on the multidimensionality of perceived risk, many of the studies have continued to use unidimensional measures.

TABLE 2

PRODUCT VARIABLE OF PERCEIVED RISK STUDIES

Product	Author
After-Shave	Lutz and Reilly (1973)
Auto Tires	Popielarz (1967)
Bath Soap	Hoover, Green and Saegert (1978)
Beer (3)	Bettman (1973), Lutz and Reilly (1973), Schanuinger (1976)
Bread	Lutz and Reilly (1973)
Cameras	Popielarz (1967)
Carpets	Hisrich, Dornoff and Kernan (1972)
Color Televisions	Zikmund and Scott (1973)
Deodorant	Popielarz (1967)
Dress Shoes	Popielarz (1967)
Dry Spaghetti (2)	Cunningham (1967, Bettman (1973)
Electric Knives	Vincent and Zikmund (1975)
Fabric Softener (2)	Cunningham (1967), Bettman (1973)
Furniture Polish	Bettman (1973)
Generic Drugs	Bearden and Mason (1979)
Hair spray	Sheth and Venkatesan (1968)
Headache Remedies (3)	Cunningham (1967), Bettman (1973)
Hospitalization Insurance	Spence, Engel and Blackwell (1970)
Instant Coffee (5)	Arndt (1967), Hoover, Green and Saegert (1978), Bettman (1973), Popielarz (1967), Lutz and Reilly (1973)
Lawn Mowers	Lutz and Reilly (1973)
Margarine	Bettman (1973)
Metal Lawn Furniture	Zikmund and Scott (1973)
Nylon Stockings	Cox (1967)
Paper Towels	Lutz and Reilly (1973)
Personal Stationery	Zikmund and Scott (1973)

TABLE 2
(Continued)

Product	Author
Salt Substitutes	Schiffman (1972)
Shampoo	Lutz and Reilly (1973)
Stereos	Lutz and Reilly (1973)
Toasters	Lutz and Reilly (1973)
Toothpaste	Bettman (1973)

Critique of Selected Studies

An examination was made of some of the hypotheses tested to obtain a general overview of the types of relationships that have been studied and are summarized in Table 3. The studies that are discussed in detail were chosen on the basis of relative importance of the studies, as indicated by the frequency of their mention in other studies, and the relative importance of the vehicle in which they appeared. Conspicuous by their absence in the discussion will be the pioneering works of Bauer, Cox, Cunningham and Arndt. The reason for this omission is that all later research is essentially based on the thoughts generated in those works. Moreover, some, notably Bauer and Arndt, are conceptual pieces generated by these authors' works in other areas of consumer behavior.

Table 1 outlines the general criteria used to judge the literature on perceived risk. The table provides the reader at a glance a comparison of samples used, instrument used in data collection, whether or not there has been a pretest and whether or not any attempt has been made to assess either reliability or validity.

Popielarz (1967)

This research used a convenience sample of 61 volunteer undergraduate students at the University of Minnesota. The main hypothesis tested was that category width, defined as the tendency of subjects to include or exclude negative instances of an event to achieve a desired goal, is linearly related to a degree of willingness to try new products.

TABLE 3

SUMMARY OF PERCEIVED RISK STUDIES: HYPOTHESES TESTED AND SUPPORTED, RELIABILITY REPORTED

Researcher(s)/Author	Hypotheses	Supported Yes	Supported No	Reliability Reported
Bettman (1973)	1. Inherent risk for a product class will increase:			
	a. with variation in perceived product quality.	Not tested		
	b. with the importance of the brand choice.	X		
	c. with the perceived price paid when a brand from the product class is purchased.	Not tested		
	2. Inherent risk for a product class will decrease:			
	a. with the size of the acceptable set of brands in terms of quality.	Not tested		
	b. with the mean level of quality for the product class.	X		
	3. Handled risk for a product class will:			
	a. increase with inherent risk for that product class.	X		
	b. decrease with the amount of information about the product class in general.	X		
	c. decrease with the usefulness of the information.	Not tested		
	d. decrease with the amount of confidence with which information is held.	Not tested		
	e. decrease with the mean familiarity of the specific brands.	Not tested		
Cunningham (1967)	1. Users of a product who were high in perceived risk would reduce risk through conversation and thus a greater proportion of high risk perceivers would be classified as talkers.	X		No
	2. Perceived risk is positively related to perceived brand commitment.	X		
	3. Consumers are able to explicitly recognize risk in the purchase and use of products and that perception should vary by individual and product.	X		
	4. High risk perceivers would recognize more serious danger than low risk perceivers.		X	
	5. Those low in perceived risk will be more likely to be high in generalized self-confidence.		X	
Cox and Rich (1964)	1. The additional elements of potential uncertainty which are present in telephone shopping create perceived risk which acts as a deterent to phone shopping.	X		No
Dash, Schiffman and Berenson (1976)	1. Shoppers who purchase audio equipment from specialty stores would have more generalized self-confidence than those who purchase similar merchandise from department stores.	X		No
	2. Those who purchased from specialty stores would possess more product specific self-confidence than those who purchase from the department store.	X		

TABLE 3 (Contd.)

Researcher(s)/Author	Hypotheses	Supported Yes	Supported No	Reliability Reported
Dash, Schiffman and Berenson (contd.)	3. Specialty store customers would perceive less product risk than department store customers.	X		
	4. Specialty store customers would consider product area to be more important than department store customers.	X		
Hisrich, Dornoff, and Kernan (1972)	1. A person's self-confidence in general and the amount of risk perceived in store selection ought to be inversely related.		X	No
	2. One's specific self-confidence in his ability to select a good store in which to buy carpeting, draperies or furniture should relate inversely to the risk perceived in store selection.	X		
Lutz and Reilly (1973)	1. Tendency to engage in information search is directly related to the degree of social and performance risk in the purchase situation.	Not tested		No
	2. Under conditions of relatively high perceived social risk, the consumer tends to utilize personal sources of information.		X	
	3. Under conditions of relatively high perceived performance risk, the consumer tends to utilize impersonal sources of information.		X	
	4. In general the consumer will tend to rely on personal experience whenever possible to obtain product information.	X		
Perry and Hamm (1969)	1. The higher the socio-economic risk involved in a particular purchase decision the greater the importance of personal influence, as compared with other sources of influence.	X		No
Popielarz (1967)	1. Breadth of categorization is lineraly related to the degree of willingness to buy new product.	X		Yes
	2. Breadth of categorization is lineraly related to perceptions of the extent to which products of a given product class qualitatively differ.		X	
Pras and Summers (1975-8)	Individuals will have less risk tolerance:			
	1. for attributes of high importance.		X	No
	2. in situations where at least one of the potential attribute levels is unacceptable.	X		
(78)	1. The higher the value importance of the determinant attribute, the more the consumer is a risk avoider, that is the lower is his risk tolerance.		X	No

TABLE 3 (Contd.)

Researcher(s)/Author	Hypotheses	Supported Yes	Supported No	Reliability Reported
Pras and Summers (contd.)	2. Individuals have less tolerance for risk when one of the dubious attribute levels is unacceptable than when all possible attribute levels are acceptable.	X		
Schiffman (1972)	1. Trial of a specific new product will vary inversely with the degree of perceived risk.	X		No
	2. Trial of a specific new product will be greater for those who prefer an inclusion strategy than for those who prefer an inclusion strategy.	Not tested		
	3. Trial of a group of new products within a broad product category introduced over a period of time will be greater for those who prefer an inclusion strategy than for those who prefer an exclusion strategy.	Not tested		
Sheth and Venkatesan (1968)	1. Risk reduction entails -- active information seeking, predecision deliberation, brand loyalty development -- deliberation will be initially dominant but over time will dominate.	X		No
	2. Brand loyalty and the other processes are inversely related.	Not specifically tested but would seem to be supported.		
	3. The greater the uncertainty, the greater the active information seeking and prepurchase deliberation.	X		
	4. As decisions are repeated, information seeking and prepurchase deliberation will continue to diminish for both high or low risk groups.	X		
	5. Given the opportunity, the subject will rely on brand image as a risk reduction process and will, therefore, manifest brand loyalty.	X		
Spence, Engel and Blackwell (1970)	1. There is significantly greater perceived risk in buying products by mail than in buying the same product from a salesman or in a retail store.	X		No
	2. The difference in risk in buying by mail versus buying from a salesman or a retail store will be perceived to be significantly less by mail order hospitalization insurance buyers than by equivalent groups of non-buyers.		X	
	3. The difference in risk in buying hospitalization insurance by mail versus buying from a salesman will be significantly less among persons who have bought hospitalization insurance by mail than by equivalent groups of non-buyers.		X	
Vincent and Zikmund (1975)	1. There is no relationship between the type of buying situation and dimensions of perceived risk.		X	No
	2. There is no relationship between the type of store which a person perceives and the dimensions of perceived risk.		X	

A second hypothesis tested whether category width is linearly related to perceptions of the extent to which products in a given class differ qualitatively (Table 3).

To test the above hypotheses, the subjects were first administered Pettigrew's category width scale, a 20-item questionnaire that Popielarz contends "has criterion validity and reliability (p. 369)." Indeed Popielarz performed a procedureal check that showed an odd-even reliability coefficient of .67.

Upon completion of the above scale, each subject then was asked to indicate on an 11-point scale their willingness to buy each of four qualitatively different brands of six types of products. The anchor points of the scale were extremely willing to buy (1) and extremely unwilling to buy (11). Unfortunately, no mention is made of any assessment of the reliability or validity of this particular scale.

As shown in Table 3, the results of the study confirmed the first hypothesis but did not support the second.

<u>Roselius (1971)</u>

The data used in this study comes from a non-random sample of 472 households responding to a mail questionnaire mailed to 1,400 homes (a 34% response rate). The subjects were asked to rate on a 5-point scale their attitude toward each of 11 types of "risk reducers." The anchor points of the scale were almost always helpful and almost never helpful. No mention is made of any assessment of the reliability or validity properties of the scale used. Risk was defined as four types of loss (consequences): time, hazard, ego and money. The author provides no theoretical support for this operationalization of the perceived risk construct. Such an operationalization calls into question the construct validity of the study. This factor, compounded with the omission of any manipulation on the scales used to determine the elements of reliability or validity, does not deter the author from generalizing the results of the study to the populace at large.

Sheth and Venkatesan (1968)

These authors came the closest to manipulating levels of risk. However, risk was related to a tangible good, hair spray, and was defined according to whether a particular brand of hair spray was a "nationally known" or "regionally known" brand. The authors did a pretest to determine the amount of risk in each situation, but the pretest methodology was not discussed.

A convenience sample of 104 undergraduate female students was used to study the five hypotheses, given in Table 3. Obvious in this study by their absence are any mention of a reliability assessment or the use of a multidimensional measure of perceived risk. The authors chose only to measure perceived risk along its uncertainty dimension. The authors, aware perhaps of the limitations placed on the study, refrain from generalizing their findings to the general population.

Schiffman (1972)

Schiffman interviewed the women of what he termed "a community of geriatrics (p. 106)." This convenience sample was used to examine the hypothesis that the trial of a new product (a salt substitute) will vary inversely with the degree of perceived risk. Two other hypotheses dealt with the probability of trial of a new product and a strategy of inclusion or exclusion; this corresponds closely to the category width concept studied by Popielarz (1967).

The foundations of support or non-support for the hypotheses come from the author's use of Goodman and Kruskal's gamma which provides only measures of association. As such, the author claims support for the first hypothesis (Table 3).

Pretesting determined that perceived risk in this instance had two prime facets: a taste component and a health component. However, no mention is made of any reliability or validity assessment either in the pretest or in the main study. The author confined his generalization to the elderly but one remains skeptical of that generalization given the obvious lack of external or even internal validity of this study.

Bettman (1973)

One of the more important concepts to emerge from the area of study of perceived risk is that of Bettman's inherent and handled risk. Although this concept has been widely accepted and subsequently incorporated into other studies, this review reveals that the measure used to develop these concepts had no reliability assessment.

The author used a non-random sample of paid female volunteers who responded to two scales, one a 20-point scale designed to measure performance risk (defined as quality) and a 10-point scale to measure certainty and danger. The questions were in reference to nine grocery products. The hypotheses examined are given in Table 3. As indicated in Table 3, hypotheses 1b, 2a, 3a and 3b were supported and 1c was rejected. The remaining hypotheses were not examined. Thus, ironically, but not expectedly, the popular concepts of inherent and handled risk rest on a single confirmation of four hypotheses by an unproven instrument administered to a non-random sample of subjects.

Lutz and Reilly (1973)

A convenience sample of 243 undergraduate students responded to an untested instrument designed to measure perceived social and performance risk on nine products. The authors concluded that when performance risk was low or moderate, subjects chose to buy, but when products were high in performance risk, direct observation and experience are the most preferred method of risk reduction. Variations in social risk level did not have any effect on the respondents' information search behavior. The authors state that their conclusions are "highly tentative (p. 402)."

Chapter Summary

This chapter presents and critically analyzes the literature relevant to the concept of perceived risk in terms of conceptualization, determinants and methodologies. Further a detailed critique of selected studies is presented. What emerges from the above reviews has been the lack of manipulation of the independent variable, perceived risk. Although studies have varied risk by exposing subjects to various products, each having their own level of perceived risk, there has been no study that has held the product constant and varied the risk surrounding its acquisition (situational effect). Ross (1976, 14) allows that the "manipulation of risk by experimental design would allow the researcher more power, especially in addressing theoretical relationships with the risk model...."

Much needs yet to be accomplished in the area of perceived risk before the scientific community can accept its lawlike generalizations with any degree of confidence. One requirement for reaching this level of confidence is the necessity that the research be replicated using random samples and providing for a greater ability to generalize the findings. Further, studies that permit experimental manipulation of perceived risk are necessary to permit causal inferences. Finally, assessment of the reliability and validity of the measures as well as multiple measures are necessary. Replication studies need not be exact duplications of previous research, but can begin where other research ends using the facts or laws claimed to be found, and then formulating new conceptualizations, different measures, or different settings. The more it can be shown that the findings fit for different situations, the more acceptable the body of knowledge becomes to the scientific community.

This review shows many gaps in the research of perceived risk. The examination has shown that perceived risk is a function of an interpersonal variable that can be labeled personality; it is also a function of product and other situation differences. Only through additional research designed to isolate and evaluate these variables can be known the effect of perceived risk on consumer behavior.

From the initial conceptualization of perceived risk by Bauer (1960), attempts have been made to determine and isolate those factors that effect the perception of risk. We have also been witness to the work of Jacoby and Kaplan (1972), Roselius (1971), and Zikmund and Scott (1973) who collectively isolated components that comprise perceived risk. Those elements that have achieved some modicum of agreement in the literature are:

1. Financial Risk
2. Performance Risk
3. Physical Risk
4. Psychological Risk
5. Social Risk
6. Time (Loss)
7. Future Opportunity (Cost)

Each of these risk types has been measured along the two dimensions first outlined by Bauer (1960) and his Harvard colleagues; uncertainty and consequence.

The recap has indicated that a willingness to try a new product involves a tendency to assume varying degrees of risk. A willingness to try new products seems to be associated with a preference for errors of inclusion rather than exclusion and it seems this relationship varies for products; and as Popielarz (1967) states, this may be a function of the visibility of the product in question.

Each of the studies reviewed, with the noted exceptions, has dealt with tangible items, or "goods." It is obvious from the review that research in the area of service marketing is underdeveloped. The next section of this paper explores those elements of a service that may lend themselves to affecting the degree of perceived risk felt by the consumer. Hugstad and Taylor (1979) point to the intangibility and experientiality of services as a possible influencing factor.

Particular to this study is the degree of perceived risk in the choice of legal services. In this area of legal service marketing, the element of consumer evaluation of quality, the effects of the lack of standardization of output, and the effects of choice under stress may all serve to add to the degree of perceived risk. Thus, legal services by nature appear to have the elements of a risky purchase situation. Chapter III reviews the literature pertaining to the marketing of services and, in particular, legal services.

CHAPTER III

REVIEW OF THE LITERATURE: THE MARKETING OF LEGAL SERVICES

The chapter develops the setting in which the research is undertaken. First, the circumstances leading to the advent of legal service marketing are discussed. Second, the literature is reviewed that allows for the construction of a definition of service. Included in the review is a discussion of those characteristics unique to a service and how they might alter an individual's perception or selection of a product. In addition, the chapter includes a review of the literature from the sociology of occupations that provides a basis for the development of a definition of professional services and illustrates the differentiation between professional and non-professional services. The chapter concludes with a synopsis of both Chapter II and Chapter III and raises some research issues.

Introduction

In the summer of 1977, the United States Supreme Court, deliberating on the case of Bates versus State Bar of Arizona, ruled 5 to 4 that lawyers had the right to advertise (433 U.S. 350). This landmark decision was the culmination of a series of decisions against the professions and the bans in their code of ethics against advertising. In two previous cases, one dealing with the price of prescription drugs (Virginia State Board of Pharmacies vs. Virginia Citizens Consumer

Council, 1976) and another dealing with the presetting of fees by attorneys (Goldfarb vs. Virginia State Bar, 1976), the Court had woven a background upon which the Bates decision was viewed. In these earlier decisions, the Court had said that the bans written into the code of ethics and their inherent disciplinary action against those who would advertise, hindered consumers in their choice process.

To illustrate, Mr. Justice Blackmun in the Pharmacy case wrote, "Speech does not lose its First Amendment protection because money is spent to project it, as in a paid advertisement of one form or another (425 U.S. 738)." Thus, in the Bates decision, the Court ruled that the restrictions placed on lawyers by their Bar Associations against advertising were in violation of the First Amendment. Of concern to the Court was the ability of the consuming public to be able to make intelligent decisions. To facilitate this, the Court advocated an uninhibited flow of information that would aid the consumer in his/her decision process.

Indeed, the Supreme Court when deciding whether commercial speech is to receive First Amendment protection employs a balance test. This test weighs the consumer's interest in making an informed choice against regulation of information (Smith and Myers 1980). In this light, the reasoning behind the comment by Justice Blackmun that "advertising though entirely commercial may often carry information of import to significant issues of the day (433 U.S. 350)" is readily apparent.

Though the landmark decision dealt solely with the legal profession, a result of that ruling has been the removal of bans from the code of ethics of other professions, including the American Dental Association, American Physical Therapy Association, American Institute of Certified Public Accountants, the American Medical Association, and, of course, the American Bar Association. At this juncture, two points need to be made. One, despite these revisions that now allow the various professions to advertise, the American public has not been witness to a rush to advertise by the professions. On the contrary, a lack of enthusiasm and open opposition are evident within the professions (Benham and Benham 1975; Kotler and Conner 1977; Darling and Hackett 1978; Jenkins 1978; Shimp and Dyer 1978, 1979). Second, despite the very visible opposition to professional advertising, very few attempts have been made to explain the cause of this opposition.

What is of major concern to this research is not the professional side of the professional/client dyad but rather the client/consumer perspective of the relationship. Prior to the Court's decision, consumers were solely dependent upon the professional for advice as to what services they would need. Information about the professionals, the services offered, and the quality and integrity of the professional was difficult to obtain prior to selecting a professional. What has occurred since the lifting of the bans on advertising has not necessarily been an alleviation of the problem, but more of a benign neglect of the consumer side of the issue, both on the part of the professionals and the academic community.

The professional's contribution to this neglect for consumer needs can be illustrated by noting that each of the various professional associations mentioned earlier have established guidelines, post-Bates, as to what may or may not be included in the advertisements of their membership, and the media that are allowed, with little or no research on consumer information needs.

The academic community, with the few notable exceptions of the pioneering work of Ratchford and Andreasan (1973), Feldman and Spencer (1975) and Ford and Kuehl (1978) who have dealt with consumer concerns, has all but ignored the client/consumer. One reason may be the recency of this issue's emergence into the public domain. This void may indicate a belief that our knowledge about the consumer's decision and selection process for physical goods automatically is transferrable to this situation also. Most of the consumer research literature has dealt with physical products and to equate the decision process for a color television to the process for obtaining the services of a pediatrician or of a trial lawyer is open to debate.

The transference of concepts and principles grounded in a discipline that for many years had as its primary focus the delivery of goods to the public to a "broadened" discipline that now encompasses services, public and nonprofit organizations in its scope, seems somewhat less than responsive to the need to grow in all sectors of the discipline. There are those who argue that the old concepts are adequate for us today and indeed have been transferred successfully.

Leavitt (1976) uses the example of McDonald's as illustrative of the successful transference of the concepts.

Others, notably Rathmell (1974), Sasser (1976), Shostack (1977), Bateson (1978), Lovelock (1979), Liechty and Churchill (1979), however, disagree and call for a reexamination of some of marketing's currently held popular concepts as they apply to service marketing. They feel that services are different from physical goods to the degree that "a different or altered body of knowledge is required (Hempel and Laric 1979, 147)." Both Blois (1974) and Bateson (1978) concur to the extent that it is felt that we, marketing academicians, must begin to formulate a foundation upon which can be built an accumulation of the techniques and concepts of service marketing such that it would contribute to an overall theory of marketing.

Service Definition

Before we can delineate those elements of a service that cause it to be different from a physical good, we must first define what we mean by "service."

The committee on definitions of the American Marketing Association has defined a service as "activities, benefits, or satisfactions which are offered for sale, or are provided in connection with the sale of goods." This definition, many feel, indicates too close of a tie with a physical product. Kotler (1980) uses only the first half of the AMA definition in his textbook. That this tie between service and good should bother some, is no surprise. The AMA definition was written in 1960; in the interim, the market for services has grown to the extent that more than one-third of the average consumer's income will be spent on services, and some feel that our economy will be the world's first service dominated economy (Rosenberg 1977; Schewe and Smith 1980). Others do not use the definition of the AMA because of its failure to explicitly differentiate services from goods.

Caution must be exercised in our use or disuse of the AMA definition. The caution in usage has been noted. The disuse caution is analogous to saying let's not throw out the baby with the bath water. The AMA definition reads in part "...activities, benefits or satisfactions which are offered for sale...."; actually, this is the portion of the definition Kotler (1980) uses. This partial definition uses the term activities, which are themselves defined as specific deeds, acts or functions (Random House College Dictionary 1980). These activities, acts, deeds, serve as the focus of the working definitions in the literature. The definition that many researchers work with holds that a service is an act performed for the benefit of someone. This definition focuses primarily on the one element of a service that achieves consensus in the literature as being the major differentiating element of a service, that is the intangibility of an act. An act is a deed performed, it is ephemeral, and not capable of being physically grasped.

Defining a service as purely an act appears somewhat restrictive and needs to be modified. If a service is defined as a pure action, then we exclude that there be any tangible evidence of the service. By defining a service as a pure act, a strict dividing line is drawn between a good and a service that may not exist in reality. Many services do extend tangible evidence of an act performed, and if the pure act definition stands, how would one classify, among many examples, an insurance policy that certifies an act of protection, the physician's prescription, or the will from a lawyer?

> The line between service and products (viz. physical goods) is not clear and strict, rather it is a matter of degree. There are really very few pure products and pure services in the marketplace (Liechty and Churchill 1979, 510).

For these reasons use is made of the definition set forth by Uhl and Upah (1979) of a service as "any task or work performed by another and/or provision of any facility, product, or activity for another's use and not ownership which arises from an exchange transaction." With this definition the rental of a theatre or booking of a rock group, or rental of a floor sander can be classified as much of a service as being diagnosed by a physician or being represented in court by a lawyer. By examining the definition closely, an examination can be made of some methods of classification.

Classification of Services

Johnson (1958) developed a multilevel method of classification that fits Uhl and Upah's definition. The first method would classify services by activity, and this method would be subdivided into labor--mental or physical--and also a loan/lease category. This first subcategory, labor, would cover such services as auto repair, the filling of a cavity by a dentist or a lawyer's advice. The loan/lease subcategory would extend to that portion of Uhl and Upah's definition "...and/or provision of facility, product...."; thus, including such physical items as equipment rentals, taxi cabs, etc. A second classification method would place services into categories by the nature of the service they provide. Classification would be by whether a service were, let's say, financial in nature, or entertainment providers, or repair and maintenance oriented. Yet a third method of classification would have service classified by viewing to whom they are oriented; that is, whether the final user is the individual consumer or a business. Typically under the business subheading would be those agencies called facilitators, for example, credit agencies, insurance and advertising agencies (Johnson 1960).

These three categories, activity, nature of service, and user, all use intangibility as a common foundation. In that vein a recent attempt at the classification of services is especially worthy of note. Shostack's (1977) "molecular" model also uses as its foundation intangibility, but it also articulates what Uhl and Upah allude to in their definition that "a market entity can be partly tangible and partly intangible (Shostack 1977, 74)."

The molecular model purports that market entities, products in the generic sense of the word, are a combination of elements. These elements may be purely tangible, such as chrome trim or day-glo finish, or the elements may be purely intangible such as time of delivery or comfort. The market entity when viewed as being an assemblage of elements, will have a tendency to be either tangible dominant, that is most of its elements will be tangible, or intangible dominant. An analysis of each market entity would allow for it to be placed along a continuum of entities that ranges from intangible to tangible dominant (Shostack 1977; Liechty and Churchill 1979; Bateson 1978). Figure 2 is a representation of what Shostack called a scale of market entities.

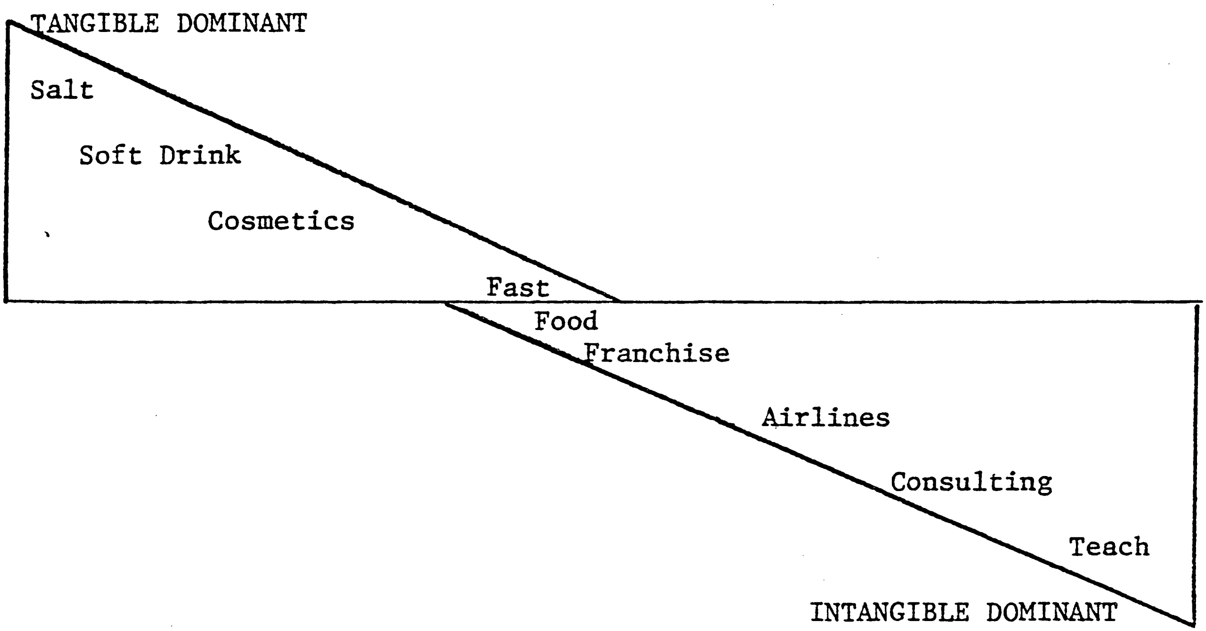
Service Characteristics

Each of the classification schemes described above used as their basis the intangibility of services. Intangibility is but one of several unique characteristics that differentiates a service from a physical good. Table 4 lists those distinguishing elements of a service.

Each of the elements in Table 4 poses its own unique set of problems for the marketing of services. To achieve additional focus, each element will first be discussed in general, then will be examined in relation to professional services as a special, unique case.

Intangibility

In a review of the literature one finds near unanimity regarding intangibility as the most distinguishing element of a service. As mentioned, the classification schemes described used this element as



Adapted from Shostack, Lynn G., 1977, "Breaking Free From Product Market," Journal of Marketing, 41 (April), p. 77.

FIGURE 2

TANGIBILITY CONTINUUM

TABLE 4

SERVICE CHARACTERISTICS

1. Intangibility
2. Direct User/Provider Contact
3. User Participation
4. Inseparability of Production and Consumption
5. Low Degree of Standardization

a point of departure. Shostack (1977) used the degree of presence or absence of this element in her design of the service continuum.

If a service is defined as an act (task or work), then the intangibility element is not difficult to comprehend. If the act cannot be grasped, it then exists only to the degree that it is produced and consumed (Rathmell 1966). Bateson (1979), taking this concept one step further, conceptualized intangibility as having two components: an impalpable element and a mental element. Impalpable refers to the fact that the act being performed cannot be touched, is not tactile. The mental element refers to the fact that in some cases, the act being performed cannot be grasped mentally by the user/client. An illustration of the latter would be the consumer's understanding of the thought process undertaken by a physician to link a consumer/patient's complaints of ailments to the diagnosis of a specific disorder and then prescribe the correct remedy.

Intangibility creates difficulties for the marketer in several areas. One is in the promotional area. The fact that some services, let's say a CPA firm, have precious few tangible elements to showcase causes Shostack (1977) to argue that it may be strategically wise to create a tangible element to represent the market entity. The examples cited refer to Merrill Lynch's bull, Prudential's rock, Hartford's elk. On yet another level, intangibility can be viewed as clouding the picture. Consumers may experience difficulty in prejudging the quality and value of the service. In many instances, sampling is not possible. To illustrate, how can one sample a dentist without actually engaging that service? Intangibility also creates some research problems. Due in many cases to the dominance of intangible elements, consumers develop mental abstractions of services. These mental abstractions create evaluation problems. This problem is addressed several places in the literature but most succinctly by Eiglier and Langeard (1977) who state the problem by saying it is

> expected that in relation to services, clients have attitudes, behavior and evaluations different from those they have in relation to tangible products. One would expect this from the very fact of the material character of the products (Eiglier, Langeard and Lovelock 1977).

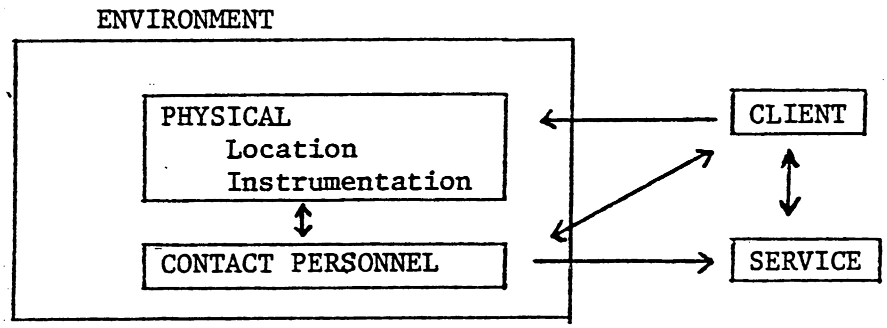
The literature on bank services has shown that when consumers were asked to differentiate between services that differed only by levels, the consumer tended to do so in terms of some physical good content or in subjective terms: "I liked the pictorial checks (tactile cue) this bank uses and the fact that the bank is friendly (abstract cue) (Bateson 1977; Shostack 1977)." This researchability problem was mentioned earlier in our discussion of developing service marketing as a separate area of study.

Direct User/Provider Contact

Many services will require that the purchaser be present and have a relationship with the producer of the service. This requirement that the user and producer of the service come into contact has not gone unnoticed by the practitioner or the literature. Shostack (1977) notes the integration of the service with its environment and calls for the management of the physical environment of the service. The environment is an integral part of a service offering. It is the "tangible support which is necessary for the production of the service and from which the client draws the service (Eiglier, Langeard and Lovelock 1977)." These authors view the environment as having two components: (1) instruments necessary for the service: objects, furnishings, machinery, equipment, and (2) the physical location: building, layout of outlet. An illustrative example of the interactive effect of the client, provider and environment is offered in Figure 3.

User Participation

Without the assent of the consumer, the service cannot be furnished efficiently. To illustrate, consider that, in part, the reliability of a diagnosis relys on the quality of the answers given by the patients (Eiglier, Langeard and Lovelock 1977). Thus, the user can be viewed as an active, or perhaps passive as in the case of receiving a haircut, collaborator in the production of the service. Shostack (1977) conceptualizes this characteristic as the experientiality element of services. "Since a service exists only during the time in which it is rendered, the entity's true reality must be defined experientially (Shostack 1977, 76)." She uses this element to establish the difference in how product knowledge and service knowledge are gained. That a certain amount of participation is required of the user, that they are active then in the production of the service, would seem to indicate a somewhat different thought process occurring in the consumer. The proximity of inseparability of the production and consumption of the



Adapted from A New Approach to Service Marketing, Eiglier, Langeard and Lovelock, 1977, Marketing Science Institute, Report No. 77-115.

FIGURE 3

SERVICE ENVIRONMENT

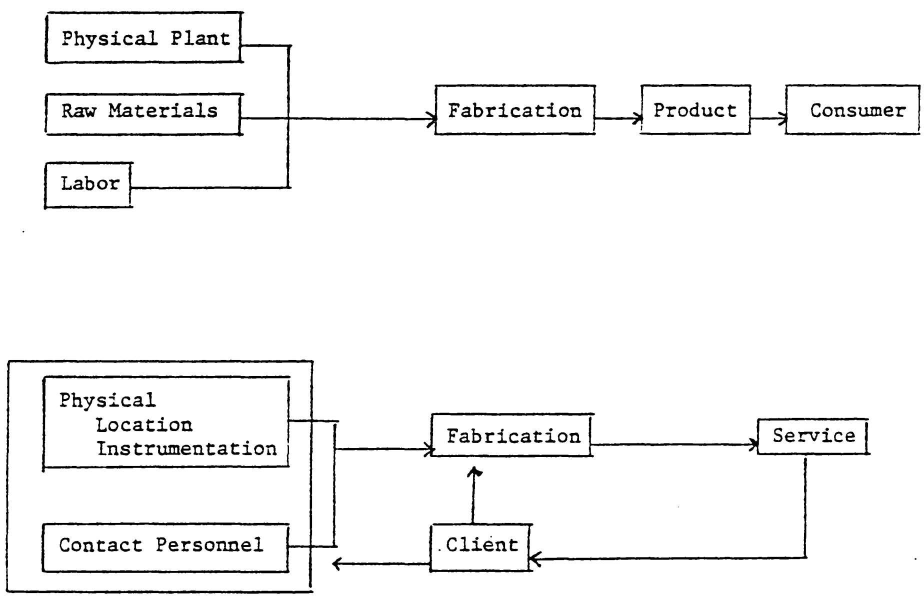
service is directly linked to this participation, and will be discussed next. The relationship between this participation, production and consumption and how it differs from a physical good is illustrated in Figure 4. This act of collaboration will be referred to as levels of involvement in the forthcoming discussions.

Inseparability of Production and Consumption

Accepting the "act" definition of services, whether it be physical or mental, also calls for an acceptance of the concept that services cannot be stored. A lawyer cannot plead a case that is not presented, a doctor does not conjure up ailments to perform diagnoses. A service exists as it is being performed; its consumption is, for the most part, simultaneous with the performance of the act.

Low Degree of Standardization

That a service cannot be stored has been broached previously in this discussion. In many cases dealing with service marketing, the act that is performed is performed to specification for the individual user. That is, no two haircuts are exactly alike. Caution must be used here not to focus entirely on the "act." To do so would be to relapse into a myopic viewpoint of what our product is. Is the product of a hairdresser only the haircut, or is it also the social exchange that occurs, and is this social exchange, e.g. gossip, shop talk, etc., the same for each and every customer? No more so than the shape of each individual's head is the same or that the texture of hair is the same, thus we may say a service firm in many cases "tailors" its product to user specification.



Adapted from <u>A New Approach to Service Marketing</u>, Eiglier, Langeard and Lovelock 1977, Marketing Science Institute, Report No. 77-115.

FIGURE 4

USER PARTICIPATION

Summary

To sum up as briefly as possible, it has been asserted that a service is usually intangible, its production and consumption are usually inseparable, and it is the outcome of the interaction between the user, the environment, and the provider. No assertion is made that the elements just discussed are by any means the only things that cause a service to be different from a physical good. The list is not exhaustive; it does, however, contain those elements most often mentioned in the literature.

Professional Services

The discussion that follows will serve two purposes. One, it will advocate that professional services are a unique form of service in that there are those elements that are intensified by the fact that this service is performed by or acted out in the name or supervision of a professional. Second, reference will be made to those elements to which marketers need apply special attention.

Any discussion of professional services must begin with an explanation of what is meant by "professional." Thus, the discussion will outline some of the previous attempts at defining "professional." Inherent in that discussion will be elements that are hypothesized to interact with those that cause us to say that this area of marketing, professional service marketing, bears examination.

Definitional Approaches

One of the many tasks that sociologists have undertaken with great vigor has been that of attempting to define a profession. The works produced are voluminous. To facilitate the review of this definitional attempt we will discuss two broad areas of work: the traitist approach and the functional approach.

The Traitist Approach. In this approach various occupations are studied and a list is made of those elements which seem to be unique to that group of occupations that have earned the label "profession." This somewhat circuitous logic has led to some criticism of the approach, but these are beyond the scope of this study. Perhaps the most exhaustive list of such elements is that of Millerson (1964) who, surveying the work done by others, lists 23 elements. To facilitate the discussion, only those elements from Millerson's list that have achieved consensus will be listed. Table 5 lists those elements, as well as the schools of thought. Those separate schools of thought are called the structuralist school, the progressionist school (actually a subsegment of the structural school) and the attitudinalist school of the traitist approach. What one observes is a master list labeled elements and the repetition of those elements in the various schools, albeit in somewhat different form; sequence is not of import except to the progressionist school.

To clarify some of the concepts, it may be best to view those elements that are considered structural to be the external supports on which an occupation (defined as a set of economic goal-related

TABLE 5

CHARACTERISTICS OF A "PROFESSION"

Trait Elements

1. Skill based on theoretical knowledge
2. Required education and training
3. Competency tested
4. Establishment of an organization
5. Adherence to a code of conduct
6. Altruistic service
7. Licensed community sanction
8. Definitive professional/client relationship

(Millerson 1964)

Structuralist School

1. Creation of a full-time occupation
2. Establishment of a training school
3. Formation of a professional association
4. Formation of a code of ethics

(Wilensky 1964; Hickson and Thomas 1969)

Progressionist School

1. Become a full-time occupation
2. Establishment of training school
3. Establishment of university
4. Establishment of local professional association
5. Establishment of national professional association
6. First state license law
7. Formal code of ethics

(Wilensky 1964)

activities) can lay claim to professional status. The progressionist approach as first investigated by Wilensky (1964) states that there is a process by which an occupation progresses toward becoming a profession. This process is termed professionalization. Here emerges the concept of a continuum along which can be viewed various occupational groups progressing toward professional status. A study by Wilensky (1964, 146-147) identified a five-stage process of professionalization: (1) the emergence of a full-time occupation; (2) the establishment of a training school; (3) the founding of a professional association; (4) political agitation directed toward the protection of the association by law (licensing, review boards, etc.); and (5) the adoption of a code of ethics. These progressionists hold that these events occur in order. The closer the sequence of events occur to the order listed, the more "professional" the occupation. Studies by Wilensky (1964), Hickson and Thomas (1969) conclude that there is an evolutionary process by which an occupation progresses toward a profession. Acknowledged by the authors is the intuitive argument that the process is a lengthy one and favors older occupations.

The attitudinal school rests its tenents on the assumption of the existence of those elements labeled structural. This school speaks to the internalization of those elements of professionalism. To internalize implies that something move from outside the mind to a place inside it. Then to internalize those elements indicates a belief in their external status.

<u>The Functionalist Approach</u>. The second major area of definitional work is what is typically termed functionalist. While there are numerous works in this area, the work by Barber (1963) will be discussed since this work has unified the results of some of the more notable efforts.

According to Barber, any attempt toward defining a profession should limit itself as much as possible to the "differentia specifica" of professional behavior (Barber 1963). The functionalist school then is based on the degree to which certain traits are apparent in any one group of occupations relative to all other groups of occupations, a continuum with anchor points of professional and non-professional. The point along which an occupation will fall rests on the degree to which the occupation rests on:

1. a high degree of generalized and systematized knowledge
2. a community orientation rather than self-interest
3. a high degree of self-control
4. a system of rewards (monetary and honorary)

To clarify this concept, because much of it seems repetitious of the traitist school, it must be pointed out that the components of the functionalist school are for the most part directed at establishing a "functional relevance" for both society and the relationship of that profession to the community (Johnson 1973).

It should be obvious that these matters address not only the definition of a profession but also the degree of professionalism. This bilevel approach was captured by Hall (1968) in his dualistic model of professionalism. This model, refined by Snizek (1978), is an attempt to measure both the "professionalism" of the occupation and practitioner of that occupation. The search is not complete, no clear definition of a profession emerges. What does emerge is a spectrum of professionalism.

For the purpose of this study, it is necessary to delineate what occupations to include as "professional." While the concept of a continuum is recognized, those occupations that we will place on the <u>more professionalized</u> end of the continuum must be singled out. Given these limitations, the working definition of a professional service will be "those acts based on a theoretical knowledge performed by someone who is grounded in that knowledge and recognized by associates and community alike as being skilled in the application of that knowledge." Omitted from this working definition but acknowledged to exist is any tangible evidence of the act itself, e.g. prescription, writ, will, etc. It will be assumed that these are accepted as part and parcel of the service itself.

Professional Service Characteristics

The discussion that follows concerns those elements listed in Table 4. The relevance of each of these elements to professional services will be highlighted.

<u>Intangibility</u>. Earlier reference was made to Bateson's (1977) concept of the duality of intangibility. There was a tactile element, the impalpability of the service, and a mental element, the difficulty

for some users to visualize or comprehend what transpired during the act.

By accepting the definition of professional services, then it follows that the professions possess some systematic body of knowledge. It is this body of knowledge that elevates the professional above the layman and imparts to the professional an element of authority and autonomy (Friedson 1973). While it is recognized that the general educational level of the consuming public may have created inroads to the extent that there may be a sense of shared knowledge, it is also recognized that the consumer enters a professional/client relationship with a degree of implicit trust which is based on the recognized fact of the professional's possession of specialized knowledge (Greenwood 1966; Vickers 1974). This monopoly of knowledge the professional possesses serves to increase the degree of mental intangibility in the professional service as perceived by the user.

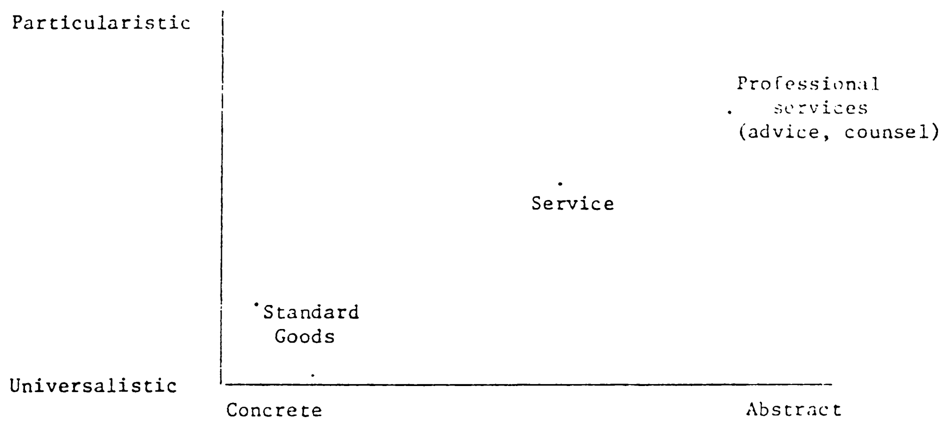
Direct User/Provider Contact. While this distinguishing element is of some consequence, it increases in significance when used in conjunction with professional services. Isolating two specific professional services for illustration, the legal and medical professions will be discussed. Both of these professions have manipulated the instrument component of the environment (see Figure 3), to the extent that they have created an atmosphere that sets them apart from the client (Myerhoff and Larsen 1964; Mahan 1978). Both have enveloped their practices with symbols that enhance their image. Elkins (1978, 752) cited that the relationship is one based on inequality. Speaking specifically of the legal profession, he states that "with the attorney in the position of dominance, the tendency is for the clients to become dependent and this dependency is related to the consumer's perception of the attorney as an authority figure (Elkins 1978, 152)." One of the basic elements in the traitist school is a definitive professional/client relationship. It is hypothesized that the increased "aura" or atmospherics caused by the intentional manipulation of the environment by the professional creates an even greater psychic cost for the individual user.

User Participation. As was mentioned earlier, with many services it is necessary for the user to take part in the actual act. That part may be either active or passive. An example of passive participation would be sitting for a manicure. Active participation is probably more prevalent in the professional service end of a service continuum. Consider how a diagnosis would be arrived at if the patient did not participate; the greater the participation, the more information on which the physician has with which to make a diagnosis. Once directed, many examples come to mind. This type of participation is what Rothschild (1979) termed high involvement. Bateson (1979) cites a study conducted in France that indicates participation may be intrinsically attractive to some. Indeed this interaction, direct contact with the service provider and active involvement, creates a tendency in the user "to be emotionally involved with the service firm (Bateson 1977, 10)." One would hypothesize that this degree of involvement, defined as active user participation, would have a direct effect on the client's choice criteria for a professional service.

A clear distinction can be made to the extent that we can view the relationship between the intangibility of a service and the element of involvement, or user participation as it is termed. For such an illustration, it is necessary to turn to the area of exchance. Exchange relationships are exercises in interaction. Such an interaction may be strictly behavioral or it may be financial or more likely it will be some mixture of both (Thibaut and Kelly 1959; Triandis 1977; Bagozzi 1978). Triandis (1977) envisions interaction as the exchange of resources and these resources, money, goods, services, and information differ on two dimensions simultaneously. Each dimension is a continuum, one called particularism/universalism, the other concrete/abstract. The former refers to the essential character of the item central to the exchange. Should the item require tailoring to suit the individual consumer, then it may be called particularistic. Triandis (1977) explains particularism in the manner that "it makes a great difference who the particular person is whom the act interacts with." This definition corresponds to the earlier discussion of user participation, where it was observed each medical diagnosis is dependent on the individual patient's input, each plea entered in court a function of the individual client. Particularistic resources then are exchanged in a private setting and generally involve intimate behavior (Triandis 1977). This bears directly on such professional services as medicine and law where information between the practitioner and individual consumer is exchanged in confidence and the relationship is "tailored" to the individual. The latter continuum, concrete/abstract, corresponds to Shostack's (1977) idea of a tangibility continuum. An item of exchange, say a good such as an automobile, would fall on the concrete end of the continuum since it has tactile features; it can be seen and touched. A service, however, would fall closer to the abstract end of the continuum. That a service has an element of intangibility is a given fact. This intangibility, the inability to grasp the act either physically or mentally, in some cases, would place the service on the abstract portion of the axis. This concept is represented in Figure 5.

Synopsis

In the review of the literature on perceived risk it was noted that perceived risk is affected by: the amount of information available, the amount of experience with a product, the complexity of the product, the variations in the quality between brands and the importance of the purchase to the consumer. Consumers initiate certain strategies to reduce risk; that is, they either reduce the consequence of failure or increase the certainty of the purchase outcome. Among the risk reduction strategies employed are brand loyalty, the purchase of a popular brand, seeking additional information and either delaying or postponing the purchase decision.



Adapted from Triandis, Harry C., 1977, Interpersonal Behavior, Brooks/Cole Publishing Co., p. 79.

FIGURE 5

A TWO-DIMENSIONAL "PRODUCT" CONTINUUM

When these factors are viewed against the backdrop provided by the review of literature on services and, in particular, professional services, several things become apparent. First, the amount of information made available to the consumer through market dominated sources; advertising and/or personal selling, in the professional service area is limited. Advertising, as discussed earlier, is heavily regulated as to its content by the various local, state and national associations of the professions. Personal solicitation is in most cases still banned. Thus, the consumer, with little or no information, must suffice with the controlled information or turn to personal sources of information. Second, the interaction of the service provider and the environment in which the service is provided, plus the necessary involvement of the consumer in the creation and consumption of service adds immeasurably to the perceived complexity of the product. Third, the acquisition of the professional service, in and of itself, indicates that the act to be performed cannot be performed by the consumer, or the consumer deems the act important enough to acquire the professional's expertise.

Taking the above view it can be noted that there are several basic differences between the selection of professional service and the selection of a good. Basically, these differences are:

1. A consumer's confidence must reside in the source that provides the service.
2. The mental image of a service is less concrete.
3. The amount of commercial information is restricted; thus, word of mouth would appear to have a greater influence on service selection.

4. The consumer is more involved with the creation and consumption of the service.

(Shostack 1977; Triandis 1977; Bateson, Eiglier and Langeard 1978)

Thus, the reviews concluded raise questions about the effect of factors unique to professional services may have on certain principles of perceived risk. A basic assumption in perceived risk theory is that any choice situation has an element of risk. Thus, this study, in part, is testing the assumption that certain principles of perceived risk do hold in a professional service setting. However, the major thrust of the research is to focus on the effect of the context of the choice on perceived risk as well as the effects of the amount of information and its attributable source on perceived risk in a professional service setting. Thus, the study is a continuation of perceived risk research in that it is examining certain principles in a different setting.

Issues

The review just completed has disclosed problems within the theory of perceived risk that require additional research attention. The most obvious issue is the effect of the risk situation on the overall level of perceived risk. Although studies have varied risk by exposing subjects to various products, each having their own inherent risk level, there have been no studies that have held the product constant and manipulated the risk surrounding its acquisition. Such a manipulation would allow the issues of causality to be more clearly addressed.

The review has shown that perceived risk is partly a function of personality, of "product" itself, and to some degree the situation. However, only through additional research designed to isolate, manipulate, and evaluate the effects of these variables can marketers begin to understand the total effect of perceived risk on consumers.

Each of the studies reviewed in the perceived risk literature have dealt with tangible items or physical goods. Those characteristics of "service" that serve to differentiate a service from a good have been outlined. It is felt that these characteristics, the intangibility of a service, the direct user-producer contact, the user participation, the inseparability of production and consumption, and the relatively low degree of standardization serve also to affect the consumer's perception of risk with respect to the selection of alternatives among services. Further, it is felt that the unique features of a professional/client relationship serve to accentuate the effect of service characteristics on perceived risk. The factors surrounding the professional service market, the complexity of the services, the fragmented and heterogeneous supply and the relative lack of experience the consumers bring with them also serve to have an effect on perceived risk.

A consumer concerned with a selection among attorneys can be viewed as entering the selection process with:

1. A probable lack of knowledge regarding the services provided by that professional.

2. A probable lack of technical knowledge to comprehend the act being performed.
3. Potentially large losses in the realm of psychological and/or social cost.

In addition to the above limitations of the consumer is the fact that in the legal service market the consumer is faced with a situation that may limit his/her ability to choose. A consumer, it has been noted, will seek to reduce uncertainty by acquiring and processing information. In the legal service market this acquisition is being performed under conditions that are at best a hindrance. The resistance of lawyers to advertising has been documented elsewhere and is quite pronounced. The consumer is further shackled by the fact that the regulations imposed on the type of information allowed and its placement in the media have been set seemingly without regard to the consumer's needs.

Several unanswered questions that require empirical research emerge as a result of this review. They are:

1. To what extent does user participation affect the level of perceived risk associated with the selection of professional services?
2. What is the affect of the environment, in which the client and professional have contact, on perceived risk?
3. What is the impact of personal influence on the level of perceived risk as it relates to the selection of a professional?

4. What affect does the situation or circumstances under which the consumer is searching for a professional have on perceived risk?
5. What affect does the low degree of standardization of professional services have on perceived risk?
6. What affect does the "tailored" effect (particularistic concept) have on perceived risk?
7. What affect does the education level of the consumer have on perceived risk as it relates to the selection of professional services?
8. Does attorney advertising "impair" the perceived integrity of an attorney thereby influencing perceived risk?
9. To what degree do individuals perceive inherent risk in attorney selection?
10. What type of perceived risk (i.e. performance, social, financial, physical, etc.) is prevalent in attorney selection?
11. Does attorney advertising influence the level of perceived inherent risk?

Chapter Summary

This chapter reviews the literature relevant to legal service marketing. Specifically, attention was given to the definition and classification of services and service characteristics followed by a discussion of the unique aspects of professional services. Those characteristics were elaborated upon in detail to illustrate that they may offer additional dimensions to the consumer choice process. The chapter included a synopsis of both literature reviews that set the stage for the research context. The chapter concluded with several research questions.

CHAPTER IV

RESEARCH DESIGN AND METHODOLOGY

This chapter provides a transition from the research issues raised in the preceding chapters to the testable hypotheses. Specifically, this chapter begins by outlining the purpose of the research including the specific hypotheses examined, and their theoretical foundation. The chapter then outlines the construction and selection of the treatments used in the final experiment. An examination of the initial pretest is undertaken and is followed by a discussion of the actual experimental design and procedures used.

Hypotheses

The purpose of the research was to test the hypotheses listed below. These hypotheses emerged from the conceptual and empirical research literature reviewed and testing them may provide further insights into the nature of perceived risk within the context of professional services. The examination of these hypotheses allowed for answers to those questions regarding the impact of personal influence on perceived risk as it applied to professional services and also allowed the examination of the effect of the situation or circumstances on perceived risk. Additional insight was gained on the effect of advertising on the clients' confidence in their choice of an attorney.

Specifically, an examination was made of the following theoretical and research hypotheses:

1. The source attributed to the information to which a subject is exposed will affect the degree of perceived performance risk, social risk and intent to retain.
    a. Subjects exposed to information attributed to personal sources will perceive less performance risk associated with a professional than subjects exposed to information attributed to advertising.
    b. Subjects exposed to information attributed to personal sources will perceive less social risk associated with a professional than subjects exposed to information attributed to advertising.
    c. Subjects exposed to information attributed to personal sources will be more intent on retaining the professional than subjects exposed to information attributed to advertising.

An integral part of perceived risk theory is the behavior engaged in to reduce levels of uncertainty. These forms of behavior, termed risk reduction strategies, are used to reduce uncertainty regarding either the outcome and/or the consequence of the decision. Among the methods used to reduce the level of uncertainty regarding the outcome of the choice is the acquisition, handling and processing of information. There are different channels of information open to consumers; some can be called market dominated, others non-market dominated. Each of these broad channels is seen in varying degrees as appropriate in reducing various kinds of risk. One of the more important channels of information is word of mouth, here called personal sources. This channel has been found to be an important risk reliever across almost all types of risk. Research has shown that the higher the risk perceived in a given choice decision the greater the importance placed on personal sources of information (Arndt 1967; Cunningham 1967; Sheth and Venkatesan 1968; Perry and Hamm 1969; Roselius 1971; Lutz and Reilly 1973).

More specific to professional services, Smith and Myer (1980) found that personal sources of information ranked in usage rate by subjects with regard to attorney selection.

2. The situation to which a subject is exposed will have an effect on the degree of perceived performance risk, social risk and intent to retain.

    a. Subjects exposed to a high-risk situation will perceive a greater level of performance risk in a professional than subjects in a low-risk situation.

    b. Subjects exposed to a high-risk situation will perceive a greater level of social risk in a professional than subjects in a low-risk situation.

    c. Subjects exposed to a high-risk situation will indicate a lesser degree of intent to retain.

That consumers do perceive risk in a choice situation is one of the most fundamental tenets of perceived risk. The evidence of this is vast; indeed much of the earliest works in perceived risk dealt with this concept (Arndt 1968; Cox and Rich 1964). That the levels of perceived risk will vary by individual is known but few studies have examined directly the effect of the context in which a choice is made. If as postulated in the perceived risk literature that the greater the possibility of loss, whether it be social, financial, or psychological, then by inducing an artificial choice setting where the consequences are varied then we should observe varying levels of perceived risk and thereby varying degrees of intent to retain the professional.

3. There will be a significant difference in the levels of perceived performance risk, social risk and intent to retain between subjects exposed to different levels of information.
    a. Subjects exposed to the low-information treatment will perceive greater performance risk than subjects exposed to the high-information treatment regardless of attributed source.
    b. Subjects exposed to the low-information treatment will perceive greater social risk than subjects exposed to the high-information treatment regardless of attributed source.
    c. Subjects exposed to the low-information treatment will indicate a lesser intent to retain than subjects exposed to the high-information treatment regardless of attributed source.

Risk reduction strategies are an integral part of perceived risk theory. Among the methods of reducing levels of uncertainty is the acquisition of information. This acquisition of information affects both the uncertainty related to the possible outcome and possible consequences of the choice decision. The demand for information is in part a function of the importance of the decision, and the complexity of the decision. The evidence of research directed toward this mode of risk reduction has indicated that the greater the uncertainty the greater will be the need for information (Sheth and Venkatesan 1968; Ratchford and Andreasen 1973; Locander and Hermann 1979). Thus, as more information is made available one would expect: (a) the consumer's self-confidence to increase as their knowledge increased (Locander and Hermann 1979); and (b) as their self-confidence increased their perception of the degree of perceived risk should decrease (Dash, Schiffman and Berenson 1976). Once again, however, there exists conflicting evidence, for Hisrich, Dornoff and Kernan (1972) could not support their hypothesis that a person's self-confidence and the amount of risk perceived (in store selection) ought to be inversely related.

4. Interaction effects will occur such that the high-information treatment attributed to personal sources will be most effective in reducing the levels of perceived performance and social risk, and increasing intent to retain.

   a. Subjects exposed to the high-information treatment when it is attributed to personal sources will perceive less performance risk than subjects exposed to the low-information treatment attributed to personal sources.

b. Subjects exposed to the high information treatment when it is attributed to personal sources will perceive less social risk than subjects exposed to the low-information treatment attributed to personal sources.

c. Subjects exposed to the high-information treatment when it is attributed to personal sources will express a greater intent to retain than subjects exposed to the low-information treatment attributed to personal sources.

This hypothesis arises in light of all those before it. If personal sources of information are most used (Smith and Myer 1980) and most valued during times of risk, then it would seem that the more information one could gain from the more valued source the less the perceived risk.

Method

To study the relationships just described, this research was conducted in three parts. Part one involved the construction and selection of the risk and information treatments. Part two consisted of a pretest of the information treatments and the experimental instrument in order to assess the reliability of the dependent measures. Finally, part three consisted of the actual experiments used to test the hypotheses previously outlined.

Treatment Construction

The objective of part one was to develop treatments with respect to both risk situation and the amount of information. With respect to risk situation, the objective was to develop situations that were considered to have a high and low degree of perceived social risk and situations that had a high and low degree of perceived performance risk. With respect to the information treatments, the objective was to develop treatments that had a high and low level of salient information and to adjust these levels so as they might be attributed to advertisements and to personal sources.

Risk Situation

Procedure. Social risk was operationally defined such that a negative outcome of the situation would cause other people to look upon the individual involved in the situation with disfavor. Performance risk was operationally defined as when the proper application of an attorney's skills were required to resolve the situation in the individual's favor.

The operationalization of social risk and performance risk as just described served several purposes. First, Peter and Ryan (1976) have criticized the lack of consistency in operationally defining risk and claim that perceived risk is not necessarily just uncertainty as some studies have operationalized it. Second, in research of this kind, where old methods are being applied to new areas of study, replication is a must. Thus, it was felt that a clear statement of how risk was defined for this study may aid some future researcher in his/her effort at replication. Third, the operational definitions attempt to incorporate both the concept of possible loss and consequences and are based on those developed by Taylor (1974) and Vincent and Zikmund (1975).

Rather than draw upon this researcher's limited experience and naivete to construct the risk situations to be used as treatments, it was decided that expert opinion be sought as to what may be a "typical or atypical" situation individuals may face that would perhaps require the services of an attorney. Thus, to develop the situations from which the treatments were to be selected, the researcher drew upon conversations with faculty from the Legal Studies Department at Bowling Green State University and from several basic college law textbooks. As a result, a total of nine situations were constructed and are included in Appendix A.

In order to determine the degree of risk inherent in the situations as well as the realism of the constructed situations and to avoid any researcher selection bias, a random sample of 50 faculty members at Bowling Green State University were selected and sent a questionnaire to assess the perceived risk inherent in each of the situations described, as shown in Appendix A. At the end of two weeks, 17 responses had been obtained, giving a response rate of 34%. Fifteen questionnaires were deemed usable yielding a completion/usable rate of 30%. The two respondents that accounted for the unusuable returned questionnaires returned them indicating they did not wish to participate.

There appeared to be several factors that contributed to the low initial response rate: (1) no pretest of this initial instrument was made; (2) no follow-up was initiated; and (3) the test lacked the proper certification from the University's Human Subjects Review Board. No analysis was made of possible non-response bias. However, since the purpose was only to assess the perceived realism of the situations, it was felt that the responses were sufficient for the particular purpose of this stage of the research.

Each subject was first asked to respond to eight items designed to measure the degree of performance and social risk for each of the nine situations. The items were of a 7-point Likert-type scale. After all nine situations had been responded to, the subjects were then shown a list containing all nine situations and asked to rate each situation on two 7-point Likert-type items. One scale designed to measure social risk asked that the subjects indicate their response from very embarrassing to not embarrassing at all. The second item, designed to measure performance risk, required responses ranging from very important to not important at all. (Appendix A replicates the nine situations and items used during part one of the research.)

Results. A mean value was determined for each situation on the degree of perceived social and perceived performance risk as measured by the items. The total value achieved by any one situation was determined by first assigning numerical values to the response with "very embarrassing" being assigned a 7 and "not embarrassing at all" a 1, and then summing the value of the responses for all subjects. Table 6 presents the results of this analysis. As can be seen, all situations were perceived as having a higher incidence of performance risk than of social risk. The inheritance situation was rated both the lowest in perceived social risk and perceived performance risk. To assure that the low risk treatments in both experiments would differ a decision was made to use the inheritance situation as the low performance risk treatment and the home fire situation as the low social risk treatment.

Information Treatments

Procedure. The information treatments constructed were to vary by both amount and source. There was a high-information amount treatment and a low-information amount treatment. Each of the levels of information was attributed to either a personal source or a non-personal source (advertisements).

To aid in the construction of the information treatments a content analysis of advertisements by attorneys was conducted. The advertisements selected for analysis appeared in the Yellow Pages section of the Greater Toledo Telephone Directory. Since the advent of legal service advertising, such advertisements have evolved to resemble those found in other print media. A criterion for the advertisements analyzed was that they had to meet or exceed a minimum size requirement. The directory used employs a four-column format. Each advertisement

TABLE 6

STAGE ONE SITUATION SELECTION

Social Risk					Performance Risk			
No.	Title	Mean	Standard Deviation	Rank	No.	Title	Mean	Standard Deviation
8	Drunk Driving	5.28	1.67	High 1	9	Auto Accident	5.90	1.23
5	Drug Arrest	4.68	1.78	2	5	Drug Arrest	5.90	1.71
2	Auto Repossession	4.22	1.56	3	8	Drunk Driving	5.74	1.28
7	Separation	3.87	1.70	4	3	Child Injury	5.73	1.83
9	Auto Accident	3.77	1.59	5	1	Home Mortgage	5.45	1.41
3	Child Injury	3.51	1.74	6	4	Home Fire	5.11	1.93
1	Home Mortgage	3.21	1.74	7	7	Separation	4.70	1.84
4	Home Fire	2.31	1.64	8	2	Auto Repossession	4.54	1.97
6	Inheritance	2.15	1.58	Low 9	6	Inheritance	4.07	2.13

TREATMENT

Social		Performance
	High Risk	
Drunk Driving		Auto Accident
	Low Risk	
Home Fire		Inheritance

selected for analysis was at a minimum one column inch; that is, each advertisement subjected to analysis was at least two inches wide and one inch or greater in depth. A total of 64 advertisements met or exceeded this minimum size requirement. Figure 6 offers an example of the type of legal service advertising found in the directory.

Results. The analysis showed that the most recurring pieces of information in these advertisements was the address and telephone number of the attorney(s) or firm. The second most recurring piece of information was lists of services provided. Figure 6 provides examples of the information just discussed. A frequency distribution of the various types of information appearing in the advertisements is presented in Figure 7.

As a result of the content analysis described, it was decided that each treatment regardless of content or source would have common information:

Names of the attorneys

No charge for initial consultation

General practice of law

List of specialties

The specialties selected for inclusion were those that dealt specifically with the risk treatments constructed:

Divorce/dissolution

Criminal cases

Traffic cases

Personal injury

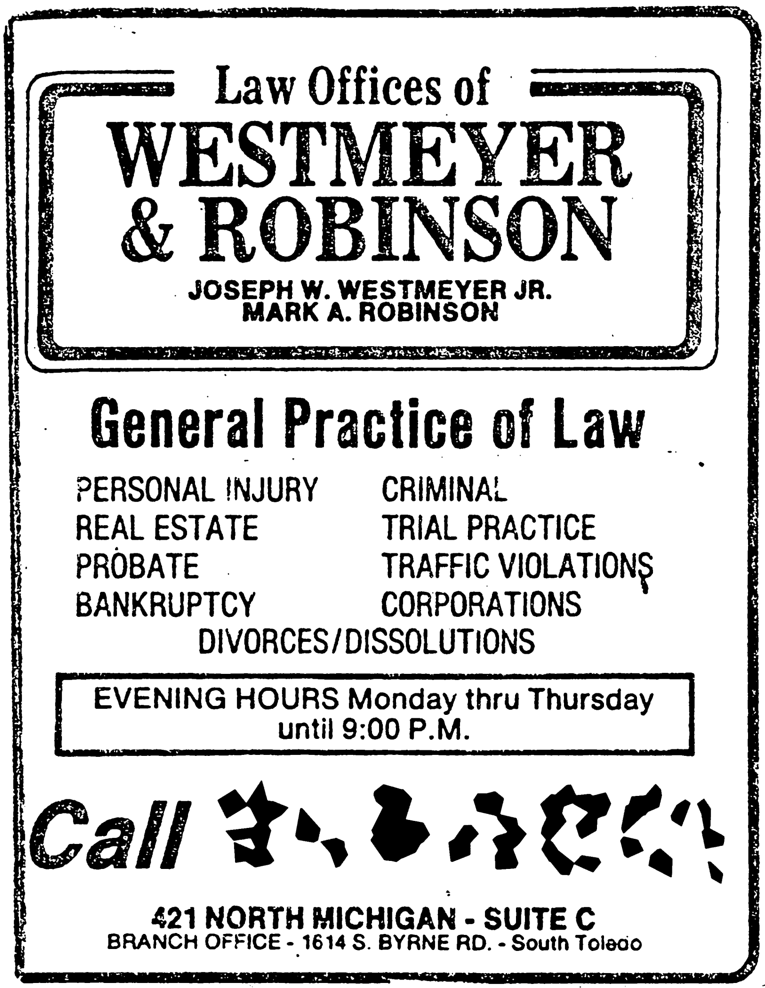


FIGURE 6

REPRESENTATIVE ADVERTISEMENTS: GREATER TOLEDO, OHIO TELEPHONE DIRECTORY

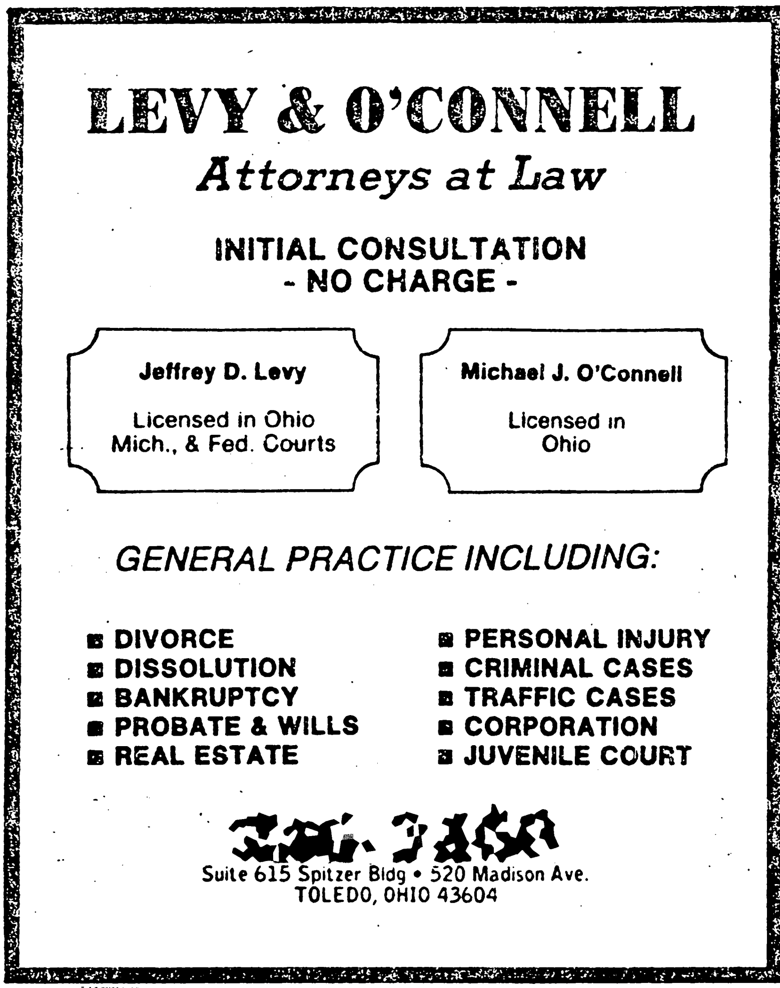


FIGURE 6
(Continued)

LYDY, MOAN & DOUGLAS
ATTORNEYS

4052 HOLLAND SYLVANIA RD.

(Near Sylvania)

[redacted]

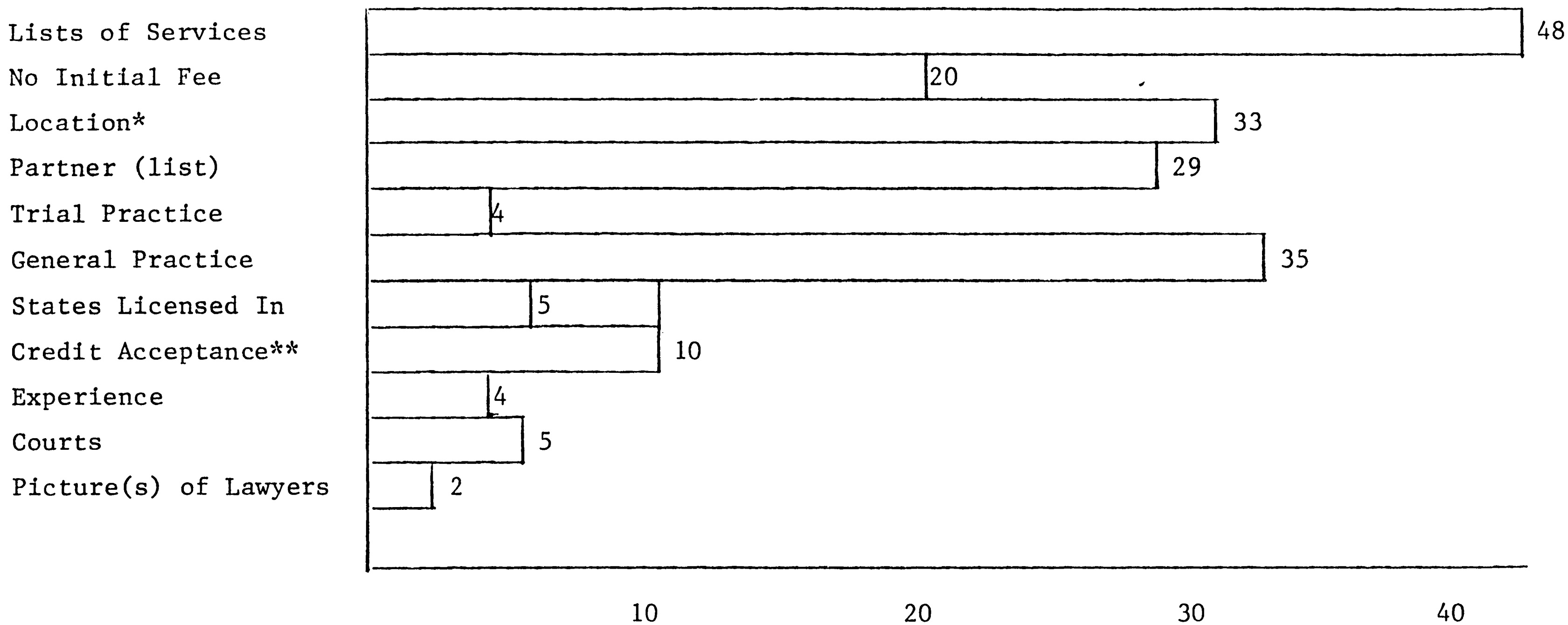
THOMAS G. DOUGLAS
JOHN R. JOHANSSEN
R. JEFFREY LYDY
JAMES E. MOAN
JAMES C. SASS
PHILIP L. SCHMIDT
C. GARY WILSON

GENERAL PRACTICE INCLUDING:

- Personal Injury
- Divorce/Dissolution
- Real Estate
- Workers' Compensation
- Trial Practice
- Bankruptcy
- Traffic Violation
- Criminal
- Social Security
- Corporation/Business
- Probate/Estate Planning

EVENING & SATURDAY HOURS

FIGURE 6
(Continued)



* This represents information beyond typical address--such as Suite 666, Spitzer Building, or in two cases a map drawn to scale pinpointing the office.

** These advertisements indicated acceptance of VISA and MasterCard and Golden Buckeye Card (retired citizens).

Office hours, address and phone number appeared in all advertisements reviewed and not included in above table.

FIGURE 7

FREQUENCY DISTRIBUTION OF SPECIFIC INFORMATION: CONTENT ANALYSIS

Real estate

Estate planning

Two additional pieces of information were included in the low-information amount attributable to advertising that were not included in the low-information treatment attributable to personal sources. These were the address and telephone number of the attorneys. It was decided that these pieces of information probably would not occur in a conversation about attorneys relative to a specific situation. Figure 8 summarizes the information included in each of the four treatments. The actual treatments constructed are given in Appendix B.

Pretest

Procedure

The pretest had two objectives. The first objective was to test the degree to which the scale items measured the dependent variables. The second objective was to test the treatment information displays describe above. To achieve these objectives the instrument was administered to a group of 40 subjects from a local church. For each completed instrument $2.00 was donated to the church treasury.

All subjects were exposed to the high performance risk situation, as determined in stage one, and one of the four information treatments. That is, a subject was exposed to either a high or low information amount advertisement or a high or low information amount message attributed to a personal source. The exact combination any subject was exposed to was randomized within the group.

Information Content	Advertisements High	Advertisements Low	Personal Source High	Personal Source Low
Name	X	X	X	X
Address	X	X		
Type of Practice	X	X	X	X
Years of Experience	X		X	
Consultation Fee	X	X	X	X
List of Services (6)	X	X	X	X
Phone Number	X	X	1	1
Office Hours	X		1	1
Licensed	X		X	
Credit Terms	X		X	

[1] Personal source information were written to include information normally contained in a conversation--thus the exclusion of phone number and office hours from both the "high" and "low" personal source information sheets.

FIGURE 8

CONTENTS OF INFORMATION TREATMENTS

Each subject was asked to read the performance risk situation description. Upon completion the subjects then responded to seven items designed to measure the degree of perceived performance risk they felt the situation possessed (items 1 through 4) and the degree of perceived social risk of the situation (items 5 through 7). These items are included in Appendix B. Upon completion of this task the subjects were then exposed to one of the four information treatments. These treatments are provided in Appendix B. The first exhibit in Appendix B is the high information amount treatment in the form of an advertisement, while the second exhibit is the low information amount treatment in the form of an advertisement. Exhibits 3 and 4 in Appendix B represent the high and low information amount treatment attributed to personal sources.

After viewing one of the four information treatments, subjects were then asked to respond to 20 items, each a 7-point Likert-type scale. The items were constructed to measure three dependent constructs and one control, confidence. Items 8 through 14 were designed to measure the dependent variable, perceived performance risk, while items 15 through 21 measured perceived social risk and items 22 through 24 and item 27 measured intent to retain. Items 25 and 26 were designed to measure the degree of confidence the individual had in their responses to the items measuring the dependent variables.

The three dependent variables, social risk, performance risk and intent to retain, were chosen based on the literature reviewed in Chapters II and III. In Chapter II a list of factors said to effect perceived risk was developed, and the dependent variables were selected from that list. Among the types of risk listed were: performance risk, social risk, financial risk, physical risk, time risk and opportunity loss. Financial risk was excluded as a possible dependent variable due to the relativity of financial loss. No situation to be used as the risk treatment, at the time of the study, called for any type of physical punishment such as incarceration. Therefore, physical risk was not an appropriate type of risk to be used.

The process of exclusion was not the only criteria used to select performance and social risk as dependent variables. Performance risk was selected based on the review of professional service characteristics discussed in Chapter III as was social risk. As discussed, one of the characteristics of professional services was the aspect of impalpability, the idea that one cannot sample the services of a professional, attorney, dentist, etc., prior to retaining their services. Thus, an individual's felt confidence in the ability of the professional to perform the service adequately would enter into a decision to retain or not retain the service of that professional. Social risk was identified as a dependent variable for two reasons other than the exclusionary process. First, while a lawyer/client relationship is confidential, the outcome is often public knowledge. Second, inherent in a professional/client relationship is a great degree of social exchange.

The third dependent variable, intent to retain or recommend, was selected to be a surrogate measure of actual purchase. The literature indicates that there is a relationship between the degree of perceived risk and decision to purchase. Though the evidence compiled has been in the "goods" sector, it was felt that this relationship should be tested in the arena of "services." In addition, in assessing the dependent variable, intent to retain, the respondents were asked to assume that it was a friend who was in the situation they had just read and not themselves, and to indicate if they would recommend the professional. It is felt by some that this would result in a more objective evaluation of the situation and decision process. McKenna, Hofstaetter and O'Connor (1956) concur that there seems to be a closer relationship between how a person projects a "friend" will react and how the individual him/herself will act then if we ask the individual to predict his or her own actions.

The remaining items of the instrument were to delineate the subject's degree of familiarity with attorneys, and an eight-item recall scale to determine the strength of the information treatments.

Results

Dependent variables. An assessment of the reliability of the measuring instrument was made using two primary procedures: correlation analysis and Cronbach's (1951) coefficient alpha for internal consistency. A third procedure, factor analysis, was used as a further check on the a priori notion that the items constructed were in fact measuring the three dependent constructs.

An a priori grouping of items was constructed to measure each of the three dependent variable constructs. Items 8 through 14 were intended to measure perceived performance risk; items 15 through 21 measured perceived social risk; intent to retain was measured by items 22 through 24 and item 27. Items 25 and 26 were constructed to measure the degree of confidence a subject had in their decision to retain or recommend the professional.

Table 7 presents the results of the correlation analyses. An examination of items 8 through 14 intending to measure perceived performance risk reveals low interitem correlations. The average interitem correlation of these items was .4970. However, item 8 and items 10 through 14 all correlated relatively low with one another. Specifically, the average interitem correlation for item 8 with items 9 through 14 was .4708, while the average interitem correlation of item 10 with items 8 through 14 was .5161. Item 12's interitem correlation with the other items measuring perceived performance risk was .4017, item 13's average interitem correlation with items 8 through 12 and item 14 was .5167, and item 14 with items 8 through 13 was .4255. In contrast, items 15 through 21, measuring perceived social risk all correlated relatively high with one another. The average interitem correlation for this group of items was .7617. The items measuring the dependent construct, intent to retain, also correlated highly with one another. Items 22 through 24 and item 27 had an average interitem correlation of .7052. The correlation of items 25 and 26, measuring confidence, was only .3132.

The correlation analysis shown in Table 7 also reveals a relatively high correlation between some of the sets of items discussed above.

TABLE 7

CORRELATION COEFFICIENTS OF DEPENDENT
VARIABLES: PRETEST

	Perceived Performance Risk						Perceived Social Risk							Intent				Confidence	
	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	27	25	26
8	.6255	.3758	.4996	.3451	.5321	.4464	.4563	.5118	.3251	.5392	.4657	.3219	.4650	.5650	.6264	.5187	.4857	.2393	.3577
9		.5730	.6617	.4503	.6362	.5748	.6050	.6042	.4481	.4546	.6557	.4847	.7278	.6255	.6379	.6094	.4655	.3214	.2730
10			.8163	.4859	.4618	.3837	.4649	.3911	.2396	.2864	.5033	.3464	.3919	.6187	.6301	.4935	.4703	.3958	.0877
11				.6097	.4392	.3414	.4530	.4303	.3013	.3858	.5583	.3255	.4370	.5948	.6538	.4989	.4480	.4558	.2593
12					.3718	.1476	.2441	.3193	.3535	.1642	.4251	.2471	.3239	.4597	.5238	.4355	.3682	.3593	.3340
13						.6591	.5988	.5112	.5900	.4897	.6108	.5150	.5687	.4739	.4580	.5989	.4005	.1980	.2808
14							.6810	.5608	.5179	.5789	.6416	.5164	.5596	.2700	.2940	.3217	.3618	.1540	.2410
15								.8823	.7268	.7890	.8856	.7760	.7870	.4905	.4444	.4951	.4404	.0384	.3056
16									.7082	.7115	.8756	.7594	.7373	.5198	.4621	.4722	.4059	.2150	.2736
17										.7659	.7237	.7052	.7521	.2688	.2433	.3581	.3192	.1249	.3570
18											.7062	.7083	.6719	.3488	.3441	.4077	.3304	.0356	.2392
19												.7647	.7821	.5656	.5532	.4995	.4297	.2108	.3573
20													.7737	.2812	.2663	.3665	.2772	.1611	.1983
21														.3666	.3559	.4009	.3543	.0830	.3296
22															.9280	.7960	.6285	.3342	.1760
23																.7742	.5780	.4441	.3149
24																	.5264	.3562	.2706
25																	.3823		.3132
26																	.1825		

Specifically, the average interitem correlation between those items measuring perceived performance risk (items 8 through 14) and those measuring intent to retain (items 22 through 24 and 27) was .4967. A comparison of the remaining sets reveals that items 8 through 14, measuring perceived performance risk, correlate somewhat lower (.4188) with items 15 through 21 that measured perceived social risk. The correlation between those items measuring perceived social risk (15 through 21) and those measuring intent to retain (22 through 24, 27) was .3953.

As a result of the high correlations existing between those items measuring perceived performance risk and intent to retain, plus the low interitem correlation that exists within items 8 through 14 measuring perceived performance risk and those measuring confidence (items 25 and 26) it was decided not to analyze the entire set of items (8 through 27) for internal consistency at this point but rather to more closely examine the items using factor analysis. Table 8 presents the results of the factor analysis. In order to facilitate the interpretation of the factor matrix, it was decided to initiate a minimum cut-off criteria for the factor loadings. According to Hair et al. (1979), in exploratory research it is a generally accepted practice to observe a range of acceptable factor loadings. Usually with a sample in excess of 200, factor loadings greater than $\pm$ .30 are considered significant, loadings greater than $\pm$ .40 are considered more important and those in excess of $\pm$ .50 considered more significant. Recognizing that the sample to be selected in the latter stages would exceed 200, it was decided to implement this upper bound cut-off at this point in the research process.

TABLE 8

PRINCIPAL FACTOR ANALYSIS FOR PRETEST DATA: VARIMAX ROTATION

	Factor 1 Loadings	Factor 2 Loadings	Factor 3 Loadings
DV 8	.3781	.5177	.2282
9	.5056	.5537	.3361
10	.2380	.6095	.3293
11	.2671	.6030	.4586
12	.1748	.4434	.4156
13	.5622	.3748	.2887
14	.6411	.1875	.2258
15	.8884	.3375	-.0139
16	.8408	.3823	-.1112
17	.8180	.0640	.2442
18	.7912	.1991	.0646
19	.8173	.4009	.1434
20	.8487	.1508	-.0445
21	.8241	.2077	.2123
22	.1867	.9727	.0152
23	.1625	.9110	.2106
24	.2881	.7197	.1777
25	-.1572	.3361	.7176
26	.2682	.1368	.3549
27	.2488	.5601	.2250
Eigenvalue	9.7405	2.5738	0.7857
Pct. of Var.	74.4	19.6	6.0

Factor loadings over .5000 are underlined.

The resulting factors confirm the problem indicated in the correlation analysis. All the items (15-21) intended to measure perceived social risk loaded heavily on Factor 1. Thus, Factor 1 can be interpreted as the perceived social risk construct. However, Factor 1 also finds items 13 and 14 loading on it. These items were originally designed to measure perceived performance risk. As a result of their loading on the factor labeled perceived social risk and their previously mentioned low correlation with the other items intending to measure perceived performance risk, they were eliminated from further analysis. Factor 2 also presents some difficulty in interpretation. The factor contains two groups of items, those intended to measure performance risk (8-11) and those intended to measure intent (22-24, 27). What this result would seem to suggest is that perhaps performance risk and intent as measured by these items are not unique constructs. However, one must temper this judgment since "intent to retain" was measured only in a high performance risk situation and these two sets of items would be expected to be highly correlated within such a situational context. Further support can be found in Table 7 where indeed it can be seen that items 8 through 12 and items 22 through 24, 27, measuring perceived performance risk and intent to retain, respectively, do correlate highly with one another (.5365). Thus, it was decided to include items 8 through 12 in the final instrument. Factor 3 had but one item (25) load heavily. The item was constructed to measure confidence. The other item (26) intended to measure confidence loaded on this factor but its loading was not heavy. Due to the low initial correlation of these two items and the fact that the eigenvalue of the factor they loaded on was less than one, both items were excluded from the final instrument.

As a final check before completing the final instrument, the sets of items resulting from the correlation analyses and the factor analysis were reanalyzed. Specifically, perceived performance risk was assessed by items 8 through 12, perceived social risk by items 15 through 21, and intent to retain by items 22 through 24, 27. Items 13 and 14, 26 and 27 were eliminated from further analysis. The analyses performed on the resulting sets of items were correlation analysis, factor analysis, and a test for internal consistency. Tables 9 through 12 present the results of the correlation analysis and a reexamination of the average interitem correlations for the various sets of measures.

A test for internal consistency was performed using Cronbach's alpha for each of the three groups of items. Table 12 reflects the results of the analysis for internal consistency. As shown, alpha values of 0.85, 0.95 and 0.91 were obtained. Nunnally (1967, 266) stated that for research of a seminal nature reliabilities between .60 and .80 were acceptable.

Table 9 indicates that purging items 13 and 14 from those items intended to measure perceived performance risk increased the average interitem correlation from .4970 to .5446. However, the correlation between items 8-12 and those measuring perceived social risk (items 15-21) and those measuring intent to retain (items 22-24, 27) also increased. The interitem correlation between the perceived performance

TABLE 9

CORRELATION COEFFICIENTS OF AMENDED DEPENDENT VARIABLES: PRETEST

	Social Risk					Performance Risk							Intent			
	8	9	10	11	12	15	16	17	18	19	20	21	22	23	24	27
8		.6255	.3758	.4996	.3451	.4563	.5112	.3251	.5392	.4657	.3219	.4650	.5656	.6264	.5187	.4857
9			.5730	.6617	.4503	.6049	.6042	.4481	.4546	.6557	.4847	.7278	.6255	.6379	.6094	.4655
10				.8163	.4859	.4649	.3911	.2396	.2864	.5033	.3464	.3919	.6187	.6301	.4935	.4703
11					.6097	.4530	.4303	.3013	.3858	.5583	.3255	.4370	.5948	.6538	.4989	.4480
12						.2441	.3193	.3535	.1642	.4251	.2471	.3239	.4597	.5238	.4355	.3682
15							.8823	.7268	.7890	.8856	.7760	.7870	.4905	.4444	.4951	.4404
16								.7082	.7112	.8756	.7594	.7373	.5198	.4621	.4722	.4059
17									.7659	.7237	.7052	.7521	.2688	.2433	.3581	.3192
18										.7062	.7083	.6719	.3488	.3441	.4077	.3304
19											.7647	.7821	.5656	.5532	.4995	.4297
20												.7737	.2812	.2663	.3665	.2772
21													.3666	.3556	.4009	.3543
22														.9280	.7960	.6285
23															.7742	.5780
24																.5264

TABLE 10

AVERAGE INTERITEM CORRELATIONS
BY DEPENDENT VARIABLE: PRETEST

Dependent Variable Item	Perceived Performance Risk (8-12)	Perceived Social Risk (15-21)	Intent (22-24,27)
Perceived Performance Risk (Items 8-12)	.5446	.4828	.5365
Perceived Social Risk (Items 15-21)		.7617	.3953
Intent (Items 22-24, 27)			.7052

* Correlation extracted from Table 8.

TABLE 11

PRINCIPAL FACTOR ANALYSIS OF AMENDED VARIABLES
FOR PRETEST DATA: VARIMAX ROTATION

DV	Factor 1 Loadings	Factor 2 Loadings
8	.33979	.57917
9	.46885	.65700
10	.21358	.70536
12	.25248	.78996
12	.16909	.56327
15	.86610	.34220
16	.82185	.35853
17	.82502	.14871
18	.79678	.22369
19	.80778	.44846
20	.84580	.15915
21	.82325	.29237
22	.18217	.88976
23	.14089	.93053
24	.26699	.73033
27	.23681	.60075
Eigenvalue	8.57378	2.17749
Percent of Variation	79.7	20.3

Factor loadings over .5000 are underlined.

TABLE 12

CORRELATION COEFFICIENTS OF DEPENDENT VARIABLES AND RELIABILITY: PRETEST

	8	9	10	11	12	Alpha
8	----					.8545
9	.6255	----				
10	.3758	.5730	----			
11	.4996	.6617	.8163	----		
12	.3451	.4503	.4859	.6097	----	

	15	16	17	18	19	20	21	Alpha
15	----							.9563
16	.8823	----						
17	.7268	.7082	----					
18	.7890	.7112	.7659	----				
19	.8856	.8756	.7237	.7062	----			
20	.7760	.7594	.7052	.7083	.7647	----		
21	.7870	.7373	.7521	.6719	.7821	.7737	----	

	22	23	24	27	Alpha
22	----				.9067
23	.9280	----			
24	.7960	.7742	----		
27	.6285	.5780	.5264	---	

risk items and social risk items rose from .4188 with items 13 and 14 included in the perceived performance risk set of measures to .4828 without items 13 and 14. Likewise, the interitem correlation between the old set of perceived performance risk measures (items 8-14) and the revised set of items (8-12) and those measuring intent to retain (22-24, 27) also increased from .4967 to .5365 as shown in Table 10.

Thus, it would appear from the evidence presented in Tables 7, 9, and 10 that statistically the two dependent variables, perceived performance risk and intent to retain, may not be separate constructs, at least within the contextual situation that they were measured. As discussed in Chapter II, these two constructs are conceptualized as unique constructs and in the context that they were tested in (i.e. "goods"), that may have been true. However, in the setting of legal services, the two constructs may be linked for the following reason. As discussed in Chapter III, one of the characteristics of a service is the impalpability of the service; i.e. the prospective purchaser cannot physically grasp the service, cannot take it for a test drive, shake it, smell it, etc. A professional cannot demonstrate his/her service and competency without actually performing the service. For this reason, then, performance risk, defined earlier as the proper application of skills required to resolve the situation in the individual's favor, and intent may be neither unique nor the same construct but actually two overlapping constructs. If that is the case, then items 8-12 originally intended to measure only perceived performance risk are tapping this overlapping area of the two. Because one of the original objectives of this study was to test the concept of perceived risk in a professional service setting to determine if the precepts of perceived risk hold true, it was decided to continue to treat the dependent variables, perceived performance risk and intent to retain, as unique, separate constructs. Should, in the final analysis, this be found to not be true, then a serendipitous finding will have resulted.

Table 11 presents the results of the factor analysis on the new sets of items. Two factors with an eigenvalue greater than one emerged. Factor 1 is clearly the social risk construct, since items 15-21 all loaded heavily on this factor. Consistent with the correlation analysis items 8-12 measuring perceived performance risk and items 22-24, and item 27 measuring intent to retain all loaded on Factor 2, reflecting the high interitem correlation between these sets of measures.

Risk items. The same set of procedures, correlation analysis, Cronbach's coefficient alpha, and factor analysis, were used to assess the reliability of those items relating to social risk and performance risk specific to the situation. An examination of the correlation coefficients for the groupings shown in Table 13 reveal that except for a few select items, the correlations are relatively low. In the social risk grouping only items 3 and 4 correlated relatively high with one another. All other comparisons were low, albeit significant. In the second group measuring performance risk, items 5 through 7, only the correlation between items 5 and 6 was relatively high. Indeed, it was the only correlation of significance in the grouping.

TABLE 13

CORRELATION COEFFICIENTS OF RISK ITEMS: PRETEST

	Social Risk			Performance Risk		
R	2	3	4	5	6	7
1	.3443	.4713	.3083	-.2996	-.1930	.0000
2		.3422	.5442	.0204	.0448	.0281
3			.7209	.0125	.2190	.2027
4				.1965	.1848	.3302
5					.7085	.1724
6						.2232

These items were then subjected to a factor analysis. The result of the factor analysis can be seen in Table 14. As expected, two factors with eigenvalues greater than one emerged. Factor 1 included all the items initially constructed to measure perceived social risk (items 1-4). Relative to the other items, items 1 and 2 did not load as heavily on this factor and were considered for exclusion from the final instrument. The second factor emerged as the perceived performance risk construct. With the exception of item 7, all items that were intended to measure this construct were contained therein. The exclusion of item 7 from this factor is reflective of its low correlation with the other items (5, 6) measuring performance risk. Its average inter-item correlation with items 5 and 6 was .1978.

Each group of items was then analyzed for internal consistency using Cronbach's alpha. Those items intended to measure perceived social risk of the situation attained an alpha value of .75. As shown in Table 15, items (5-7) intending to measure the perceived performance risk of the situations obtained an alpha of .61. Both reliability coefficients fall within an acceptability range of 0.60 and 0.80 for this type of research (Nunnally 1967, 226). Realistically item 7's extremely low correlation with the other measures of perceived performance risk, plus the fact that it had the lowest factor loading of its a priori group, gave reason for it to be excluded from the final instrument. Item 1, it was determined, would also be excluded from the final instrument. The primary reason for its exclusion was its low correlation to the other measures of perceived social risk of the situation. A test

TABLE 14

PRINCIPAL FACTOR ANALYSIS OF RISK ITEMS
FOR PRETEST DATA: VARIMAX ROTATION

Variable	Factor 1 Loadings	Factor 2 Loadings
1	0.54158	-0.31095
2	0.53782	0.02222
3	0.78608	0.07140
4	0.88814	0.27318
5	-0.05190	0.89237
6	0.03499	0.77424
7	0.21832	0.25759
Eigenvalue	2.10922	1.57064
Percent of Variation	57.3	42.7

Factor loadings over .5000 are underlined.

TABLE 15

RELIABILITY COEFFICIENTS OF RISK ITEMS
IN PRETEST: CRONBACH'S ALPHA

	Social Risk				Cronbach's Alpha
	1	2	3	4	
1	----				.7521
2	.3443	----			
3	.4713	.3422	----		
4	.3083	.5444	.7209	----	

	Performance Risk			
	5	6	7	
5	----			.6078
6	.7085	----		
7	.1724	.2232	----	

for internal consistency was then rerun of the revised items intended to measure the perceived social and performance risk of the situations. The resulting reliability for those items was 0.7700. The correlation of item 5 and item 6 for perceived performance risk was 0.7085.

Summary

The pretest just discussed served several purposes. First, it allowed for an objective procedure for the construction and selection of the risk and information treatments. Second, the analysis of the pretest indicated a high degree of correlation between the dependent constructs, perceived performance risk and intent to retain, that may have gone unnoticed until the final experiment. Third, the pretest allowed for an assessment of the reliability of the instrument to be used in the final stage of the research.

Experiment

Design

A 2 x 2 x 2 factorial experimental design was used with replication over types of risk situations. Figure 9 illustrates the experimental design used in the final part of the research. One experiment manipulated performance risk situations at two levels (high and low), while the second experiment manipulated two levels of social risk (high and low). The remaining two independent variables were the same in each experiment. They were: levels of information and attributed sources of the information. The information treatment varied at two

		INFORMATION SOURCE			
		Advertising Information		Personal Source Information	
		High	Low	High	Low
Performance Risk Situation	High				
	Low				

		INFORMATION SOURCE			
		Advertising Information		Personal Source Information	
		High	Low	High	Low
Social Risk Situation	High				
	Low				

FIGURE 9

EXPERIMENTAL DESIGN

levels, high and low amounts. The information amount of each level was described in detail in this chapter. The remaining independent variable, source, either attributed the information the subject was exposed to to a personal source or the information was displayed in the form of an advertisement. The dependent variables in both experiments were: (1) perceived performance risk; (2) perceived social risk; and (3) intent to retain the services of the professional.

Procedure

In the final administration of this research, subjects were obtained from various civic organizations, among them the League of Women Voters of Lake County, Illinois. To obtain the subjects needed, a fee of $1.00 per subject was donated to the organization. Willing participants were invited into various facilities in groups numbering from five, the smallest group, to a group of 40. Each participant was randomly assigned a response booklet containing one of the possible combinations of treatments. The subjects were then asked to read the instructions. To insure complete comprehension the instructions were also read aloud. Upon completion the subjects were directed to turn the page and read the situation enclosed in their booklet and once read to turn the page and respond to the items measuring the perceived performance and perceived social risk of the situation. The subjects were then exposed to one of four information treatments and asked to respond to a questionnaire designed to measure the dependent constructs, perceived social risk, perceived performance risk, intent to retain, and items designed to gather relevant demographic data. A total of 304 subjects successfully participated in the final experiment.

Chapter Summary

This chapter outlined the purpose of the study, which was to examine the relationship between varying degrees of performance and social risk, information and information sources on perceived risk, and intent to retain as it relates to professional services. Testable hypotheses and their theoretical foundations were discussed. The chapter then detailed the pretest procedures. Explained first was the construction and testing of the situation variables; then a detailed outline was provided on the selection and construction of the information treatment. The methodology used to test the independent variables was then described in detail as were the pretest results. The chapter then related an explanation of some possible confounds detected by the pretest. The chapter concluded with an outline of the design of the final experiment and the administration of the final experiment.

CHAPTER V

RESULTS AND ANALYSIS

This chapter provides a description of the results of the experiment. First, all preliminary procedures performed on the data are examined. The discussion then deals with the results of the multiple analyses of variance that were performed on the dependent variables and the additional tests of simple effects on the significant interactions. Last, the results of the experiment are analyzed with respect to the hypotheses presented in Chapter IV.

Preliminary Procedures

Case Deletions

A total of 304 subjects participated in the final experiments resulting in an unequal distribution of subjects per cell in the experimental design. One of the assumptions of MANOVA is that there is homogeneity of population variance. When the number of cases in each experimental group is equal, the hypothesis test is robust with respect to the violation of this assumption. However, when cell sizes are unequal tests of significance in MANOVA may be distorted (Cooley and Lohnes 1971; Kirk 1968, Perreault and Darden 1975). To offset this problem, to insure orthogonality and to minimize the potential effect of non-homogeneous population variance, a decision was made to randomly delete subjects to achieve equal cell sizes. The relatively few number of cases to be deleted to achieve cell equality along with the large sample size resulted in a minimum loss of information associated with the deleted cases.[1]

To initiate the deletion process each cell was examined to determine the number of cases it held. It was found that several cells had a minimum of 17 completed questionnaires. Thus, to achieve equal cell sizes subjects were randomly deleted from cells such that a uniform 17 subjects per cell resulted. In the cells where deletions occurred, each subject was assigned a number from one to n. A random number table was then used to delete one subject. The remaining subjects were then reassigned numbers one to n and the process repeated until the appropriate number were deleted from that cell. This process was repeated for each cell where deletion occurred. Figure 10 indicates the number of cases deleted per cell and in total for each experiment.

Reliability Assessment

As in the pretest, three procedures suggested by Churchill (1979) were used to assess the reliability of the measuring instrument: (1) correlation analysis; (2) factor analysis; (3) Cronbach's coefficient alpha for internal consistency.

In Chapter IV a note of concern was sounded regarding the intercorrelation of the items intended to measure the dependent variable, perceived performance risk (items 8 through 12), and those measuring the dependent variable, intent to retain (items 20 through 23). In order to more closely compare the results from the pretest and the final

PERFORMANCE RISK EXPERIMENT:

		Source			
		Advertising		Personal Source	
		Information		Information	
		High	Low	High	Low
Performance Risk Situation	High	N = 17 (2)	N = 17 (3)	N = 17 (3)	N = 17 (1)
	Low	N = 17 (0)	N = 17 (3)	N = 17 (0)	N = 17 (0)

Number deleted: 12
N = 136

SOCIAL RISK EXPERIMENT:

		Source			
		Advertising		Personal Source	
		Information		Information	
		High	Low	High	Low
Social Risk Situation	High	N = 17 (3)	N = 17 (1)	N = 17 (3)	N = 17 (3)
	Low	N = 17 (3)	N = 17 (1)	N = 17 (3)	N = 17 (3)

Number deleted: 20
N = 136

FIGURE 10

CELL SIZE AFTER RANDOM DELETION AND NUMBER OF SUBJECTS DELETED PER CELL experiment a correlation analysis was conducted for all items across both experiments. Table 16 presents the results of the analysis. At the time of the pretest analysis it was noted that the statistical evidence indicated that perhaps perceived performance risk and intent to retain were not separate, unique constructs. The evidence in Table 16 seems to add to the original concern of the uniqueness of the constructs. Specifically, items 8 through 12, intended to measure perceived performance risk, do seem to correlate highly with items 20 through 23 that are measuring intent to retain. The average interitem correlation for item 8 with items 9 through 12 is relatively low, .3605, and its correlation with items 20 through 23 is .3001. Item 9, while correlating higher with items 8, 10, 11 and 12 (.5028), also correlates relatively high with items 20 through 23 (.4910). Item 12's average interitem correlations with 8 through 11 and 20 through 23 are virtually the same, .4610 and .4607, respectively.

A factor analysis was also performed on all dependent items across both experiments to further examine the relationship describe above. Table 17 provides the results of this analysis. Factor 1 is clearly a social risk construct. All items (13-19) intended to measure perceived social risk load heavily on this factor. Factor 2 can be labeled the intent to retain construct since items 20 through 23 that measured intent to rétain all loaded on this factor. Factor 3 finds items 10, 11 and 12 loading relatively heavily with item 12 loading the least heavily (.5415). These items, along with items 8 and 9, were intended to measure perceived performance risk. However, item 8 loaded heavier on the

TABLE 16

CORRELATION COEFFICIENTS OF DEPENDENT
VARIABLES: BOTH EXPERIMENTS

	Perceived Performance Risk					Perceived Social Risk							Intent to Retain			
	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
8.	---	.5137	.3630	.3004	.2649	.3144	.3278	.3399	.4023	.3789	.2471	.4072	.2608	.3040	.3014	.3343
9.		---	.5658	.4838	.4477	.4164	.3744	.2408	.3605	.3493	.2780	.4061	.5084	.5042	.5142	.4370
10.			---	.7028	.5621	.3594	.2616	.2099	.2578	.1855	.2364	.3169	.4672	.4948	.4980	.3342
11.				---	.5693	.3054	.2811	.2435	.2120	.1944	.2294	.3510	.4897	.4794	.5199	.3676
12.					---	.2249	.1649	.1728	.2470	.2494	.1582	.3247	.4659	.4841	.5166	.3762
13.						---	.6953	.5433	.5880	.4558	.3625	.5683	.3166	.3289	.2590	.2216
14.							---	.6227	.6709	.5024	.4146	.5644	.3184	.2678	.3129	.2686
15.								---	.6374	.4829	.3663	.4681	.2363	.2005	.2346	.1613
16.									---	.6770	.4881	.5889	.2907	.2651	.2472	.2212
17.										---	.5109	.6283	.2254	.2763	.2329	.3405
18.											---	.5295	.1126	.1514	.1494	.1749
19.												---	.2586	.3037	.3140	.2437
20.													---	.8004	.7154	.5312
21.														---	.7572	.5685
22.															---	.6267
23.																---

TABLE 17

PRINCIPAL FACTOR ANALYSIS FOR BOTH EXPERIMENTS: VARIMAX ROTATION

Dependent Variables	Factor 1	Factor 2	Factor 3
8	.4046	.2192	.2874
9	.3384	.4153	.4737
10	.1691	.2875	<u>.8054</u>
11	.1670	.3341	<u>.7071</u>
12	.1367	.3925	<u>.5415</u>
13	<u>.6829</u>	.1683	.1933
14	<u>.7659</u>	.1911	.0809
15	<u>.6924</u>	.1090	.0677
16	<u>.8387</u>	.1444	.0681
17	<u>.7242</u>	.1703	.0620
18	<u>.5717</u>	.0126	.1670
19	<u>.7146</u>	.1355	.2518
20	.1553	<u>.7978</u>	.2529
21	.1522	<u>.8338</u>	.2643
22	.1444	<u>.7964</u>	.3118
23	.1845	<u>.6182</u>	.1901
Eigenvalue	6.3689	2.1990	0.7117
Percent of Variation	68.6	23.7	7.7

Note: All figures rounded to four decimal places. Factor loadings over .5000 are underlined.

perceived social risk construct, Factor 1, than it did on Factor 3. Similarly, item 9's loading on Factor 2, the intent to retain construct, and its loading on Factor 3, the perceived performance risk construct, were almost the same, .4153 and .4737.

As a result of this and the correlation analysis previously discussed here and in Chapter IV, it was decided to delete items 8, 9, and 12 from further analysis. Table 18 provides the average interitem correlations and the average correlations between dependent constructs prior to the deletion of items 8, 9 and 12.

Tables 19 and 20 provide the correlation coefficients for the dependent variables in each experiment. While the elimination of items 8, 9 and 12 resulted in a greater difference in the interitem correlation of the dependent variables, perceived performance risk and intent to retain (Tables 21 and 22), the evidence remaining seems to indicate that either the two constructs are not mutually exclusive constructs in the professional service setting or the measures adopted from studies grounded in the "goods" sector need refinement. It appears that in a professional service setting an individual's intent to retain may be a direct function of perceived performance risk. This argument is based on that unique feature that some use to differentiate a good from a service, namely the intangibility of the service; specifically, the impalpability of the service in question. The performance of a professional, here an attorney, cannot in most cases be sampled prior to retention. Since performance risk was defined as the proper application of skills required to resolve a situation in an individual's favor and in the study

TABLE 18

AVERAGE INTERITEM CORRELATIONS BY DEPENDENT VARIABLE: BOTH EXPERIMENTS

Dependent Variable Items	Perceived Performance Risk	Perceived Social Risk	Intent
Perceived Performance Risk (Items 8-12)	.4774	.2824	.4329
Perceived Social Risk (Items 13-19)		.5413	.2477
Intent (Items 20-23)			.6666

TABLE 19

CORRELATION COEFFICIENTS OF DEPENDENT VARIABLES:
PERFORMANCE RISK EXPERIMENT

	Perceived Performance Risk		Perceived Social Risk							Intent to Retain			
	10	11	13	14	15	16	17	18	19	20	21	22	23
10	--	.7295	.3857	.3718	.2547	.3543	.2303	.2797	.3959	.4225	.4514	.4771	.3522
11		--	.2998	.3289	.2643	.2558	.2281	.3153	.4301	.5165	.4812	.5361	.4622
13			--	.7761	.6007	.6733	.5181	.3581	.6472	.3135	.3515	.2513	.2725
14				--	.6506	.6867	.5286	.4536	.5851	.3446	.3247	.3672	.3494
15					--	.5889	.4301	.3999	.4753	.2256	.2063	.2299	.1962
16						--	.7023	.5049	.6027	.3731	.3869	.3633	.3103
17							--	.5075	.6406	.2586	.3671	.3717	.3938
18								--	.5817	.1804	.2461	.3352	.2825
19									--	.2201	.2770	.3056	.2669
20										--	.8504	.7245	.5640
21											--	.7762	.5792
22												--	.6942
23													--

TABLE 20

CORRELATION COEFFICIENTS OF DEPENDENT VARIABLES: SOCIAL RISK EXPERIMENT

	Perceived Performance Risk		Perceived Social Risk							Intent to Retain			
	10	11	13	14	15	16	17	18	19	20	21	22	23
10	--	.6677	.3309	.1286	.1591	.1388	.1314	.1782	.2173	.5250	.5466	.5234	.3123
11		--	.3207	.2120	.2246	.1595	.1574	.0986	.2444	.4528	.4827	.5008	.2427
13			--	.6049	.4751	.4827	.3734	.3680	.4706	.3220	.3042	.2702	.1651
14				--	.5934	.6569	.4768	.3668	.5410	.2865	.2042	.2498	.1749
15					--	.6930	.5450	.3167	.4563	.2512	.1941	.2429	.1232
16						--	.6374	.4590	.5678	.1855	.1221	.1093	.1155
17							--	.5089	.6093	.1836	.1665	.0610	.2798
18								--	.4498	.0126	.0246	.1076	.0281
19									--	.3105	.3366	.3271	.2169
20										--	.7428	.7049	.4911
21											--	.7366	.5569
22												--	.5480
23													--

TABLE 21

AVERAGE INTERITEM CORRELATIONS BY DEPENDENT VARIABLE: PERFORMANCE RISK EXPERIMENT

Dependent Variable Items	Perceived Performance Risk	Perceived Social Risk	Intent to Retain
Perceived Performance Risk (DV 10 - DV 11)	.7295	.3139	.4624
Perceived Social Risk (DV 13 - DV 19)		.5674	.2966
Intent to Retain (DV 20 - DV 23)			.6981

TABLE 22

AVERAGE INTERITEM CORRELATIONS BY DEPENDENT VARIABLE: SOCIAL RISK EXPERIMENT

Dependent Variable Items	Perceived Performance Risk	Perceived Social Risk	Intent to Retain
Perceived Performance Risk (DV 10 - DV 11)	.6677	.1935	.4482
Perceived Social Risk (DV 13 - DV 19)		.5073	.1922
Intent to Retain (DV 20 - DV 23)			.6301

the subjects had no prior knowledge of the attorneys, then one must assume that an element of uncertainty was present in the decision of whether or not to retain the attorneys.

The notion of causality in this instance bears further examination. While the analysis performed provides enough evidence to raise the issue, it does not provide sufficient evidence to infer causality. That is, the evidence provided, associative variation, implies causation but in and of itself is insufficient evidence (Hunt, 1983). The issue of spuriousness and temporal sequentiality were not directly addressed in this experiment. That is, this experiment was not designed to allow for the testing of causality.

As a further test of the a priori conceptual groupings, a factor analysis of the remaining dependent variables for each experiment was conducted. As shown in Tables 23 and 24, only two factors with eigenvalues greater than one emerged. In the performance risk experiment (Table 23) those items used in the analysis of perceived performance risk (10 and 11) both load on the third factor. While this particular factor does have an eigenvalue less than one (.7923), it does appear that it can be interpreted to be the perceived performance risk construct. The same holds true in the social risk experiment (Table 24). The remaining factors, in both experimental situations, are relatively clear. Factor 1 in both instances can be labeled "perceived social risk" and factor 2 can be called "intent to retain."

While an eigenvalue of one or greater is a common cutoff for accepting a factor, there is no absolute method for establishing such

TABLE 23

PRINCIPAL FACTOR ANALYSIS FOR PERFORMANCE RISK EXPERIMENT: VARIMAX ROTATION

Dependent Variables	Factor 1	Factor 2	Factor 3
10	.2645	.3237	.6210
11	.1710	.3634	.9060
13	.7807	.1486	.1479
14	.7925	.2009	.1438
15	.6769	.0805	.1120
16	.8212	.2559	.0280
17	.7016	.2584	.0069
18	.5564	.1459	.1789
19	.7428	.0909	.2901
20	.1541	.8305	.1914
21	.1936	.8804	.1530
22	.2018	.8209	.2428
23	.2224	.6340	.1934
Eigenvalue	5.826	1.899	.7923
Percent of Variation	68.4	22.3	9.3

Note: All figures rounded to four decimal places. Factor loadings over .5000 are underlined.

TABLE 24

PRINCIPAL FACTOR ANALYSIS FOR SOCIAL RISK EXPERIMENT: VARIMAX ROTATION

Dependent Variables	Factor 1	Factor 2	Factor 3
10	.0963	.3761	.8785
11	.1579	.3900	.5701
13	.5928	.2057	.2355
14	.7428	.1945	.0139
15	.7115	.1616	.0340
16	.8541	.0451	.0193
17	.7405	.0831	.0230
18	.5848	.1571	.1853
19	.6857	.2529	.0845
20	.1635	.7699	.2439
21	.1103	.8186	.2695
22	.0721	.8611	.2156
23	.1217	.5986	.0610
Eigenvalue	4.7726	2.3805	.6775
Percent of Variation	60.9	30.4	8.7

Note: All figures rounded to four decimal places. Factor loadings over .5000 are underlined.

criteria other than convention. Another method of deciding whether to accept a factor is to observe the percent of variation that is explained by each factor. Usually the last extracted factor may account for only a small percent of the variation, 5% or less (Hair, Anderson, Tatham and Grablowsky, 1979). In each of the factor analyses for the experiments the third factor accounts for over 8% of the variation. Based on the percent of variation and the high factor loading associated with the items (10, 11) on the third factor, coupled with the fact that this study is exploring new ground, it was decided to accept all three factors in both experiments.

Each group of variables was also analyzed for internal consistency utilizing Cronbach's alpha. Table 25 shows that alpha values between .899 and .902 were obtained for all three dependent variable sets in the performance risk experiment and alpha values between .872 and .877 were obtained in the social risk experiment. All of the values obtained are well within the acceptable range for seminal basic research (Nunnally 1967, 22).

Based on the preliminary analyses, it was concluded that the following three groups of variables provided reliable measures of the three underlying constructs in light of the possible confound of the overlapping constructs of perceived performance risk and intent to retain. Each of the items in the resulting sets of items were combined to develop a composite scale for the three dependent variables; perceived performance risk, perceived social risk and intent to retain.

TABLE 25

RELIABILITY COEFFICIENTS IN PERFORMANCE AND SOCIAL RISK SITUATION EXPERIMENTS: CRONBACH'S ALPHA

Dependent Variables	Cronbach's Alpha	
	Performance Risk Experiment	Social Risk Experiment
Perceived Performance Risk (DV 10-11)	.7295*	.6677*
Perceived Social Risk (DV 13-19)	0.899	0.877
Intent to Retain (DV 20-23)	0.902	0.872

* Reflects interitem correlation.

Construct	Items
Perceived Performance Risk	10, 11
Perceived Social Risk	13, 14, 15, 16, 17, 18, 19
Intent to Retain	20, 21, 22, 23

In addition, an examination of the situations themselves were made. The primary concern was the order of risk; that is, whether the situation termed high social risk was indeed perceived as being higher in social risk than the one termed low social risk and similarly for the performance risk situations. As shown in Table 26, this proved to be true and the ordering was the same as the pretest order, although the averages were closer together.

The responses remaining after the deletion process, described earlier, constituted the data input for subsequent analysis. Tables 27-30 display the marginal response means and standard deviations for each item for the performance risk experiment and the social risk experiment. An examination of these tables reveals differences in the means of various dependent variables under different independent variable levels. For instance, the mean responses of the high information amount treatment are lower than the mean responses for the low information amount treatment for the perceived performance risk and perceived social risk variables, indicating a lesser degree of perceived performance risk and perceived social risk than with the low information amount treatment. Due to item coding, the lower mean responses in the high information amount treatment for the dependent variable,

TABLE 26

MEAN SCORE FOR RISK TREATMENTS

Situation	Experiment N = 272	Pretest N = 15
Perceived Performance Risk:		
High - Automobile Accident	5.63	5.93
Low - Inheritance	5.31	4.07
Perceived Social Risk:		
High - Drunk Driving	4.73	5.28
Low - Home Fire	2.69	2.31

TABLE 27

MARGINAL MEANS AND STANDARD DEVIATIONS OF PERCEIVED PERFORMANCE RISK VARIABLES

a. Performance Risk Experiment:

	Independent Variables					
	Performance Risk Situation		Information Amount		Source	
Dependent Variables	High	Low	High	Low	Advertising	Personal Source
10	3.72 (1.61)	3.66 (1.31)	3.46 (1.45)	3.93 (1.45)	3.85 (1.47)	3.53 (1.45)
11	3.62 (1.42)	3.57 (1.22)	3.28 (1.35)	3.91 (1.22)	3.87 (1.21)	3.32 (1.38)

b. Social Risk Experiment:

	Independent Variables					
	Social Risk Situation		Information Amount		Source	
Dependent Variables	High	Low	High	Low	Advertising	Personal Source
10	3.60 (1.35)	3.85 (1.25)	3.63 (1.26)	3.82 (1.35)	3.82 (1.10)	3.63 (1.48)
11	3.71 (1.07)	3.66 (1.06)	3.36 (1.05)	3.74 (1.07)	3.72 (1.96)	3.65 (1.16)

Number in parentheses: standard deviation.

TABLE 28

MARGINAL MEANS AND STANDARD DEVIATIONS
OF PERCEIVED SOCIAL RISK VARIABLES
IN PERFORMANCE RISK EXPERIMENT

	Independent Variables					
	Performance Risk Situation		Information Amount		Source	
Dependent Variables	High	Low	High	Low	Advertising	Personal Source
13	3.03 (1.62)	2.53 (1.49)	2.53 (1.40)	3.03 (1.70)	2.82 (1.46)	2.74 (1.69)
14	2.97 (1.73)	2.74 (1.76)	2.66 (1.71)	3.04 (1.77)	2.90 (1.73)	2.81 (1.76)
15	3.10 (1.67)	2.71 (1.54)	2.71 (1.56)	3.10 (1.65)	2.99 (1.54)	2.82 (1.68)
16	2.97 (1.60)	2.75 (1.58)	2.56 (1.63)	3.16 (1.49)	2.99 (1.66)	2.74 (1.51)
17	2.99 (1.47)	2.96 (1.57)	2.72 (1.52)	3.22 (1.49)	3.18 (1.57)	2.77 (1.45)
18	2.93 (1.73)	2.60 (1.62)	2.33 (1.51)	3.20 (1.73)	2.99 (1.61)	2.54 (1.72)
19	2.82 (1.60)	2.82 (1.59)	2.44 (1.43)	3.21 (1.66)	3.10 (2.64)	2.54 (1.49)

Number in parentheses: standard deviation.

TABLE 29

MARGINAL MEANS AND STANDARD DEVIATIONS
OF PERCEIVED SOCIAL RISK VARIABLES
IN SOCIAL RISK EXPERIMENT

	Independent Variables					
	Social Risk Situation		Information Amount		Source	
Dependent Variables	High	Low	High	Low	Advertising	Personal Source
13	2.68 (1.56)	2.57 (1.41)	2.49 (1.39)	2.77 (1.57)	2.60 (1.57)	2.65 (1.40)
14	2.87 (1.64)	2.84 (1.61)	2.85 (1.53)	2.85 (1.71)	2.93 (1.65)	2.78 (1.59)
15	2.62 (1.50)	2.79 (1.52)	2.71 (1.53)	2.71 (1.50)	2.62 (1.55)	2.79 (1.47)
16	2.78 (1.55)	2.47 (1.22)	2.59 (1.33)	2.66 (1.47)	2.75 (1.43)	2.50 (1.37)
17	2.72 (1.41)	2.68 (1.26)	2.63 (1.32)	2.77 (1.36)	2.87 (1.26)	2.53 (1.40)
18	2.57 (1.31)	2.75 (1.59)	2.71 (1.51)	2.62 (1.40)	2.65 (1.27)	2.68 (1.63)
19	2.79 (1.39)	2.54 (1.31)	2.54 (1.26)	2.79 (1.43)	2.85 (1.41)	2.48 (1.27)

Number in parentheses: standard deviation.

TABLE 30

MARGINAL MEANS AND STANDARD DEVIATIONS
OF INTENT TO RETAIN VARIABLES

a. Performance Risk Experiment:

Dependent Variables	Independent Variables: Performance Risk Situation High	Performance Risk Situation Low	Information Amount High	Information Amount Low	Source Adver-tising	Source Personal Source
20	3.94 (1.84)	3.65 (1.76)	3.44 (1.62)	4.15 (1.91)	3.84 (1.84)	3.50 (1.72)
21	4.27 (1.59)	3.77 (1.69)	3.56 (1.61)	4.47 (1.59)	4.31 (2.60)	3.72 (1.67)
22	4.24 (1.74)	4.07 (1.63)	3.81 (1.50)	4.50 (1.79)	4.65 (1.66)	3.66 (1.56)
23	4.63 (1.65)	4.41 (1.63)	4.24 (1.62)	4.81 (1.61)	4.90 (1.63)	4.15 (1.57)

b. Social Risk Experiment:

Dependent Variables	Independent Variables: Social Risk Situation High	Social Risk Situation Low	Information Amount High	Information Amount Low	Source Adver-tising	Source Personal Source
20	3.77 (1.72)	3.84 (1.41)	3.85 (1.50)	3.75 (1.64)	3.90 (1.53)	3.71 (1.61)
21	3.97 (1.78)	4.02 (1.39)	3.94 (1.63)	4.04 (1.56)	4.19 (1.54)	3.79 (1.63)
22	4.13 (1.59)	4.27 (1.53)	4.06 (1.60)	4.34 (1.51)	4.40 (1.54)	4.00 (1.57)
23	4.38 (1.62)	4.71 (1.40)	4.37 (1.42)	4.74 (1.60)	4.77 (1.52)	4.34 (1.50)

Number in parentheses: standard deviation.

intent to retain, indicates a greater intent to retain. In isolation, these tables reveal limited information and are provided only as a basis for further analysis.

Analysis

MANOVA Summaries

Summaries of the MANOVA analyses are given in Tables 31 and 32. In the performance risk experiment, perceived performance risk was significantly influenced by two main effects, source and information amount. No significant interactions resulted. For perceived social risk in the performance risk experiment a marginally significant interaction of source and information amount resulted. In addition, a significant two-way interaction of source and information amount occurred for the dependent variable, intent to retain. In the social risk experiment (Table 32), however, there were no significant main effects of source, information amount, or situation, and no significant interactions.[2]

Having determined that there are several significant multivariate effects, further analyses were conducted to provide a better interpretation of the results. For each significant multivariate main effect, univariate analysis of variance was conducted on each of the dependent variables to provide a better understanding of the contribution to each dependent variable to the significant multivariate effects (independent of the remaining dependent variables). While a variety of techniques

TABLE 31

SUMMARY OF MANOVA RESULTS FOR DEPENDENT VARIABLES:
F STATISTIC FOR EXPERIMENTAL FACTORS
IN PERFORMANCE RISK EXPERIMENT

Dependent Variable/ Source of Variation	Degrees of Freedom	F[a]	Probability
Perceived Performance Risk:			
A. Source	2,127	3.382	.037
B. Information Amount	2,127	4.232	.017
C. Situation	2,127	0.029	.972
A x B	2,127	.554	.576
A x C	2,127	1.276	.283
B x C	2,127	1.613	.203
A x B x C	2,127	1.434	.242
Perceived Social Risk:			
A. Source	7,119	1.071	.386
B. Information Amount	7,119	2.023	.058
C. Situation	7,119	1.537	.161
A x B	7,119	1.840	.086
A x C	7,119	.761	.621
B x C	7,119	.369	.919
A x B x C	7,119	.999	.436
Intent to Retain:			
A. Source	4,125	3.549	.009
B. Information Amount	4,125	3.083	.018
C. Situation	4,125	1.480	.212
A x B	4,125	2.676	.035
A x C	4,125	.998	.411
B x C	4,125	1.114	.353
A x B x C	4,125	1.930	.110

[a] Corresponds to Wilks Lambda.

TABLE 32

SUMMARY OF MANOVA RESULTS FOR DEPENDENT VARIABLES:
F STATISTIC FOR EXPERIMENTAL FACTORS
IN SOCIAL RISK EXPERIMENT

Dependent Variable/ Source of Variation	Degrees of Freedom	F^a	Probability
Perceived Performance Risk:			
A. Source	2,127	.3794	.685
B. Information Amount	2,127	.3542	.702
C. Situation	2,127	1.4700	.234
A x B	2,127	.1698	.844
A x C	2,127	.1568	.855
B x C	2,127	.8181	.444
A x B x C	2,127	.2562	.774
Perceived Social Risk:			
A. Source	7,119	1.649	.128
B. Information Amount	7,119	.641	.721
C. Situation	7,119	1.597	.143
A x B	7,119	1.105	.364
A x C	7,119	1.510	.170
B x C	7,119	.459	.862
A x B x C	7,119	.928	.487
Intent to Retain:			
A. Source	4,125	.993	.414
B. Information Amount	4,125	1.335	.261
C. Situation	4,125	.537	.791
A x B	4,125	.789	.534
A x C	4,125	1.582	.183
B x C	4,125	1.799	.133
A x B x C	4,125	.733	.571

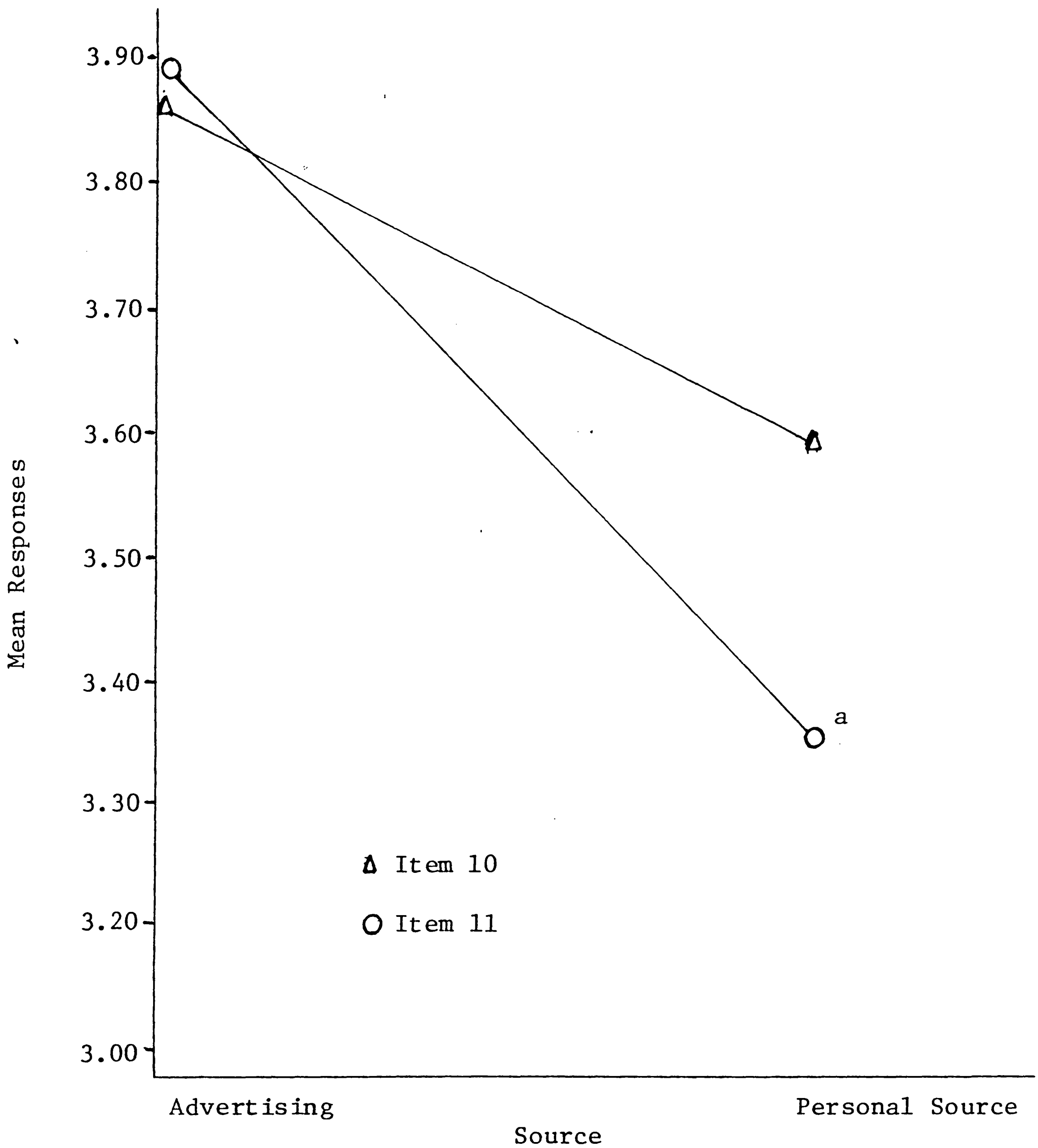
[a] Corresponds to Wilks Lambda.

are available to aid in the interpretation of MANOVA results, ANOVA is best used when the objective of the research is hypothesis testing in contrast to prediction or classification (Green 1978; Hair et al. 1979). In addition, both multivariate and univariate tests of simple effects were conducted on each significant interaction to provide further understanding as to the nature of the interaction.

Performance Risk Experiment

Perceived performance risk. In the performance risk experiment, the MANOVA results on the perceived performance risk variables revealed significant main effects for both source and information amount. No significant interactions occurred. An examination of the marginal means in Table 27 reveals that in the case of information amount the mean responses to the advertising source were higher, indicating a greater degree of perceived risk than the mean responses when the information source was personal sources. Figure 11 illustrates this relationship, while Figure 12 illustrates the differences in mean responses for the amount of information. In both cases the mean responses are greater when subjects were exposed to the low information amount treatment than the high information amount treatment.

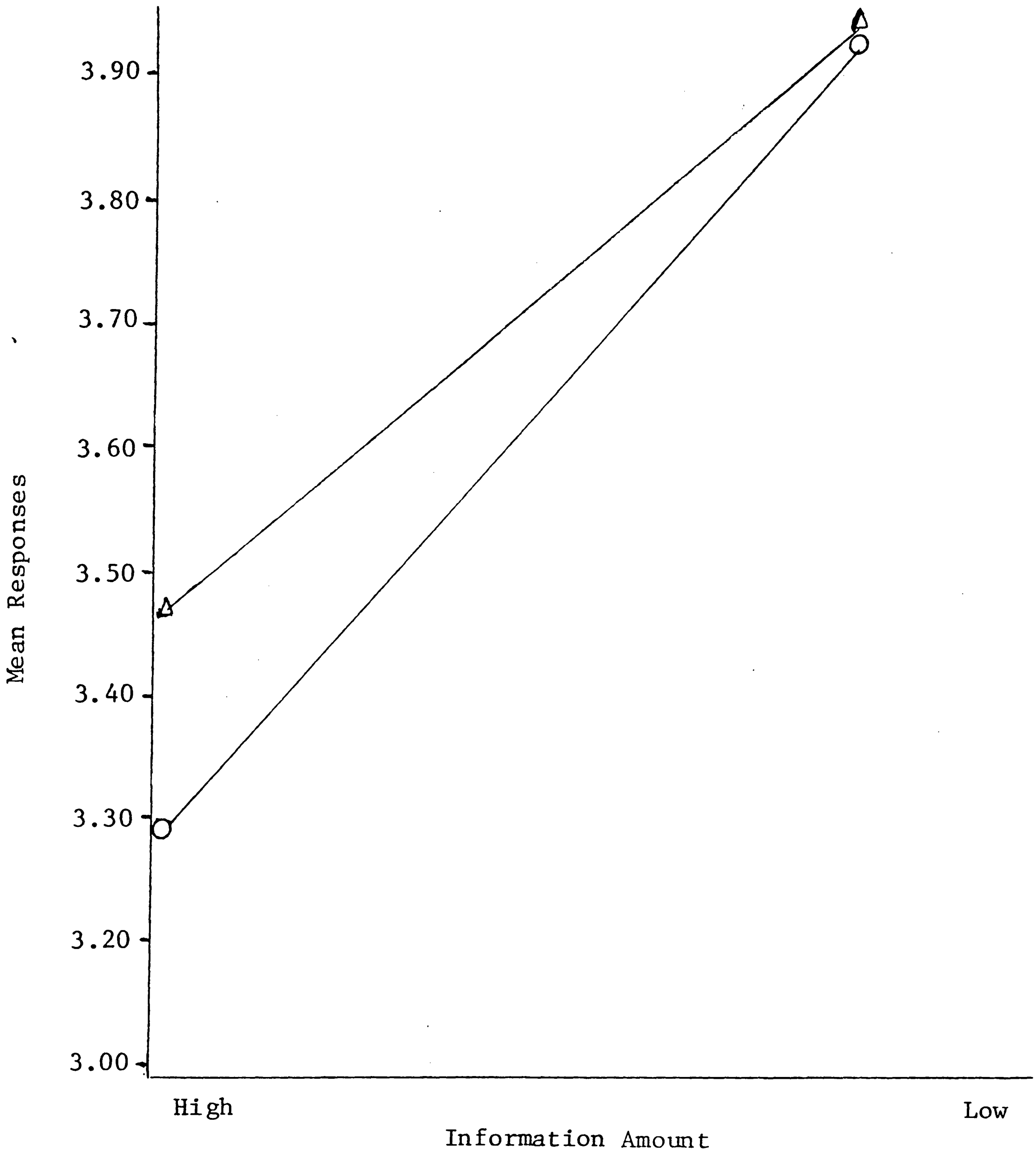
The univariate F-tests conducted independently for each of the dependent variables are shown in Table 33. These tests reveal significant mean differences between information levels for both variables (10 and 11) and a significant mean difference between information sources



[a] significant at $p < .014$

FIGURE 11

MEAN PLOTS FOR SIGNIFICANT MAIN EFFECTS FOR PERFORMANCE RISK EXPERIMENT (DEPENDENT VARIABLE: PERCEIVED PERFORMANCE RISK)



[a] significant at: item 10 $p < .062$; item 11 $p < .004$

FIGURE 12

MEAN PLOTS FOR SIGNIFICANT MAIN EFFECTS FOR PERFORMANCE RISK EXPERIMENT (DEPENDENT VARIABLE: PERCEIVED PERFORMANCE RISK)

TABLE 33

SUMMARY OF UNIVARIATE ANALYSIS OF VARIANCE OF PERCEIVED PERFORMANCE RISK: PERFORMANCE RISK EXPERIMENT

Dependent Variable	F Statistic for Experimental Factors: Source A	Information Amount B	Situation C	A x B	A x C	B x C	A x B x C
Item 10	1.6769 (.198)	3.5479 (.062)	.0554 (.814)	.0554 (.814)	.4989 (.481)	.0139 (.906)	2.342 (.128)
Item 11	6.2334 (.014)	8.4190 (.004)	.0410 (.840)	.7695 (.382)	.2231 (.637)	1.316 (.253)	.369 (.545)
Degrees of Freedom	1,128	1,128	1,128	1,128	1,128	1,128	1,128

Number in parentheses indicates significance level.

for variable 11. Consistent with the MANOVA results, there were no other significant main effects or interactions.

Perceived social risk. In the performance risk experiment the MANOVA results on the perceived social risk variables revealed a marginally significant interaction of source and information amount, and a significant main effect of content as shown in Table 31. The interaction of information source and information amount indicates that the effects of the source of the information on subjects' degree of perceived social risk was different for alternative levels of information.

To interpret the marginally significant interaction of source and information amount a test of simple interaction effects was performed. The summary of the MANOVA test of simple effects is shown in Table 34. The results indicate that the source of information had a significant effect on perceived social risk only in the high information treatment. Similarly, information amount significantly altered subjects' perception of perceived social risk only when the source of the information was attributed to personal sources.

To provide further insight into the nature of the significant MANOVA test of simple effects an examination was made of both the marginal means for this interaction and the univariate analysis of variance tests of simple effects for each of the dependent variable items. An examination of the marginal means provided in Table 35, along with ANOVA results in Table 36, reveal that for the significant effect of source at the high information treatment variable, items 16, 18 and 19 made the greatest contribution to the significant MANOVA test of simple

TABLE 34

SUMMARY OF MANOVA TEST OF SIMPLE EFFECTS: SOURCE X INFORMATION AMOUNT IN PERFORMANCE RISK SITUATION EXPERIMENT (DEPENDENT VARIABLE: PERCEIVED SOCIAL RISK)

Source of Variation	F[a]	Probability
1. Source		
at high information treatment	1.951	.068
at low information treatment	.966	.459
2. Amount		
at advertising	.679	.690
at personal source	3.169	.004

[a] F-value corresponds to Wilks Lambda

TABLE 35

MARGINAL MEANS AND STANDARD DEVIATIONS FOR SIGNIFICANT INTERACTION, SOURCE X INFORMATION AMOUNT IN PERFORMANCE RISK EXPERIMENT (PERCEIVED SOCIAL RISK)

	Source			
	Advertising		Personal Source	
	Information Amount		Information Amount	
Dependent Variables	High	Low	High	Low
13	2.67 (1.43)	3.13 (1.50)	2.44 (1.43)	3.03 (1.86)
14	2.77 (1.89)	3.19 (1.60)	2.62 (1.52)	2.86 (1.55)
15	2.76 (1.79)	3.19 (1.32)	2.65 (1.70)	3.00 (1.76)
16	2.92 (1.97)	3.10 (1.33)	2.27 (1.06)	3.21 (1.64)
17	2.91 (1.77)	3.51 (1.36)	2.56 (1.26)	2.97 (1.61)
18	2.80 (1.75)	3.19 (1.49)	1.88 (1.01)	3.21 (1.97)
19	2.89 (1.75)	3.35 (1.61)	2.00 (.93)	3.09 (1.74)

TABLE 36

SUMMARY OF ANOVA TESTS OF SIMPLE EFFECTS FOR SOURCE X INFORMATION AMOUNT INTERACTION ON PERCEIVED SOCIAL RISK VARIABLES: SOURCE AT INFORMATION CONTENT

Source of Variation	F[a]	Probability
Source of Information		
1. at high information treatment:		
variable item 13	.348	.556
variable item 14	.106	.746
variable item 15	.080	.778
variable item 16	2.875	.092
variable item 17	.888	.348
variable item 18	5.342	.022
variable item 19	5.372	.022
2. at low information treatment:		
variable item 13	.062	.804
variable item 14	.187	.666
variable item 15	.226	.636
variable item 16	.086	.770
variable item 17	1.997	.168
variable item 18	.002	.963
variable item 19	.447	.505

[a] F-value corresponds to Wilks Lambda.

effects. Further, it should be noted that for the effect of source at the low information treatment the ANOVA results are consistent with the MANOVA results. That is, the MANOVA test of simple effects revealed that source did not have a significant effect on subjects' perception of social risk when information was low. Similarly, when each of the dependent variable items were examined independently in the ANOVA test of simple effects, none of the dependent variable items was significant.

Table 37 provides the results of the ANOVA test of simple effects for the significant effect of information amount at source. As shown, for the significant effect of amount at personal source variable items 16, 18 and 19 again made the greatest contribution to the significant MANOVA test of simple effects. As in the previous discussion, for the effect of amount at advertising, the ANOVA results are consistent with the MANOVA results. That is, the MANOVA test of simple effects revealed that amount did not have a significant effect on subjects' perception of social risk when the source of the information was attributed to advertising. Similarly, when each dependent item was examined independently in the ANOVA test of simple effects, none of the dependent variable items was significant.

Intent to retain. In the performance risk experiment the MANOVA results on the variable intent to retain indicated significant main effects of source and information amount, and a significant interaction of source and amount. A test of simple effects was performed for the significant interaction of source and amount. The results shown in

TABLE 37

SUMMARY OF ANOVA TESTS OF SIMPLE EFFECTS FOR SOURCE X INFORMATION AMOUNT INTERACTION ON PERCEIVED SOCIAL RISK VARIABLES: INFORMATION CONTENT AT SOURCE

Source of Variation	F[a]	Probability
Information Amount		
1. at advertising:		
variable item 13	1.397	.240
variable item 14	.968	.327
variable item 15	1.169	.282
variable item 16	.229	.633
variable item 17	2.452	.120
variable item 18	1.009	.317
variable item 19	1.459	.229
2. at personal source:		
variable item 13	2.407	.123
variable item 14	.801	.372
variable item 15	.824	.366
variable item 16	6.226	.214
variable item 17	1.246	.266
variable item 18	11.585	.001
variable item 19	8.362	.005

[a] F-value corresponds to Wilks Lambda.

Table 38 reveal that the effect of both the attributed source and level of the information had a significant effect on a subject's intent to retain regardless of the level of the other independent variables.

To provide further insight into the nature of significant interactions an examination was made of both the marginal means for this interaction and the univariate analysis of variance tests of simple effects for each of the dependent variable items. An inspection of the marginal means provided in Table 39 and the ANOVA results in Table 40 reveal that for the significant effect of source at the high information treatment variable items 20, 21 and 22 made the greatest contribution to the significant MANOVA test of simple effects. However, the results displayed in Table 40 also reveal that for the effect of source at the low information treatment only items 22 and 23 had a significant effect in the univariate case.

Table 41 provides the results of the ANOVA test of simple effects for the significant effect of information amount at source. The results indicate that when information was attributed to advertising, item 23 made the greatest contribution to the significant MANOVA test of simple effects. However, when the information was attributed to personal sources, items 20 through 22 made the greatest contribution to the significant MANOVA test of simple effects.

TABLE 38

SUMMARY OF MANOVA TEST OF SIMPLE EFFECTS:
SOURCE X INFORMATION AMOUNT IN PERFORMANCE
RISK SITUATION EXPERIMENT (DEPENDENT
VARIABLE: INTENT TO RETAIN)

Source of Variation	F[a]	Probability
1. Source		
at high information treatment	2.666	.035
at low information treatment	3.558	.009
2. Amount		
at advertising	2.470	.048
at personal source	3.289	.013

[a] F-value corresponds to Wilks Lambda

TABLE 39

MARGINAL MEANS AND STANDARD DEVIATIONS FOR SIGNIFICANT INTERACTION, SOURCE X INFORMATION AMOUNT IN PERFORMANCE RISK EXPERIMENT (INTENT TO RETAIN)

	Source			
	Advertising		Personal Source	
	Information Amount		Information Amount	
Dependent Variables	High	Low	High	Low
20	4.06 (1.75)	4.12 (1.59)	2.83 (1.16)	4.21 (1.92)
21	4.03 (1.71)	4.59 (1.36)	3.09 (1.21)	4.35 (1.77)
22	4.35 (1.64)	4.94 (1.66)	3.27 (1.10)	4.06 (1.77)
23	4.50 (1.79)	5.30 (1.32)	3.97 (1.42)	4.33 (1.70)

TABLE 40

SUMMARY OF ANOVA TESTS OF SIMPLE EFFECTS FOR SOURCE X INFORMATION AMOUNT INTERACTION ON INTENT TO RETAIN VARIABLES: SOURCE AT INFORMATION AMOUNT

Source of Variation	F[a]	Probability
Source of Information		
1. at high information treatment:		
variable item 20	8.589	.004
variable item 21	6.162	.014
variable item 22	8.107	.005
variable item 23	1.890	.172
2. at low information treatment:		
variable item 20	.019	.889
variable item 21	.385	.536
variable item 22	5.329	.023
variable item 23	6.352	.013

TABLE 41

SUMMARY OF ANOVA TESTS OF SIMPLE EFFECTS FOR SOURCE X INFORMATION AMOUNT INTERACTION ON INTENT TO RETAIN VARIABLES: INFORMATION AMOUNT AT SOURCE

Source of Variation	F[a]	Probability
Information Amount		
1. at advertising:		
variable item 20	.019	.889
variable item 21	2.172	.143
variable item 22	2.369	.126
variable item 23	4.252	.041
2. at personal source:		
variable item 20	10.303	.002
variable item 21	11.126	.001
variable item 22	4.317	.040
variable item 23	.840	.361

Social Risk Experiment

Perceived performance risk. In the social risk experiment the MANOVA results on the perceived performance risk variables revealed no significant main effects or interactions (Table 32). However, an examination of the direction of the means in Table 27 indicates that the mean responses are in a direction consistent with those in the performance risk situation.

Perceived social risk. The MANOVA results on perceived social risk in the social risk experiment indicate no significant interactions or main effects (Table 32). The direction of the mean responses for the variables is in the expected direction.

Intent to retain. In the social risk experiment the MANOVA results on the intent to retain variables reveal no significant results. Specifically, as shown in Table 32, there were no significant main effects or interactions. An examination of the marginal means for this variable reveals that the intent to retain is greater for subjects exposed to the high social risk treatment than for subjects exposed to the low social risk treatment. This is exactly opposite of what occurred in the performance risk experiment and is probably a function of the seriousness of the situation. That is, perhaps that the feeling being expressed is that the circumstances warrant immediate attention. At the time the situation was constructed, involving a drunk driving accident, the publicity surrounding the campaign to stiffen penalties against such offenders was not as noticeable as it was when the experiment was administered. Indeed, in Ohio, part of the study area, a great deal of concern was being voiced over pending changes in the law regarding drunk driving. Whether or not this had an effect is, of course, speculation.

Results

The analysis to this point has examined the effect of the independent variables on the multiple dependent measures of perceived performance risk, perceived social risk and intent to retain. This section will review those results in terms of the four hypotheses originally presented in Chapter IV.

Situation

The first set of hypotheses to be discussed is referred to in Chapter IV as number 2. The hypotheses indicated that the type of situation to which subjects were exposed would affect their degree of perceived performance risk, perceived social risk and intent to retain. Specifically, the hypotheses stated that subjects exposed to a high risk situation would perceive a greater degree of perceived performance and social risk and they would indicate less intent to retain than subjects exposed to a low risk situation. Note that the hypotheses dealt with the level of the risk involved and not whether it was a social or performance risk situation.

In general, the results fail to support these hypotheses. In neither experiment was a main effect of situation found to be significant with respect to the dependent variables of perceived performance risk, perceived social risk or intent to retain. Moreover, situation as a treatment did not enter into any significant interaction with the other independent variables of information amount or source in either the performance risk or social risk experiment.

An examination of the marginal means of responses for the dependent variables in the performance risk experiment reveals that the effect was in the direction hypothesized. In the social risk experiment, however, the results are highly inconsistent, especially with regard to intent to retain. Here, the direction of the means is opposite to what was hypothesized, such that there was a greater expression of an intent to retain in the high social risk situation than in the low social risk situation. This effect may be a result of the situation as developed by the researcher or the individuals felt a greater need to contact an attorney in light of the circumstances of the situation.

While the results failed to support hypotheses 2a, 2b, 2c, there is a suggestion that in a performance risk situation the levels of risk do effect a subject's perceived performance and social risk and the intent to retain. However, in a social risk context this effect is not readily apparent and it appears the opposite may hold with respect to intent to retain.

Source

The first set of hypotheses developed earlier, 1a, 1b, 1c, suggested that the attributed source of the information would affect an individual's degree of perceived performance risk, perceived social risk, and intent to retain. Specifically, the hypotheses stated that subjects exposed to information attributed to personal sources would perceive less performance risk, less social risk and express a greater intent to retain than subjects exposed to information attributed to advertising.

For perceived performance risk the attributed source of the information had a significant main effect in the performance risk experiment. Specifically, the attributed source of the information, in this case personal sources, resulted in subjects perceiving less performance risk than did subjects exposed to information attributed to advertising, thus lending support to hypothesis 1a.

These results did not hold in the social risk experiment, where attributed source did not emerge as a significant main effect, nor did it enter into any significant interaction. The results at best must be qualified in that in a performance risk situation it appears that the source of the information will significantly alter a subject's perception of performance risk.

With respect to perceived social risk, the source of the information had no significant main effect, but entered into a significant interaction with information amount. The interaction indicated that the effect of the source of the information on a subject's degree of perceived social risk was different from alternative levels of information. Specifically, it was revealed that the source of information had a significant effect on subjects' perceptions of social risk only within the high information treatment. Thus, only partial support can be claimed for hypothesis 1b. These results were not replicated in the social risk experiment.

For the dependent variable, intent to retain, source had a significant main effect and it also entered into a significant interaction with information amount. However, the test of simple effects indicated that source had a significant effect on subjects' intent to retain the services of the professional regardless of the level of information. Thus, evidence is stronger in support of hypothesis 1c, but again the judgment must be tempered since in the social risk experiment source did not have a significant main effect or enter into any significant interaction.

Information Amount

The third hypothesis suggested that the level of information an individual was exposed to would affect the perception of performance risk and social risk and also affect subjects' intentions to retain. Specifically, the hypothesis stated that subjects exposed to the low information treatment would perceive greater degrees of performance risk and social risk and indicate less of a desire to retain than subjects exposed to the high information treatment.

Overall, in the performance risk experiment, the results tend to support hypotheses 3a, 3b, and 3c. Information amounts had a significant main effect on perceived performance risk, and a significant main effect and a significant interaction with source on perceived social risk. For the dependent variable, intent to retain, information amount had a significant main effect and also entered into a significant interaction with source. Thus, in the performance risk experiment, the level of information, specifically the high information level, had the hypothesized effect on the dependent variables. The results also reconfirm earlier findings that information is a form of risk reduction. Again, the results and any conclusions must contain the caveat that this significant effect occurred only in the performance risk experiment and not in the social risk experiment.

Source and Information Amount

The last set of hypotheses, 4a, 4b, 4c, were set in terms of an interaction of the attributed source of the information and the level of the information and its effect on a subject's perceived performance risk, perceived social risk and intent to retain. It was stated that subjects exposed to the high information treatment when it was attributed to personal sources would perceive less performance risk, less social risk and express a greater intent to retain than subjects exposed to the low information treatment attributed to personal sources.

With respect to perceived performance risk there was no significant interaction of source and amount in either the performance risk or social risk experiment.

There was a significant interaction of source and information amount for the dependent variable, perceived social risk, in the performance risk experiment. A review of the results (Table 35) indicates that when the high information treatment was attributed to personal sources subjects did perceive less social risk than subjects exposed to the low information treatment attributed to personal sources. Moreover, for the variables in consideration, those subjects also perceived less social risk than subjects receiving the high information treatment when it was attributed to advertising. The evidence in the performance risk experiment would indicate that hypothesis 4b be substantiated, yet only partial support can be claimed since there was no significant interaction of source and information amount in the social risk experiment.

For the dependent variable, intent to retain, there did occur a significant interaction of source and information amount, again only in the performance risk experiment. The results obtained concur with those previously mentioned in that when the high information treatment is attributed to personal sources it exerts a positive effect on an individual's intent to retain than does the low information attributed to personal sources and also it has a more positive effect than the same information when it is attributed to advertising (Table 39).

It can be claimed that partial support was gained for hypothesis 4c but only in the performance risk experiment.

Chapter Summary

This chapter has presented the analyses used to test this study's four hypotheses regarding the relationship between two types of perceived risk, intent to retain and simulated situations and information amount and its attributed source.

This chapter began by describing the preliminary analysis performed on the data. Next, the multivariate analysis was presented with respect to the three dependent variables being assessed in two experiments. Last, the chapter addressed the specific hypotheses outlined in Chapter IV.

While multivariate analysis of variance was the principal analytic technique used, it was not the only one used. To provide additional insight into some of the significant results a test of simple effects was used. Also of value to the investigation was the compilation of marginal means that provide a visual support of the effect of the treatments.

The analysis of the data led to the conclusion not to accept hypotheses 2a, 2b, and 2c. For the remaining hypotheses, the results were not strictly as hypothesized. This conclusion arises for two reasons: (1) the majority of the hypotheses were stated in terms of main effects, and (2) while support may have been gained for the hypotheses in the performance risk experiment, no support for them was found in the social risk experiment.

CHAPTER VI

CONCLUSIONS

This final chapter begins with an overview of the study, followed by a discussion of the major findings and theoretical contributions of the research. Implications of the findings for professionals are then discussed. Finally, the limitations of the study are discussed and directions for future research are indicated.

Overview/Major Findings

This dissertation was an attempt to bring to the area of professional service marketing the concept of perceived risk. The objective of the investigation was to provide some evidence on the effect of risk type, information content, and information source on an individual's degree of perceived risk and intent to retain a professional service. While the concept of perceived risk is not new, it has not previously been used in the realm of service marketing. Thus, this dissertation has attempted to extend previous knowledge on perceived risk to another area, thereby adding to the knowledge base on which marketing theory may be constructed. Specifically, the study sought to determine whether certain precepts firmly anchored in the domain of "goods" marketing were applicable to service marketing, specifically professional service marketing.

In addition, the research reported in this dissertation sought to overcome methodological deficiencies found in the perceived risk literature reviewed in Chapter II. First, both the amount of information made available as well as its attributed source were manipulated experimentally. Second, the context, i.e. the risk situation, in which the responses were solicited was also manipulated, and third, the product was held constant.

The study addressed several specific research questions outlined in Chapter III. The impact of personal influence on the degree of perceived risk as it relates to attorney selection was examined by manipulating the attributed source of information. The study also examined the affect of the purchase decision context by manipulating the levels of risk for the decision.

This manipulation of risk was devised by developing hypothetical situations that might require the use of an attorney. The two sources to which the information was attributed, personal sources and advertising, were developed independent of each other. A preponderance of evidence from the literature reviewed earlier indicated that word of mouth has influence on a purchase decision that takes place when the buyer has little available information or previous experience. The advertising source was developed by performing a content analysis of attorney advertising in the Yellow Pages section of the Greater Toledo Telephone Directory. This assumed that the information to be used in the information treatments and the advertisements to be constructed would be of the type currently allowed by the legal profession.

Additionally, the type of information made available in the treatments was reviewed in light of studies reviewed in Chapter III that dealt with attorney advertising. Both the source variable and the information content variable were pretested prior to their administration in the final experiment.

The experimental procedure involved two 2 x 2 x 2 factorial designs. For the independent variables, one experiment used performance risk at two levels, high and low, while the second experiment used social risk at either a high or low level. The other independent variables were the same for both experiments: They were information amounts, high and low, and attributed source of the information, advertising and personal source. The dependent variables in both experiments were the subjects' perceived performance risk, perceived social risk, and intent to retain. Each of the three dependent variables were measured by multiple items that had been pretested and assessed for their reliability.

Major Findings

A summary of the significant effects of both experiments is shown in Tables 42 and 43. Overall, the study suggests that both the amount of information made available and the source to which that information is attributed has an effect on both the degree of risk perceived by a subject and the willingness of the individual to indicate an intent to retain or recommend the services of an attorney.

Specifically, the major findings are:

1. Information, when attributed to personal sources,

TABLE 42

SUMMARY OF SIGNIFICANT MAIN EFFECTS, INTERACTIONS AND SIMPLE EFFECTS: PERFORMANCE RISK EXPERIMENT

	Dependent Variables		
Significant Result	Perceived Performance Risk	Perceived Social Risk	Intent to Retain
Main Effects	Source: Personal source served to reduce levels of perceived performance risk. Amount: The high information amount served to reduce levels of perceived performance risk.	Amount: The high information mode resulted in a lesser degree of perceived social risk.	Source: Personal sources led to a greater expressed intent to retain. Amount: The higher information mode resulted in a greater degree of intent to retain.
Interactions/ Simple Effects	No significant interactions	Source x Amount: A. Source was significant at the high information level. B. Amount was significant at personal level.	Source x Content: A. Source was significant at both levels of information. B. Amount was significant at both attributed sources

TABLE 43

SUMMARY OF SIGNIFICANT MAIN EFFECTS, INTERACTIONS AND SIMPLE EFFECTS: SOCIAL RISK EXPERIMENT

	Dependent Variables		
Significant Result	Perceived Performance Risk	Perceived Social Risk	Intent to Retain
Main Effects	None	None	None
Interactions/ Simple Effects	None	None	None

decreased the subject's degree of perceived performance risk and increased their intent to retain the attorneys.

2. The amount of information made available had a positive effect on subjects' degree of perceived performance risk, perceived social risk, and their intent to retain the services of the professional.
3. The interaction effect of attributed source and amount of information had a significant effect on perceived social risk and intent to retain.
4. Risk (as operationalized by the risk treatment) per se did not influence either a subject's degree of perceived risk or intent to retain.

All the findings must, however, be accompanied by a caveat that these results occurred only in the performance risk experiment, as shown in Tables 42 and 43.

More specifically, while the results from the two experiments do not concur, it would seem that the amount of information available has an influence on a subject's degree of perceived performance and social risk. Amount, as it was termed in this study, had a significant main effect on all three dependent variables, and for the variables, perceived social risk and intent to retain, it entered into a significant interaction with source. This finding seems to corroborate the evidence that information, and specifically the amount of information, is a way for consumers to reduce their feelings of uncertainty, as evidenced by the lesser degree of perceived performance and social risk and greater intent to retain expressed by those subjects exposed to the high information treatment. Moreover, while amount did not emerge significantly in the social risk experiment, the mean responses with the exception of three items are all in the expected direction.

One possible explanation of the lack of significant results in the social risk experiment may be found in social judgment theory discussed earlier in Chapter II. According to social judgment theory, for any issue having a spectrum of risk an individual will have a range of acceptable positions (latitudes of acceptance), a range of unacceptable positions (latitudes of rejection) and a range of positions neither acceptable nor rejectable (latitudes of neutrality). It may be that the situation treatments used in the social risk experiment were such that they were not within the range of acceptance for the subjects exposed to them. That is, the situations may have had risk levels of a degree such that the information treatments were insufficient in nature to have any effect on the responses of the subjects. However, since no measure was taken concerning a subject's risk propensity, the aforementioned must remain speculation.

The findings also seem to support the earlier works of Bursk (1960), Sheth and Venkatesan (1968), Perry and Hamm (1969), Lutz and Reilly (1973) and certainly Arndt (1967) who postulated the importance of personal influence or word of mouth on perceived risk. The attributed source of the information had a significant main effect on perceived performance risk, and intent to retain. It also entered into a significant interaction with amount for the dependent variables, perceived social risk and intent to retain. Again, while source had neither a significant main effect nor entered into an interaction with any other independent variable in the social risk experiment, the magnitude and direction of the means were as hypothesized.

The remaining independent variable, situation, did not have an effect in either experiment. While it was originally hypothesized that an effect would occur, prior research dealing with effects of purchase situation on perceived risk, notably that of Hisrich, Dornoff and Kernan (1972) and also that of Vincent and Zikmund (1975), indicated that the effect is less than conclusive. Neither study found a positive or negative effect. Hisrich et al. found that the purchase situation "may" affect perceived risk. Vincent and Zikmund found that buying situations more probably interact with other variables, individual and product, in determining risk. As indicated in Chapter II, efforts to isolate the effect of situation on perceived risk have been clouded by the interaction of product, individual risk propensity, and situation. It remains that situation, while having no effect in this study, most probably does influence an individual's degree of perceived risk, the lack of an effect notwithstanding.

Significance

Theoretical Contributions

One of the underlying objectives of this research was to empirically test some of the theoretical propositions of perceived risk in the professional service sector of marketing. The evidence gained by this research has added to the empirical base of perceived risk and thereby advanced the state of knowledge of perceived risk.

The research substantiated the theoretical relationship between information and personal sources as a prime risk alleviator. The work of Sheth and Venkatesan (1968), Perry and Hamm (1969), and Lutz and Reilly (1973), along with Bursk (1960) and Arndt (1967) in the goods sector of marketing had confirmed that information when attributed to a personal source served to be a better reducer of risk than commercial information. This has now been shown to hold in a professional service setting.

From the earliest works of Cox (1967) it has been stated that when a consumer is faced with a purchase decision, the implication being made that it is a high involvement decision, the goal of the consumer is to make an objective and impartial evaluation of the alternatives. To accomplish this, the consumer engages in the collection and evaluation of information. This research has indicated that regardless of source, the high information treatment served to better reduce levels of perceived risk.

Thus, the research yielded more than answers to specific empirical questions. The additional benefit gained was that certain generalizations made of perceived risk in a "goods" situation have now been tested in another arena and these generalizations can now be broadened with some semblance of empirical support.

Professional/Practitioner Recommendation

Prudence of application of these findings is suggested. With this caveat the professional may begin to examine the findings of this study to glean some suggestions for marketing strategies.

There is one major finding of this study that this researcher feels may be pointed to by the "old guard" as justification for the "status quo" of the marketing of legal services. That finding is the effect of personal sources of information on an individual's intent to retain. The findings would seem to reinforce past practices in the legal profession. Indeed, for the established attorney with a record of service this may be true, but for an individual just entering practice, this finding needs to be examined a little more closely. In this study the information attributed to personal sources was practically identical to the information attributed to advertising. However, this phenomenon may not hold true in the real world where word of mouth is not controllable information. The information contained in word-of-mouth promotion will be tailored to the individual seeking it out and the context in which it is asked for. That is, bits of information may be added or deleted and the end result may be positive or negative. Information dispensed in the form of advertising is, or should be, positive.

Additionally, for the attorney just entering private practice or partnership with another new attorney, it needs to be pointed out that advertising is information. Advertising may be the first knowledge someone may have about an attorney.

Another result that may be applied was the effect the amount of information had on a subject's intent to retain. The results indicate that the more information dispensed the less the degree of perceived risk and the greater the willingness to retain the attorneys. However, before this finding is implemented a word of caution: more is not necessarily better. The information to which subjects were exposed in this study was gleaned from prior research into what types of information people found relevant. Thus, any individual practitioner or partnership or firm is advised to first implement the core of the marketing concept prior to implementing this finding. The first step is to determine the needs and wants of the potential customer/client. In the context of this study the informational needs must be determined before an effective advertising strategy can be implemented.

The legal profession to a degree has practiced this concept in the past. Lawyers often specialize in areas of the law that are particularly suited to a marketplace. Law practices in the coastal areas often specialize in maritime law; practices in the industrial sections of the market have specialized in labor laws. However, the advent of advertising requires an extension of the principle to assessing the information needs of the respective markets serviced by the attorney(s).

Thus, giving the "old guard" its due, the stimulation of word of mouth, via the tried practice of joining civic organizations, country clubs, addressing organizations on occasion is recommended. However, this only accounts for the visibility of the individual and his/her practice; it does not account for the viability of what is being said.

This is where advertising can pay its dues to the profession by acting in its role as a dispenser of valuable knowledge. Acting in concert with the stimulation of personal sources, advertising can be a valuable practice expansion aid.

Limitations

The major limitations of the research focus on four major issues: (1) the manipulation of the risk treatment; (2) the external validity of the experiment; (3) lack of control measures; and (4) traditional measures of perceived risk.

The risk treatments in this research were limited to performance risk and social risk. The literature provides many other types of risk which were not used: financial risk, psychological risk and physical risk, to name some. In addition, the initial selection process indicated that all the situations used in the experiment rated high in performance risk, thus perhaps negating any distinctive difference in the two types of risk situations used. Further, beyond the initial study used to select the risk situations, little direct evidence was collected to determine if the intended levels of the risk manipulation were achieved.

The second potential limitation that needs to be addressed is the issue of external validity. The ultimate concern of the research design was to determine if the independent variable treatments had an effect on the dependent variables. That is, did subjects experience varying degrees of perceived performance risk, perceived social risk and intent to retain as a result of the risk situations, and information treatments. With this in mind, a laboratory experiment was conducted to eliminate the possibility of any extraneous variables confounding the experiment and subsequently negating the ability to generalize the effects of the treatments. Moreover, the scope of the study was further limited by: (1) the presentation of only one alternative, one set of attorneys, and (2) the effectiveness of the treatment was measured in terms of a scale and not the actual recommendation or retention of an attorney.

However, while the scope of the research was thus limited and therefore restricts the ability to generalize the results to a real world situation, the objective of the research was to test theoretical propositions and as such, advance the state of knowledge of perceived risk. Subsequently, the use of a laboratory setting to increase the internal validity of the study at the potential expense of external validity was consistent with the overall object of the research.

Third, it should be pointed out that the scope of the research is further limited by the lack of certain control measures. No measure was made of subjects' degree of risk propensity, or degree of familiarity with the subject under investigation. Each of these factors can influence a subject's degree of perceived risk.

Last, an additional limitation of this study may be related back to the wholesale transference of constructs developed in the "goods" sector of marketing research to this "professional service" sector. Many of the items used to measure the dependent variables were constructed as a result of their prior performance in other studies. Additionally, the dependent variables were defined partly on the basis of prior studies and this has led to what some may perceive as a serious fault. Specifically, in both the pretest and in the final experiments it was seen that items designed to measure perceived performance risk seemed also to be tapping the construct defined as intent to retain. Earlier it was argued that perhaps these were not two uniquely different constructs in this setting, buy rather intent to retain was in part a function of the degree of perceived performance risk. The reason for this posture it was said was because of the intangible nature of the "product." There is no free sample, no package, no instructions, no care or wear label, nor any guarantee attached to a professional service of the kind examined here. Due to this lack of tangible evidence, perceived performance risk and intent to retain may in this instance be causally related. The results presented in Chapters IV and V give evidence of the possibility.

Future Research

A scarcity of empirical research in the area of professional services, as noted in earlier chapters, affords a fertile area for future research. This void is due in part to the recent emergence of this area to overt marketing practices.

There are several obvious avenues open for future research. Among those are the obvious relationship between perceived performance risk and intent to retain discussed in previous chapters. Two research questions arise, one of an academic nature, one of a practical nature. First, if as evidence indicates, these constructs overlap, do they do so for all professions, and what kind of measures can be developed to examine these two inclusive constructs? Second, if the constructs are overlapping, what actions are open to the practitioner? Perhaps the clue lies with Shostack (1977) who advocated the creation of tangible evidence of a service. This is not to say that each lawyer or law firm create a Merrill-Lynch bull or Hartford elk as evidence, but it does suggest that perhaps more tangible information, i.e. length of service, won-loss percentage, success record, be made available.

Indeed, Smith and Myers (1980) in their study found "quality of service," past experience of lawyer, and the integrity of the lawyer, to all be among the top ranked criteria in the selection of an attorney; interestingly enough, these attributes were also ranked high by attorneys, yet much of this information cannot be made available through advertising.

Yet other avenues for future research would be the extension of this type of research to other professional areas; for example, the practice of medicine, dentistry and accounting. More rigorous studies must yet be done on how the "commercialization" of the professions is affecting the public's image of the professions. Borrowing from the traditional arena of marketing, one may want to investigate if there is a continuum of professional services that correspond to the low involvement-high involvement spectrum of physical products, and if the suggested decision-making processes hold in the professional service setting. What was referred to as a limitation in an earlier section offers opportunities for research. This study investigated only two of the many types of risk identified by researchers. Thus, one may wish to examine the effect of financial risk on the selection of a professional, or physical risk in the case of some professionals. Yet another area open for investigation, although perhaps not the marketing oriented researcher, is the noticeable lack of significant results in the social risk experiment. Are there situations that are so common in life today, or among certain individuals, that the perceived levels of risk involved in them are minimal, or is there a segment of society who possesses a degree of knowledge of the judiciary system that mediates their perception of risk? Before this research can be undertaken, several things must be accomplished.

There is a noticeable lack of a standardized format to perceived risk measures. While there appears to be a consensus as to what constitutes perceived risk, there is no consensus as to how to measure it. Indeed, each researcher constructs new items to measure the phenomenon often without assessing their reliability. While this research is in part guilty of the former and attempted to prove the reliability of the instrument developed, the lack of any standardized measure is painfully obvious and this may be an opportunity to develop a proper measure. It may be found that perceived risk is a relative concept and does not hold constant in all circumstances.

With the opening of this service sector we are presented with the opportunity to see if those principles we have developed from our "goods" tradition hold for "services." It is an opportunity to expand our knowledge and do it, not piecemeal, but scientifically. Are purchase decisions made the same way; who are the influencers; deciders; what criteria are used; what factors affect the decision? Does the environment interact with the professional and client as postulated by Eigler, Langeard and Lovelock (1977) to influence the decision? Can tangible evidence of the act influence a client, as conceptualized by Shostack (1977)?

The questions are many, the opportunity ripe. The inclination to rush to judgment that our old principles hold, must be checked by our professional obligation as an emerging science to investigate and examine the relationships before saying these concepts hold true.

Chapter Summary

This chapter has provided an overview of the purpose of the study. The major findings were discussed and their contribution to the accumulation of evidence in support of theory was examined. The relationship between personal sources of information and levels of perceived performance risk obtained in this study confirm prior research findings. Also confirmed is the relationship between the amount of information obtained and the levels of perceived performance risk. Recommendations to the professional/practitioner were made with caution as to the limitations of the study, hence the ability to generalize either across clients, professions, or situations.

In conclusion, this study must be viewed as an early effort to establish an empirical research tradition in a new area of marketing. It sought to test "old" principles of perceived risk in new arenas, using different methods. The ultimate contribution of this study will be judged by history. It is hoped that in some small manner it has contributed to the knowledge base from which marketing theory must grow.

ENDNOTES

1. While the problem of homogeneity of variance is assumed by many to be offset by a balanced experimental design, it was deemed appropriate to test this assumption.

   The assumption of homogeneity of variance was tested in both experiments. Bartletts-Box F univariate homogeneity of variance tests were conducted on each dependent variable, while Box's M test was performed on the three dependent variable constructs (perceived performance risk, perceived social risk and intent to retain).

   Overall, the univariate tests of the homogeneity of variance assumption failed to reject the hypotheses of equal population variance. Specifically, the null hypotheses were rejected at the .05 level of significance in only one of the thirteen hypotheses tests in the social risk experiment and in six of the thirteen hypotheses tests in the performance risk experiment. The hypothesis was rejected in the case of variable 22 (intent to retain) in the social risk experiment and variables 16, 18 and 19 (perceived social risk), variables 20, 21 and 22 (intent to retain) in the performance risk experiment.

   The multivariate tests for the three sets of dependent variables all resulted in the hypothesis of equality of population dispersions being rejected at the .05 level of significance for all three sets of dependent variable constructs in both experiments. It has been suggested that the power of this test is so great that research on large samples is likely to lead to the rejection of the null hypothesis of the equality of group dispersion matrices (Cooley and Lohnes 1971). In addition, the magnitude of the degrees of freedom associated with these hypotheses tests were such that a slight variation in the dispersion matrices would result in a rejection of the hypothesis.

UNIVARIATE HOMOGENEITY OF VARIANCE TEST
BARTLETT-BOX F

Dependent	Performance Risk Experiment			Social Risk Experiment		
Variable	df	F	p	df	F	p
10	7,16384	= 1.40	.198	7,16384	= 1.27	.259
11	7,16384	= 1.53	.153	7,16384	= .82	.571

Dependent Variable	Performance Risk Experiment df	F	p	Social Risk Experiment df	F	p
13	7,16384	= .88	.524	7,16384	= .70	.671
14	7,16384	= 1.50	.161	7,16384	= .67	.697
15	7,16384	= 1.52	.157	7,16384	= .43	.886
16	7,16384	= 2.92	.005	7,16384	= 1.23	.281
17	7,16384	= 1.24	.278	7,16384	= .42	.890
18	7,16384	= 2.57	.012	7,16384	= .85	.543
19	7,16384	= 2.57	.012	7,16384	= .46	.861
20	7,16384	= 2.64	.010	7,16384	= 1.80	.083
21	7,16384	= 2.43	.017	7,16384	= 1.96	.057
22	7,16384	= 2.28	.025	7,16384	= 2.25	.027
23	7,16384	= 1.50	.164	7,16384	= 1.32	.235

MULTIVARIATE TEST FOR HOMOGENEITY
OF DISPERSION MATRICES
BOX'S M

	Performance Risk Experiment				Social Risk Experiment			
	Box's M	df	F	p	Box's M	df	F	p
Perceived Performance Risk (10-11)	34.95	21,58727	1.58	.044	46.46	21,58727	2.10	.002
Perceived Social Risk (13-19)	482.09	196,19015	2.00	.000	475.07	196,19015	1.98	.000
Intent to Retain (20-23)	130.88	70,22431	1.68	.000	164.51	70,22431	2.11	.000

2. Once an effect has been shown to be significant a measure of the strength of the effect is encouraged. Such a measure is eta squared. This measure is analogous to R^2 in univariate analysis of variance (Redinger 1977). The statistic ranges from zero (no treatment effect) to one (no error) and should be computed, as previously stated, on all significant effects. The following results were obtained. The analysis was not performed in the social risk experiment since no significant main effects or interaction effects were shown.

GENERALIZED ETA SQUARED SUMMARY

Source of Variation	I. Perceived Performance Risk		II. Perceived Social Risk		III. Intent to Retain	
	ΔH	n^2 (mult)	ΔH	n^2 (mult)	ΔH	n^2 (mult)
A. Source	0.95	.05	--[a]	--[a]	0.90	.10
B. Amount of Information	0.94	.06	0.89	.11	0.91	.09
C. Situation	--[a]	--[a]	--[a]	--[a]	--[a]	--[a]
A x B	--[a]	--[a]	0.90	.10	0.92	.08
A x C	--[a]	--[a]	--[a]	--[a]	--[a]	--[a]
B x C	--[a]	--[a]	--[a]	--[a]	--[a]	--[a]
A x B x C	--[a]	--[a]	--[a]	--[a]	--[a]	--[a]

[a] Not computed because F value corresponding to Wilk's Lambda   0.10.

REFERENCES

Anderson, Ronald D., Jack L. Engeldow and Helmut Becker, 1979. "Evaluating the Relationship Among Attitudes Toward Business, Product Satisfaction, Experience and Search Effort," Journal of Marketing Research, Vol. 16 (August), 394-400.

Arndt, Johan, 1967. "Word of Mouth Advertising and Informal Communication" in Risk Taking and Information Handling in Consumer Behavior, editor Donald F. Cox, Division of Research, Graduate School of Business Administration, Harvard University, Boston, MA.

__________, 1967. "Perceived Risk, Sociometric Integration, and Word of Mouth in the Adoption of a New Food Product" in Risk Taking and Information Handling in Consumer Behavior, editor Donald F. Cox, Division of Research, Graduate School of Business Administration, Harvard University, Boston, MA.

Baird, Charles W., 1977. "Advertising by Professionals," International Institute for Economic Research, Green Hill Publishing Inc., Ottawa, IL. Original paper No. 8 (October).

Bagozzi, Richard P., 1975. "Marketing as Exchange," Journal of Marketing (October), 32-39.

Barber, Bernard, 1963. "Some Problems in the Sociology of the Professions," DAEDALUS: Journal of the American Academy of Arts and Sciences, 92 (4), 669-688.

Bates vs. State Bar of Arizona, 433 U.S. 350, 1977.

Bateson, John E. G., 1979. "Why We Need Service Marketing" in Conceptual and Thoeretical Developments in Marketing, Proceedings editors O. C. Ferrell, Stephen W. Brown and Charles W. Lamb, Jr., 131-146.

Bateson, John E. G. and Pierre Eiglier and Eric Langeard, 1978. "Testing a Conceptual Framework for Consumer Service Marketing," Marketing Science Institute Research Program, (August) No. 78-112, Cambridge, MA.

Bauer, Raymond A., 1967. "Consumer Behavior as Risk Taking" in Classics in Consumer Behavior, editor Louise E. Boone, Tulsa, OK. Petroleum Publishing Co., 1977, 88-96.

Bauer, Raymond A., 1967. "Consumer Behavior as Risk Taking" in Risk Taking and Information Handling in Consumer Behavior, editor Donald F. Cox, Division of Research, Graduate School of Business Administration, Harvard University, Boston, MA, 23-33.

Bearden, William C. and J. Barry Mason, 1979. "Physician and Pharmacist Perceived Risk in Generic Drugs" in Educators Conference Proceedings, AMA Series No. 44, 577-582.

Benham, Lee, 1972. "The Effect of Advertising on the Price of Eyeglasses," The Journal of Law and Economics, Vol. 15.

Benham, Lee and Alexander Benham, 1975. "Regulating Through the Professions: A Perspective on Information Control," The Journal of Law and Economics, Vol. 18, No. 2 (October), 421-447.

Bettman, James R., 1975. "Issues in Designing Consumer Information," Journal of Consumer Research, Vol. 2 (December), 169-177.

__________, 1973. "Perceived Risk and Its Components: Model and Empirical Test," Journal of Marketing Research, Vol. 10 (May), 184-190.

Blois, K. J., 1974. "The Marketing of Services: An Approach," European Journal of Marketing, Vol. 8, No. 2 (Summer), 137-149.

Bruner, Jerome S., J. J. Goodnow and G. A. Austin, 1956. A Study of Thinking, John Wiley and Sons, Inc.

Carmines, Edward G. and Richard A. Zeller, 1979. Reliability and Validity Assessment, Beverly Hills, CA: Sage Publications.

Carr-Saunders, A. M., (1928) 1966 in Professionalization, edited by Howard M. Vollmer and Donald L. Mills. Engelwood Cliffs, NJ: Prentice-Hall, Inc.

Churchill, Gilbert A., 1979. "A Paradigm for Developing Better Measures of Marketing Constructs," Journal of Marketing Research, Vol. 16 (February), 64-73.

Cooley, William W. and Paul R. Lohnes, 1971. Multivariate Data Analysis, New York: John Wiley and Sons, Inc.

Coopersmith, S., 1967. The Antecedents of Self-Esteem, San Francisco, CA: W. H. Freeman and Co.

Cox, Donald F., 1967. "Risk Handling in Consumer Behavior: An Intensive Study of Two Cases" in Risk Taking and Information Handling in Consumer Behavior, editor Donald F. Cox, Division of Research, Graduate School of Business Administration, Harvard University, Boston, MA.

__________, 1967. "The Sorting Rule Model of the Consumer Product Evaluation Process" in Risk Taking and Information Handling in Consumer Behavior, editor Donald F. Cox, Division of Research, Graduate School of Business Administration, Harvard University, Boston, MA.

__________ and Stuart V. Rich, 1967. "Perceived Risk and Consumer Decision Making - The Case of Telephone Shopping" in Risk Taking and Information Handling in Consumer Behavior, editor Donald F. Cox, Division of Research, Graduate School of Business Administration, Harvard University, Boston, MA.

__________, 1967. "Risk Taking and Information Handling in Consumer Behavior" in Risk Taking and Information Handling in Consumer Behavior, editor Donald F. Cox, Division of Research, Graduate School of Business Administration, Harvard University, Boston, MA, 604-740.

Cunningham, Scott M., 1967. "The Major Dimensions of Perceived Risk" in Risk Taking and Information Handling in Consumer Behavior, editor Donald F. Cox, Division of Research, Graduate School of Business Administration, Harvard University, Boston, MA.

Daniels, Arlene Kaplan, 1973. "How Free Should the Professions Be?" in The Professions and Their Prospects, editor Eliot Friedson, Beverly Hills, CA: Sage Publications, 39-57.

Darling, John and Donald Hackett, 1978. "The Avertising of Fees and Services: A Study of Contrasts Between the Similarities Among Professional Groups," Journal of Advertising, Vol. 7, No. 2, 23-24.

Dash, Joseph E., Leon G. Schiffman and Conrad Berenson, 1976. "Risk and Personality-Related Dimension of Store Choice," Journal of Marketing Research, Vol. 40 (January), 32-39.

Davis, Duane L. and Charles S. Spiegel, 1979. "An Exploratory Assessment of Potentially Useful Types of Prepurchase Information to Consumers of Legal Service," Developments in Marketing Science, Vol 2, Proceedings of the Third Annual Conference of the Academy of Marketing Science, editors Howard Gitlow and Edward W. Wheatley, (May), 265-267.

Dawson, Lyndon E. and Hugh G. Wales, 1979. "Consumer Motivation Theory in Historical Perspective: An Aldersonian Approach" in Conceptual and Theoretical Developments in Marketing, editors O. C. Ferrell, Stephen W. Brown and Charles W. Lamb, Jr., AMA Proceeding Series, 210-222.

Dean, Michael L., James F. Engel and Wayne Talarzyk, 1972. "The Influence of Package Copy Claims on Consumer Product Evaluation," Journal of Marketing, Vol. 36 (April), 34-39.

Eiglier, Pierre, Eric Langeard, Christopher Lovelock, John E. G. Bateson and Robert F. Young, 1977. "Marketing Consumer Services: New Insights," Marketing Science Institute, (November), No. 77-115, Cambridge, MA.

Elkins, James R., 1978. "The Legal Persona: An Essay on the Professional Mask," Virginia Law Review, Vol. 64, 735-753.

Engel, James F., David J. Kollat and Roger D. Blackwell, 1968. Consumer Behavior, Hinsdale, IL: Dryden Press, H. R. Winston, Inc., 2nd edition.

Feldmen, Sidney and M. Spencer, 1975. "The Effect of Personal Influence in the Selection of Consumer Services," American Marketing Association Combined Proceedings, editor Edward M. Maizze, 597-600.

Festinger, Leon, 1964. Conflict, Decision and Dissonance, Stanford, CA: Stanford University Press, 152-153.

Fine, Seymour H., 1980. "Toward a Theory of Segmentation by Objectives in Social Marketing," Journal of Consumer Research, Vol. 7 (June), 1-13.

Ford, Gary T. and Philip G. Kuehl, 1977. "The Promotion of Medical and Legal Services: An Experimental Study" in Contemporary Marketing Thought 1977 Educators Proceedings, editors Bernett Greenberg and Kenny N. Bellenger, 39-44.

Friedson, Eliot, 1973. "Professions and the Occupational Principle" in The Professions and Their Prospects, editor Eliot Friedson, Beverly Hills, CA: Sage Publications, 19-38.

Goldfarb vs. Virginia State Bar, 421 U.S. 773, 1975.

Greenwood, Ernest (1957), 1966. "The Elements of Professionalization" in Professionalization, editors Howard M. Vollmer and Donald L. Mills, Engelwood Cliffs, NJ: Prentice-Hall, Inc., 10-19.

Hair, Joseph F., Jr., Ralph Anderson, Ronald L. Tatham and Bernie J. Grablowsky, 1979. Multivariate Data Analysis, Tulsa, OK: Petroleum Publishing Co., Marketing Series. Louis E. Boone, Consulting Editor.

Hall, Richard, 1968. "Professionalization and Bureaucratization," American Sociological Review, 33, 93-104.

Hays, William L., 1973. Statistics for the Social Sciences, New York: Holt, Rinehart and Winston, Inc., 2nd edition, 489-499.

Hempel, Donald and Michael V. Laric, 1979. "Marketing Productivity Analysis: Strategic Implications for Consumer Services" in Conceptual and Theoretical Developments in Marketing, editors O. C. Ferrell, Stephen W. Brown and Charles W. Lamb, Jr., American Marketing Association Proceeding Series, 554-566.

Hisrich, Robert O., Ronald J. Dornoff and Jerome B. Kernan, 1972. "Perceived Risk in Store Selection," Journal of Marketing Research, Vol. 9 (November), 435-439.

Hickson, D. J. and M. W. Thomas, 1969. "Professionalization in Britain: A Preliminary Measurement," Sociology, the Journal of the British Sociological Association, 3, 37-53.

Hower, Robert J., Robert Green and Joel Sargert, 1978. "A Cross National Study of Perceived Risk," Journal of Marketing, Vol. 42, No. 3, 102-108.

Hugstad, Paul S. and James W. Taylor, 1979. "Risk Theory and the Science of Marketing" in Conceptual and Theoretical Developments in Marketing, editors O. C. Ferrell, Stephen W. Brown and Charles W. Lamb, Jr., 448-458.

Humphreys, Marie Adele and James M. Kenderdine, 1979. "They've Even Made Him to Lawyers," Division of Marketing, Working Paper Series, University of Oklahoma, 78-7.

__________, 1979. "Perceived Risk and Consumer Decision Making: An Alternative View of Uncertainty" in 1979 Educators Conference Proceedings, Series 44, 283-285.

Hunt, Shelby, 1983. Marketing Theory: The Philosophy of Marketing Science, Homewood, IL: Richard D. Irwin, Inc.

Jacoby, J. and L. B. Kaplan, 1972. "The Components of Perceived Risk" in Proceedings Third Annual Conference of Association for Consumer Research, editor M. Venkatesan, University of Chicago, 382-393.

Jacoby, Jacob, 1976. "Consumer Research: Telling It Like It Is" in Advances in Consumer Research, editor Beverlee B. Anderson, Vol. 3, 1-11.

Jenkins, Roger, 1978. "The Use of Advertising in the Legal Profession. A Historical Prospective and Case Scenario," Southern Marketing Association Proceedings, 115-118.

Johnson, Eugene Manfred, 1958. "An Introduction to the Problems of Service Marketing Management," The Bureau of Economics and Business Research, University of Delaware, editor Blaine G. Schmidt.

__________, 1970. "The Selling of Services" in Handbook of Modern Marketing, editor V. P. Buell, New York: McGraw-Hill Book Company.

Johnson, Terrence, 1973. Professions and Power, London: The McMillan Press, Ltd.

Kenderdine, James M. and Marie A. Humphries, 1980. "The Structural Impact of Advertising on the Legal Service Industry," Division of Marketing Working Paper Series, University of Oklahoma.

Kirk, Roger E., 1968. Experimental Design: Procedures for the Behavioral Sciences, Belmont, CA: Wadsworth Publishing Company, Inc.

Kogan, W. and M. A. Wallach, 1964. Risk Taking: A Study in Cognition and Personality, New York: Holt Rinehart and Winston, Inc.

Kotler, Philip, 1980. Marketing Management: Analysis, Planning and Control, 4th edition, Englewood Ciffs, NJ: Prentice-Hall, Inc.

__________ and Richard Conner, Jr., 1977. "Marketing Professional Services," Journal of Marketing, Vol. 41, No. 1, 71-76.

Larson, Magali Sarfatti, 1977. The Rise of Professionalism: A Sociological Analysis, University of California Press, Berkeley, CA.

Leavitt, Theodore, 1972. "Product Line Approach to Services," Harvard Business Review, Vol. 52 (September-October), 41-52.

Lewis, Fredrick R., 1976. "Perceived Risk: A Conceptualization," unpublished manuscript, State University of New York, Albany.

Lieberman, Jethro K., 1970. The Tyranny of the Experts, Walker and Co., NY.

Liechty, Margaret and Gilbert A. Churchill, 1979. "Conceptual Insights into Consumer Satisfaction with Services," Educators Conference Proceedings Series 44, American Marketing Association, editors E. Laird Landon, Jr. and William B. Locander.

Locander, William B. and Peter W. Hermann, 1979. "The Effects of Self-Confidence and Anxiety on Information Seeking in Consumer Risk Reduction," Journal of Marketing Research, Vol. 16 (May), 268-274.

Lovelock, Christopher H., 1979. "Theoretical Contributions From Service and Non-Business Marketing" in Conceptual and Theoretical Developments in Marketing, editors O. C. Ferrell, Stephen W. Brown and Charles W. Lamb, Jr., 147-165.

Lutz, Richard J. and Patrick J. Reilly, 1973. "An Exploration of the Effects of Perceived Social and Performance Risk in Consumer Information Acquisition" in Advances in Consumer Research, Proceedings of Fourth Annual Conference, editors Scott Ward and Peter Wright, 393-405.

Mahon, James J., 1978. Professional Services Must Be Marketed, Too, New York: Ronald Press Publishers, John Wiley and Sons.

Malhotra, Naresh K., 1982. "Information Load and Consumer Decision Making," Journal of Consumer Research, Vol. 8 (March), 419-430.

Markin, Ron, 1979. "The Role of Rationalization in Consumer Decision Process: A Revisionist Approach to Consumer Behavior," Journal of the Academy of Marketing Science, Vol. 7, No. 4 (Fall), 316-334.

Millerson, Geoffrey, 1964. New Society, Vol. 3, No. 4 (June), 16.

Moore, Wilbert E., 1976. The Professions: Roles and Rules, New York: Russel Sage Foundation.

Myerhoff, Barbara G. and William R. Larson, 1965. "The Doctor as Culture Hero" in The Social Dimensions of Work, editor Clifton D. Bryant, Englewood Cliffs, NJ: Prentice-Hall, Inc. (1972), 66-73.

Ng, Hung Ski, 1980. "The Social Psychology of Power," European Monographs in Social Psychology 22, Academic Press, Inc.

Nilson, Linda Burzotta and Murray Edelman, 1979. "The Symbolic Evocation of Occupational Prestige," Society, Vol. 16, No. 3 (March), 57-64.

Pace, Wayne R. and Robert R. Boren, 1973. The Human Transaction, Glenview, IL: Scott, Foresman & Co.

Park, C. Whan, 1976. "The Effect of Individual and Situational Related Factors on Consumer Selection of Judgmental Model," Journal of Marketing Research, Vol. 13 (May), 144-51.

Perreault, William D., Jr. and William R. Darden, 1975. "Unequal Cell Sizes in Marketing Experiments: Use of the General Linear Hypothesis," Journal of Marketing, (August), Vol. 12, 333-42.

Perry, M. and B. C. Hamm, 1969. "Canonical Analysis of Relations Between Socio-Economic Risk and Personal Influence in Purchase Decisions," Journal of Marketing Research, Vol. 6 (August), 352.

Peter, J. Paul, 1981. "Construct Validity: A Review of Basic Issues and Marketing Practices," Journal of Marketing Research, 18 (May), 133-145.

__________ and Michael J. Ryan, 1976. "An Investigation of Perceived Risk at the Brand Level," Journal of Marketing Research, 13 (May), 184-8.

Pettigrew, Thomas F., 1958. "The Measurement and Correlation of Category Width as a Cognitive Variable," Journal of Personality, Vol. 6 (December), 532-544.

Poplielarz, Donald T., 1967. "An Exploration of Perceived Risk and Willingness to Try New Products," Journal of Marketing Research, Vol. 4 (November), 368-372.

Pras, Bernard and John O. Summers, 1978. "Perceived Risk and Composition Models for Multiattribute Decisions," Journal of Marketing Research, Vol. 15 (August), 429-437.

Random House College Dictionary, 1980.

Ratchford, Brian and Alan A. Andreason, 1973. "A Study of Consumer Perceptions of Decisions" in Advances in Consumer Research, Vol. 1, editors Scott Ward and Peter Wright, 334-345.

Ratmell, John M., 1974. Marketing in the Service Sector, Winthrop Publishers, Inc.

Ray, Michael L., 1979. "Introduction to the Special Section: Measurement and Marketing Research -- Is the Flirtation Going to Lead to a Romance," Journal of Marketing Research, Vol. 16 (February), 1-6.

Redinger, Robert, 1977. "Multiple Analysis of Variance" in Multivariate Methods for Market and Survey Research, editor Jagdish Sheth, American Marketing Association, Chicago, IL.

Reed, John P., 1969. "The Lawyer-Client: A Managed Relationship" in The Social Dimensions of Work, editor Clifton D. Bryant, Englewood Cliffs, NJ: (1972), 420-433.

Roselius, Ted., 1971. "Consumer Rankings of Risk Reduction Methods," Journal of Marketing, Vol. 35 (January), 56-61.

Rosenberg, G. J., 1977. Marketing, Engelwood Cliffs, NJ: Prentice-Hall, Inc.

Ross, Ivan, 1974. "Perceived Risk and Consumer Behavior: A Critical Review" in Advances in Consumer Research, Vol. 2, editor M. J. Schlinger, Urbana, IL: Association for Consumer Research.

Rothschild, Michael L., 1979. "Marketing in Non-Business Situations or Why It's So Hard to Sell Brotherhood Like Soap," Journal of Marketing, Vol. 43 (Spring), 11-20.

__________ and Michael J. Houston, 1977. "The Consumer Involvement Matrix: Some Preliminary Findings" in Contemporary Marketing Thought, AMA Proceeding Educators Conference 41, 95-98.

Sasser, W. Earl, 1976. "Match Supply and Demand in Service Industries," Harvard Business Review, Vol. 54, No. 6 (November-December), 133-140.

Schanninger, Charles M., 1976. "Perceived Risk and Personality," Journal of Consumer Research, Vol. 3 (September), 95-100.

Schiffman, Leon G., 1972. "Perceived Risk in New Product Trial by Elderly Consumers," Journal of Marketing Research, 9 (February), 106-108.

Schewe, Charles D. and Reuben M. Smith, 1980. Marketing Concepts and Applications, New York: McGraw-Hill, Inc.

Sheth, Jagdish N. and M. Venkatesan, 1968. "Risk Reduction Processes in Repetitive Consumer Behavior," Journal of Marketing Research, Vol. 5 (August), 307-310.

Shimp, Terrence and Robert F. Dyer, 1979. "Factors Influencing Lawyers Satisfaction with Advertising and Intentions to Continue Advertising," unpublished manuscript.

__________, 1978. "How the Legal Profession Views Legal Service Advertising," Journal of Marketing, Vol. 42, No. 3 (July), 74-81.

Shostack, Lynn G., 1977. "Breaking Free From Product Marketing," Journal of Marketing, Vol. 41, No. 2, 73-80.

Siegel, Garry and Ronald Stiff, 1979. "Marketing Strategies for the Professions: Generalizing the Case of CPAs," Developments in Marketing Science, Vol. 2, Proceedings of the Third Annual Conference of the Academy of Marketing Science, editors Howard Gitlow and Edward W. Wheatley, (May), 279-282.

Smith, Robert and Tiffany S. Meyer, 1980. "Attorney Advertising: A Consumer Perspective," Journal of Marketing, Vol. 44 (Spring), 56-64.

Snizek, William E., 1972. "Halls Professionalism Scale: An Empirical Reassessment," American Sociological Review, 23, 607-626.

Spector, Paul E., 1977. "What to Do With Significant Multivariate Effedts in Multivariate Analysis of Variance," Journal of Applied Psychology, Vol. 62, No. 2, 158-63.

Spence, Homer E., James F. Engel and Roger D. Blackwell, 1970. "Perceived Risk in Mail Order and Retail Store Buying," Journal of Marketing Research, 7 (August), 364-369.

Taylor, James W., 1974. "The Role of Risk in Consumer Behavior," Journal of Marketing, Vol. 38, No. 2 (April), 54-60.

Thibaut, John W. and Harold H. Kelly, 1959. The Social Psychology of Groups, New York: John Wiley and Sons, Inc.

Thorelli, Hans B. and Jack L. Engledow, 1980. "Information Seekers and Information Systems," Journal of Marketing, Vol. 44 (Spring), 9-27.

Triandis, Harry C., 1977. Interpersonal Behavior, Monterary, CA: Brooks/Cole Publishing Co.

Uhl, Kenneth P. and Gregory D. Puah, 1979. "The Marketing of Services: Why and How Is It Different?" Faculty Working Paper Series, College of Commerce, University of Illinois, Urbana-Champaign.

United States Report, 1976. Vol. 425, U.S. 738, No. 74-895, Virginia State Board of Pharmacy vs. Virginia Citizens Consumer Council.

Vickers, Geoffrey, 1974. "The Changing Nature of Professions," American Behavioral Scientist, 18 (November/December), 164-189.

Vincent, Mark and William G. Zikmund, 1975. "An Experimental Investigation of Situational Effects of Risk Perception" in Advances in Consumer Research, Vol. III, Proceedings of the Association for Consumer Research, editor Beverlee B. Anderson.

Wasson, Chester R., 1975. Consumer Behavior: A Managerial Viewpoint, Austin, TX: Austin Press.

Wilensky, Harold L., 1964. "The Professionalization of Everyone?" The American Journal of Sociology, 70, 137-195.

Zikmund, William G. and Jerome E. Scott, 1973. "A Multivariate Analysis of Perceived Risk, Self-Confidence and Information Sources" in Advances in Consumer Research, Vol. I, editors Scott Ward and Peter Wright, Association for Consumer Research.

APPENDIX A

STAGE I PRETEST

Bowling Green State University

Department of Marketing
Bowling Green, Ohio 43403
Cable: BGSUOH

Dear Faculty Member:

I am seeking your participation in the preliminary stages of a major research project.

The purpose of the research project, in part, is to determine how individuals react to various situations. The study deals with the concept of "perceived risk." Your participation is being requested to serve as a part of a panel that will, through your responses, select certain "risk situations" that volunteer subjects will subsequently be exposed to. Your input, in the form of your opinion, on a few questions that relate to the concept of perceived risk, is greatly needed.

I thank you in advance for your cooperation in answering the questions and the prompt return of the completed questionnaire. A pre-addressed campus mail envelope is provided for this purpose.

Realizing that your time is valuable, every effort has been made to keep the questionnaire as brief as possible. Others like yourself who have completed their questionnaire have indicated that it has taken them between 15 to 20 minutes to complete it.

As professional academicians and researchers, you may have additional comments regarding the questionnaire. Your constructive thoughts are solicited and will be appreciated. You may indicate these on the reverse side of this letter.

Once again, thank you for your cooperation in this important endeavor.

Sincerely,

Kenneth E. Crocker
Assistant Professor of Marketing

KEC/mk

INTRODUCTION

Each of the scenarios that follow are candidates for use as experimental treatments in a research project involving the concept of "perceived risk." Each situation describes an occurrence that may require the services of an attorney.

As part of a pre-test panel, you will be selecting, by your response to certain items following each scenario, those situations which you feel possess (1) the greatest degree of potential risk, and (2) the least degree of potential risk.

You will be asked to reply on two dimensions: perceived social risk and perceived performance risk. These two dimensions are defined as follows:

Social risk: Where a negative outcome of the situation may cause other people to look upon the individual involved in the situation with disfavor.

Performance risk: Where an attorney's performance is of primary importance in resolving the situation in the concerned individual's favor.

Please answer each question as candidly as possible. Suffice it to say there are no "right" or "wrong" answers to any of the items you are being asked to respond to.

Instructions:

Please read each of the scenarios and respond to the questions that follow each. Each item should be answered in light of the way *you* feel.

There are seven (7) possible responses to each item. Place an "X" on the space that MOST CLOSELY corresponds to your own feelings. Please answer all items making sure that you have NO MORE THAN ONE RESPONSE FOR EACH ITEM.

SITUATION 1

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance reports that he/she is in danger of losing their home. When they first bought the house, the realtor incorrectly stated that the property was subject to a V.A. mortgage; actually, it was subject to an F.H.A. mortgage.

The payments under the F.H.A. mortgage are more than the V.A. mortgage and are beyond the amount the acquaintance allotted. They are considering legal action against the former owner for the difference between the two payments.

Regarding the situation you have just read:

1. How likely is it that others would look upon the individual in this situation with disfavor?

   very likely ____ : ____ : ____ : ____ : ____ : ____ : ____ very unlikely

2. How important is it for people to avoid causing others to look upon them with disfavor?

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

5. An attorney's performance in the given situation is:

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ not important at all

6. How important is it for the involved individual to avoid a poor performance by an attorney?

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

7. For the situation given, what is the risk that it will not be resolved in the individual's favor?

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

8. Indicate the degree of performance risk you think this situation poses to the individual involved.

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

SITUATION 2

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance informs you that their only automobile is about to be repossessed. The automobile was bought on an installment plan. Due to a cut-back in work hours, the acquaintance was late in making several payments, but the payments were accepted by the bank. The January payment was again late and the bank thereupon declared the entire balance due and are about to repossess the automobile.

Regarding the situation you have just read:

1. How likely is it that others would look upon the individual in this situation with disfavor?

very likely ____ : ____ : ____ : ____ : ____ : ____ : ____ very unlikely

2. How important is it for people to avoid causing others to look upon them with disfavor?

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

5. An attorney's performance in the given situation is:

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ not important at all

6. How important is it for the involved individual to avoid a poor performance by an attorney?

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

7. For the situation given, what is the risk that it will not be resolved in the individual's favor?

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

8. Indicate the degree of performance risk you think this situation poses to the individual involved.

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

SITUATION 3

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance relates to you that at a birthday party for his/her child some of the children in attendance were outside playing in the back yard. The rear of the back yard drops off into a drainage trench that separates the property from a local municipal park. One of the children while playing fell into the trench and was injured.

The acquaintance has been notified by the injured child's parents that they are going to bring legal action against the acquaintance.

The acquaintance asks you to recommend an attorney.

Regarding the situation you have just read:

1. How likely is it that others would look upon the individual in this situation with disfavor?

very likely ____ : ____ : ____ : ____ : ____ : ____ : ____ very unlikely

2. How important is it for people to avoid causing others to look upon them with disfavor?

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

5. An attorney's performance in the given situation is:

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ not important at all

6. How important is it for the involved individual to avoid a poor performance by an attorney?

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

7. For the situation given, what is the risk that it will not be resolved in the individual's favor?

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

8. Indicate the degree of performance risk you think this situation poses to the individual involved.

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

SITUATION 4

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance reports that upon building a fire in the fireplace of his/her new home the house caught on fire due to a defect in the fireplace and the new home suffered partial damage. The insurance company, the acquaintance reports, is denying the claim saying it was due to faulty construction, and the contractor is denying any guilt.

The acquaintance is going to bring legal action against both the insurance company and the contractor and asks you to recommend an attorney.

Regarding the situation you have just read:

1. How likely is it that others would look upon the individual in this situation with disfavor?

   very likely ____ : ____ : ____ : ____ : ____ : ____ : ____ very unlikely

2. How important is it for people to avoid causing others to look upon them with disfavor?

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

5. An attorney's performance in the given situation is:

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ not important at all

6. How important is it for the involved individual to avoid a poor performance by an attorney?

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

7. For the situation given, what is the risk that it will not be resolved in the individual's favor?

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

8. Indicate the degree of performance risk you think this situation poses to the individual involved.

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

SITUATION 5

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance reports that they have been falsely accused of possession of drugs. While spending an evening at a movie and dinner, their teenage daughter threw a party for some of her friends. The party apparently grew raucous and upset the neighbors. One neighbor advised the daughter that they had called the police. The daughter then instructed those at the party to leave.

At the time the police arrived, the acquaintance had just entered the house, thus were unaware of the circumstances. As the police were talking to the surprised parents, one of the officers noticed a plastic bag protruding from under one of the sofa cushions. The bag contained less than a gram of marijuana, apparently dropped by someone at the party. The police immediately charged the acquaintance with possession.

Regarding the situation you have just read:

1. How likely is it that others would look upon the individual in this situation with disfavor?

very likely ____ : ____ : ____ : ____ : ____ : ____ : ____ very unlikely

2. How important is it for people to avoid causing others to look upon them with disfavor?

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

5. An attorney's performance in the given situation is:

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ not important at all

6. How important is it for the involved individual to avoid a poor performance by an attorney?

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

7. For the situation given, what is the risk that it will not be resolved in the individual's favor?

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

8. Indicate the degree of performance risk you think this situation poses to the individual involved.

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

SITUATION 6

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance reports that they have just become the recipient of a large sum of money and would like you to recommend an attorney to them who would assist them in estate planning.

Regarding the situation you have just read:

1. How likely is it that others would look upon the individual in this situation with disfavor?

   very likely ____ : ____ : ____ : ____ : ____ : ____ : ____ very unlikely

2. How important is it for people to avoid causing others to look upon them with disfavor?

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

5. An attorney's performance in the given situation is:

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ not important at all

6. How important is it for the involved individual to avoid a poor performance by an attorney?

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

7. For the situation given, what is the risk that it will not be resolved in the individual's favor?

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

8. Indicate the degree of performance risk you think this situation poses to the individual involved.

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

SITUATION 7

Assume for the moment that an acquaintance of yours has approached you with the following:

It seems that the acquaintance is in the process of separation and wants you to recommend an attorney.

Regarding the situation you have just read:

1. How likely is it that others would look upon the individual in this situation with disfavor?

very likely ____ : ____ : ____ : ____ : ____ : ____ : ____ very unlikely

2. How important is it for people to avoid causing others to look upon them with disfavor?

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

5. An attorney's performance in the given situation is:

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ not important at all

6. How important is it for the involved individual to avoid a poor performance by an attorney?

very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

7. For the situation given, what is the risk that it will not be resolved in the individual's favor?

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

8. Indicate the degree of performance risk you think this situation poses to the individual involved.

very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

SITUATION 8

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance, who is a licensed optometrist, has been cited by the local police for drunk driving.

The acquaintance asks you to recommend an attorney.

Regarding the situation you have just read:

1. How likely is it that others would look upon the individual in this situation with disfavor?

   very likely _____ : _____ : _____ : _____ : _____ : _____ : _____ very unlikely

2. How important is it for people to avoid causing others to look upon them with disfavor?

   very important _____ : _____ : _____ : _____ : _____ : _____ : _____ very unimportant

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

   very low risk _____ : _____ : _____ : _____ : _____ : _____ : _____ very high risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

   very low risk _____ : _____ : _____ : _____ : _____ : _____ : _____ very high risk

5. An attorney's performance in the given situation is:

   very important _____ : _____ : _____ : _____ : _____ : _____ : _____ not important at all

6. How important is it for the involved individual to avoid a poor performance by an attorney?

   very important _____ : _____ : _____ : _____ : _____ : _____ : _____ very unimportant

7. For the situation given, what is the risk that it will not be resolved in the individual's favor?

   very low risk _____ : _____ : _____ : _____ : _____ : _____ : _____ very high risk

8. Indicate the degree of performance risk you think this situation poses to the individual involved.

   very low risk _____ : _____ : _____ : _____ : _____ : _____ : _____ very high risk

SITUATION 9

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance reports that while shopping at the local grocery store his/her automobile apparently slipped into gear. The automobile rolled out of its parking place and into the store-front window whereupon the window broke and the flying glass injured several people.

The insurance company is claiming negligence and the acquaintance wishes to bring suit against the insurance company and fight the claims of the injured parties.

Regarding the situation you have just read:

1. How likely is it that others would look upon the individual in this situation with disfavor?

   very likely ____ : ____ : ____ : ____ : ____ : ____ : ____ very unlikely

2. How important is it for people to avoid causing others to look upon them with disfavor?

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

5. An attorney's performance in the given situation is:

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ not important at all

6. How important is it for the involved individual to avoid a poor performance by an attorney?

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant

7. For the situation given, what is the risk that it will not be resolved in the individual's favor?

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

8. Indicate the degree of performance risk you think this situation poses to the individual involved.

   very low risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very high risk

INTRODUCTION

The situations listed below are the same situations you reacted to earlier. They now appear as one or two word descriptions to aid your memory. You may, however, if you wish, turn back to the actual situation.

Instructions:

Please indicate on the scale below from 1 (very embarrassing) to 7 (not embarrassing at all) how you think it would feel if the situation did not turn out favorably. Indicate your response by circling those numbers most closely matching your feelings.

Situation	very embarrassing						not embarrassing at all
1. Home mortgage	1	2	3	4	5	6	7
2. Automobile repossession	1	2	3	4	5	6	7
3. Injured child	1	2	3	4	5	6	7
4. Home fire	1	2	3	4	5	6	7
5. Drug possession	1	2	3	4	5	6	7
6. Inheritance	1	2	3	4	5	6	7
7. Separation	1	2	3	4	5	6	7
8. Drunk driving	1	2	3	4	5	6	7
9. Accident	1	2	3	4	5	6	7

Instructions:

For each of the situations listed below please indicate on a scale of 1 (very important) to 7 (not important at all) how important an attorney's performance would be. Indicate your response by circling those numbers that most closely reflect your feelings.

Situation	very important						not important at all
1. Home mortgage	1	2	3	4	5	6	7
2. Automobile repossession	1	2	3	4	5	6	7
3. Injured child	1	2	3	4	5	6	7
4. Home fire	1	2	3	4	5	6	7
5. Drug possession	1	2	3	4	5	6	7
6. Inheritance	1	2	3	4	5	6	7
7. Separation	1	2	3	4	5	6	7
8. Drunk driving	1	2	3	4	5	6	7
9. Accident	1	2	3	4	5	6	7

APPENDIX B

STAGE II PRETEST

INTRODUCTION

One of the purposes of this study is to determine how individuals react to various situations.

You will be asked to read a description of a situation. The events described in the situation may require the services of an attorney.

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance reports that while shopping at the local grocery store his/her automobile apparently slipped into gear. The automobile rolled out of its parking place and into the storefront window whereupon the window broke and the flying glass injured several people.

The insurance company is claiming negligence and the acquaintance wishes to bring suit against the insurance company and fight the claims of the injured parties.

Regarding the situation you have just read:

INSTRUCTIONS:

On the following page you will find some information for a particular law firm.

Read the information then respond to the questions that immediately follow. Respond to each question as you did the others by placing an "X" on the space that most closely corresponds to your own feelings.

Please answer all items making sure that you have no more than one response for each item.

APPENDICES NOTE:

FOLLOWING ARE THE FOUR INFORMATION TREATMENTS USED IN STAGE 2. SUBJECTS WERE RANDOMLY EXPOSED TO ONE OF THE FOUR.

Assume the following information about the attorneys below has been learned through an acquaintance:

The name of the attorneys are Lowry and Hayes.

They have 25 years of experience in general law.

There is no charge for the initial consultation.

Among their specialties are:

divorce/dissolutions	personal injury
criminal cases	real estate
traffic cases	estate planning

They are licensed to practice in both Ohio and Michigan.

They are licensed also for Federal court.

The firm accepts Mastercard and VISA.

Assume the following information about the attorneys below has been learned through an acquaintance:

The names of the attorneys are Lowry and Hayes.

Their practice is in general law.

There is no charge for the initial consultation.

Among their specialties are:

divorces/dissolutions	personal injury
criminal cases	real estate
traffic cases	estate planning

There are seven (7) possible responses to each item. Place an "X" <u>on</u> the space that <u>most closely</u> correponds to your own feelings. Please answer ALL items making sure that you have <u>NO MORE THAN ONE RESPONSE FOR EACH ITEM</u>.

1. How likely is it that other people would look upon the individual in this situation with disfavor?

very likely	7	6	5	4	3	2	1	very unlikely

2. Indicate the degree of social embarrassment you feel this situation holds for the individual involved.

very high degree	7	6	5	4	3	2	1	very low degree

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

very high risk	7	6	5	4	3	2	1	very low risk

4. Indicate the degree of social risk you think this situation poses to the individual involved.

very high risk	7	6	5	4	3	2	1	very low risk

5. An attorney's performance in the given situation is:

very important	7	6	5	4	3	2	1	very unimportant

6. Indicate the degree to which an attorney's performance will affect the outcome of this situation.

greatly affect	7	6	5	4	3	2	1	very little affect

7. Indicate the degree of performance risk you think this situation poses for the individual involved.

very high risk	7	6	5	4	3	2	1	very low risk

8. I would not expect a high degree of performance from these attorneys.

strongly agree ___ : ___ : ___ : ___ : ___ : ___ : ___ strongly disagree
7 6 5 4 3 2 1

9. How likely is it that the services of these attorneys are of poor quality?

very likely ___ : ___ : ___ : ___ : ___ : ___ : ___ very unlikely
7 6 5 4 3 2 1

10. I would say that these attorneys are highly competent.

strongly agree ___ : ___ : ___ : ___ : ___ : ___ : ___ strongly disagree
7 6 5 4 3 2 1

11. I would expect the performance of these attorneys to be:

well above average ___ : ___ : ___ : ___ : ___ : ___ : ___ well below average
7 6 5 4 3 2 1

12. How certain are you that the services of these attorneys are adequate?

very certain ___ : ___ : ___ : ___ : ___ : ___ : ___ very uncertain
7 6 5 4 3 2 1

13. For the attorneys shown, what is the degree of risk that an individual who retained them would stand to lose his/her case?

very high risk ___ : ___ : ___ : ___ : ___ : ___ : ___ very low risk
7 6 5 4 3 2 1

14. The degree of performance risk involved in engaging the services of these attorneys is:

very high ___ : ___ : ___ : ___ : ___ : ___ : ___ very low
7 6 5 4 3 2 1

15. For friends and/or neighbors to learn that someone has retained the services of these attorneys would be:

highly embarrassing ___ : ___ : ___ : ___ : ___ : ___ : ___ not embarrassing at all
7 6 5 4 3 2 1

16. I would not want anyone to know that I retained the services of these attorneys.

strongly agree ___ : ___ : ___ : ___ : ___ : ___ : ___ strongly disagree
7 6 5 4 3 2 1

17. How likely is it that others would think less of someone who was to retain the services of these attorneys?

very likely ___ : ___ : ___ : ___ : ___ : ___ : ___ very unlikely
7 6 5 4 3 2 1

18. I feel there would be a great deal of social embarrassment involved in retaining these attorneys.

strongly agree	7	:	6	:	5	:	4	:	3	:	2	:	1	strongly disagree

19. The degree of social risk involved in engaging the services of these attorneys is:

very high	7	:	6	:	5	:	4	:	3	:	2	:	1	very low

20. How certain are you that the retention of these attorneys would be a source of social embarrassment?

very certain	7	:	6	:	5	:	4	:	3	:	2	:	1	very uncertain

21. For the attorneys shown, what is the degree of risk that an individual who engaged them would stand to lose esteem in the eyes of friends and/or neighbors.

very high risk	7	:	6	:	5	:	4	:	3	:	2	:	1	very low risk

22. Would you retain the services of these attorneys?

definitely yes	7	:	6	:	5	:	4	:	3	:	2	:	1	definitely no

23. Would you recommend to a close friend that he/she retain the services of these attorneys?

definitely yes	7	:	6	:	5	:	4	:	3	:	2	:	1	definitely no

24. If I had to choose an attorney, I would choose these attorneys.

definitely yes	7	:	6	:	5	:	4	:	3	:	2	:	1	definitely no

25. Without additional information, I have little confidence in my decision to recommend or retain these attorneys.

strongly agree	7	:	6	:	5	:	4	:	3	:	2	:	1	strongly disagree

26. How certain are you about your answer regarding the retention of the services of these attorneys?

very certain	7	:	6	:	5	:	4	:	3	:	2	:	1	very uncertain

27. The likelihood that I would not retain these attorneys but continue searching for an attorney is:

very high ___ : ___ : ___ : ___ : ___ : ___ : ___ very low
7 6 5 4 3 2 1

In order for me to better understand your reactions, please answer the following questions:

28. I am quite unfamiliar with the legal profession in the sense that I do not have any clear idea about which attorney characteristics are really important ones in providing me with maximum usage satisfaction:

strongly agree ___ : ___ : ___ : ___ : ___ : ___ : ___ strongly disagree
7 6 5 4 3 2 1

29. I am somewhat familiar with the legal profession in the sense that I have a somewhat clear idea about which attorney characteristics are really important ones in providing me with maximum usage satisfaction.

strongly agree ___ : ___ : ___ : ___ : ___ : ___ : ___ strongly disagree
7 6 5 4 3 2 1

30. I am quite familiar with the legal profession in the sense that I have a very clear idea about which attorney characteristics are really important ones in providing me with maximum usage satisfaction.

strongly agree ___ : ___ : ___ : ___ : ___ : ___ : ___ strongly disagree
7 6 5 4 3 2 1

31. Indicate below your experience with attorneys by placing an "X" on the appropriate line.

_____ I have never retained an attorney.

_____ I retained an attorney less than a year ago.

_____ I retained an attorney over one year ago, but less than two years.

_____ I retained an attorney over two years ago.

_____ I currently have an attorney on retainer.

The following information is for statistical purposes only.

32. Your age is ________.

33. Sex: Female _____ Male _____

(PLEASE TURN THE PAGE)

Instructions:

Without turning back to the information given about the attorneys, answer the following questions. Please do so by placing a circle (0) around the correct response.

34. The name of the lawyers are:

    1. Hayes and Bates
    2. Lowry and Hayes
    3. Lowe and Haig
    4. They were not given

35. The firm has served its community for:

    1. 10 years
    2. 25 years
    3. 7 years
    4. not given

36. The firm specializes in which of the following:

    1. divorces
    2. bankruptcy
    3. workmens compensation
    4. maritime law

37. The initial consultation is:

    1. $50.00
    2. free
    3. $25.00
    4. based on income

38. The firm serves which of the following areas:

    1. only the State of Ohio
    2. both Ohio and Michigan
    3. Michigan only
    4. not stated

39. The law firm's offices are located in:

    1. Toledo
    2. Perrysburg
    3. Maumee
    4. did not say

40. The office is open:

    1. 7 days a week
    2. Monday through Friday only
    3. Monday through Friday and a few hours on Saturday.
    4. did not say

41. The firm offers legal advice in:

    1. six (6) areas of law
    2. four (4) areas of law
    3. two (2) areas of law
    4. not given

THANK YOU FOR YOUR COOPERATION

APPENDIX C

FINAL INSTRUMENT

INTRODUCTION

One of the purposes of this study is to determine how individuals react to various situations.

You will be asked to read a description of a situation. The events described in the situation may require the services of an attorney.

APPENDICES NOTE:

Following in order from high performance risk to low social risk are the four risk situation treatments. Subjects were randomly exposed to one of the four.

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance reports that while shopping at the local grocery store his/her automobile apparently slipped into gear. The automobile rolled out of its parking place and into the storefront window whereupon the window broke and the flying glass injured several people.

The insurance company is claiming negligence and the acquaintance wishes to bring suit against the insurance company and fight the claims of the injured parties.

The acquaintance asks you to recommend an attorney.

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance reports that they have just become the recipient of a large sum of money and would like you to recommend an attorney to them who would assist them in estate planning.

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance, who is a licensed optometrist, has been cited by the local police for drunk driving.

The acquaintance asks you to recommend an attorney.

Assume for the moment that an acquaintance of yours has approached you with the following:

The acquaintance reports that upon building a fire in the fireplace of his/her new home the house caught on fire due to a defect in the fireplace and the new home suffered partial damage. The insurance company, the acquaintance reports, is denying the claim saying it was due to faulty construction, and the contractor is denying any guilt.

The acquaintance is going to bring legal action against both the insurance company and the contractor and asks you to recommend an attorney.

INSTRUCTIONS:

On the following page you will find some information for a particular law firm.

Read the information then respond to the questions that immediately follow. Respond to each question as you did the others by placing an "X" on the space that most closely corresponds to your own feelings.

Please answer all items making sure that you have no more than one response for each item.

APPENDICES NOTE:

Following are the four information treatments. Subjects were randomly exposed to one of the four.

Assume the following information about the attorneys below has been learned through an acquaintance:

The name of the attorneys are Lowry and Hayes.

They have 25 years of experience in general law.

There is no charge for the initial consultation.

Among their specialties are:

divorce/dissolutions	personal injury
criminal cases	real estate
traffic cases	estate planning

They are licensed to practice in both Ohio and Michigan.

They are licensed also for Federal court.

The firm accepts Mastercard and VISA.

Assume the following information about the attorneys below has been learned through an acquaintance:

The names of the attorneys are Lowry and Hayes.

Their practice is in general law.

There is no charge for the initial consultation.

Among their specialties are:

divorces/dissolutions	personal injury
criminal cases	real estate
traffic cases	estate planning

There are seven (7) possible responses to each item. Place an "X" <u>on</u> the space that <u>most closely</u> corresponds to your own feelings. Please answer ALL items making sure that you have <u>NO MORE THAN ONE RESPONSE FOR EACH ITEM</u>.

1. How likely is it that other people would look upon the individual in this situation with disfavor?

   very likely ____ : ____ : ____ : ____ : ____ : ____ : ____ very unlikely
   7 6 5 4 3 2 1

2. Indicate the degree of social embarrassment you feel this situation holds for the individual involved.

   very high degree ____ : ____ : ____ : ____ : ____ : ____ : ____ very low degree
   7 6 5 4 3 2 1

3. What is the degree of risk that the situation the individual is in will affect how others think of him/her?

   very high risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very low risk
   7 6 5 4 3 2 1

4. Indicate the degree of social risk you think this situation poses to the individual involved.

   very high risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very low risk
   7 6 5 4 3 2 1

5. An attorney's performance in the given situation is:

   very important ____ : ____ : ____ : ____ : ____ : ____ : ____ very unimportant
   7 6 5 4 3 2 1

6. Indicate the degree to which an attorney's performance will affect the outcome of this situation.

   greatly affect ____ : ____ : ____ : ____ : ____ : ____ : ____ very little affect
   7 6 5 4 3 2 1

7. Indicate the degree of performance risk you think this situation poses for the individual involved.

   very high risk ____ : ____ : ____ : ____ : ____ : ____ : ____ very low risk
   7 6 5 4 3 2 1

8. I would not expect a high degree of performance from these attorneys.

strongly agree	7	6	5	4	3	2	1	strongly disagree

9. How likely is it that the services of these attorneys are of poor quality?

very likely	7	6	5	4	3	2	1	very unlikely

10. I would say that these attorneys are highly competent.

strongly agree	7	6	5	4	3	2	1	strongly disagree

11. I would expect the performance of these attorneys to be:

well above average	7	6	5	4	3	2	1	well below average

12. How certain are you that the services of these attorneys are adequate?

very certain	7	6	5	4	3	2	1	very uncertain

13. For friends and/or neighbors to learn that someone has retained the services of these attorneys would be:

highly embarrassing	7	6	5	4	3	2	1	not embarrassing at all

14. I would not want anyone to know that I retained the services of these attorneys.

strongly agree	7	6	5	4	3	2	1	strongly disagree

15. How likely is it that others would think less of someone who was to retain the services of these attorneys?

very likely	7	6	5	4	3	2	1	very unlikely

16. I feel there would be a great deal of social embarrassment involved in retaining these attorneys.

strongly agree	7	:	6	:	5	:	4	:	3	:	2	:	1	strongly disagree

17. The degree of social risk involved in engaging the services of these attorneys is:

very high	7	:	6	:	5	:	4	:	3	:	2	:	1	very low

18. How certain are you that the retention of these attorneys would be a source of social embarrassment?

very certain	7	:	6	:	5	:	4	:	3	:	2	:	1	very uncertain

19. For the attorneys shown, what is the degree of risk that an individual who engaged them would stand to lose esteem in the eyes of friends and/or neighbors.

very high risk	7	:	6	:	5	:	4	:	3	:	2	:	1	very low risk

20. Would you retain the services of these attorneys?

definitely yes	7	:	6	:	5	:	4	:	3	:	2	:	1	definitely no

21. Would you recommend to a close friend that he/she retain the services of these attorneys?

definitely yes	7	:	6	:	5	:	4	:	3	:	2	:	1	definitely no

22. If I had to choose an attorney, I would choose these attorneys.

definitely yes	7	:	6	:	5	:	4	:	3	:	2	:	1	definitely no

23. The likelihood that I would not retain these attorneys but continue searching for an attorney is:

very high	7	:	6	:	5	:	4	:	3	:	2	:	1	very low

In order for me to better understand your reactions, please answer the following questions:

24. I am <u>quite unfamiliar</u> with the legal profession in the sense that <u>I do not have any clear idea</u> about which attorney characteristics are really important ones in providing me with maximum usage satisfaction:

strongly agree ___ : ___ : ___ : ___ : ___ : ___ : ___ strongly disagree
7 6 5 4 3 2 1

25. I am <u>somewhat familiar</u> with the legal profession in the sense that I have a <u>somewhat clear idea</u> about which attorney characteristics are really important ones in providing me with maximum usage satisfaction.

strongly agree ___ : ___ : ___ : ___ : ___ : ___ : ___ strongly disagree
7 6 5 4 3 2 1

26. I am <u>quite familiar</u> with the legal profession in the sense that I have a <u>very clear idea</u> about which attorney characteristics are really important ones in providing me with maximum usage satisfaction.

strongly agree ___ : ___ : ___ : ___ : ___ : ___ : ___ strongly disagree
7 6 5 4 3 2 1

27. Indicate below your experience with attorneys by placing an "X" on the appropriate line.

___ I have never retained an attorney.

___ I retained an attorney less than a year ago.

___ I retained an attorney over one year ago, but less than two years.

___ I retained an attorney over two years ago.

___ I currently have an attorney on retainer.

The following information is for statistical purposes only.

28. Your age is ________.

29. Sex: Female _____ Male _____

(PLEASE TURN THE PAGE)

Instructions:

Without turning back to the information given about the attorneys, answer the following questions. Please do so by placing a circle (O) around the correct response.

34. The name of the lawyers are:

    1. Hayes and Bates
    2. Lowry and Hayes
    3. Lowe and Haig
    4. They were not given

35. The firm has served its community for:

    1. 10 years
    2. 25 years
    3. 7 years
    4. not given

36. The firm specializes in which of the following:

    1. divorces
    2. bankruptcy
    3. workmens compensation
    4. maritime law

37. The initial consultation is:

    1. $50.00
    2. free
    3. $25.00
    4. based on income

38. The firm serves which of the following areas:

    1. only the State of Ohio
    2. both Ohio and Michigan
    3. Michigan only
    4. not stated

39. The office is open:

    1. 7 days a week
    2. Monday through Friday only
    3. Monday through Friday and a few hours on Saturday.
    4. did not say

40. The firm offers legal advice in:

    1. six (6) areas of law
    2. four (4) areas of law
    3. two (2) areas of law
    4. not given

THANK YOU FOR YOUR COOPERATION

The vita has been removed from the scanned document