

# **Discourse, Diversity and Distinction: Macromarketing at 30 Years**

## **Special Sub-theme: “Remember the Titans!”**

Papers of  
THE 30<sup>TH</sup> ANNUAL MACROMARKETING CONFERENCE

St. Petersburg, Florida, USA  
May 28 – May 31, 2005

Program Chair:  
Mark Peterson, University of Texas at Arlington

Arrangements Chair:  
Ronald Paul Hill, University of South Florida, St. Petersburg

Sponsored by:  
The Macromarketing Society, Inc.  
The University of South Florida, St. Petersburg  
&  
*The Journal of Macromarketing*

## Editor's Notes:

Special thanks to the track chairs who have played such an instrumental role in fielding this year's program. Their ideas, vision and execution have contributed invaluable to the creation of a memorable program for the thirtieth anniversary of the Macromarketing Conference.

<u>Track</u>	<u>Chair</u>	<u>Affiliation</u>
Australasian Macro Issues	Ben Wooliscroft	University of Otago, NZ
Competition & Markets	Bill Redmond	Bowling Green State University
Development & Marketing	Tony Pecotich	University of Western Australia
Environment & Marketing	Andrea Prothero Pierre McDonagh	University College Dublin Dublin Institute of Technology
Ethics & Distributive Justice	Deirdre Shaw	Glasgow Caledonian University
Faith, Meaning & Value	John Mittelstaedt	Clemson University
Families & Marketing	Jim Gentry	University of Nebraska-Lincoln
Food & Agribusiness	Tim Burkink	University of Nebraska-Kearney
Globalization	Don Rahtz	College of William & Mary
Quality-of-Life	Dong-Jin Lee	Yonsei University, Korea
Teaching Macromarketing	Bill Kilbourne	Clemson University
Technology	Nik Dholakia	University of Rhode Island
Vulnerable Consumers	Ron Hill	University of South Florida, St. Petersburg
Macromarketing Potpourri	Roger Dickinson	University of Texas at Arlington

Special thanks are also in order for John Mittelstaedt, the treasurer of the Macromarketing Society for mounting and maintaining this year's conference website, as well as taking registrations for conference attendees. Additionally, the College of Business at the University of South Florida, St. Petersburg shared the talents of both Dean Ron Hill and his assistant Debbie Janes in preparing the arrangements for this year's conference.

## Remember the Titans!

*"If I have seen further [than certain other men] it is by standing upon the shoulders of giants."*

Isaac Newton (1642–1727),  
Speaking of his dependency on Galileo's  
and Kepler's previous work in physics and  
astronomy.

This year's special sub-theme calls macromarketers to reflect upon the founders of macromarketing scholarship on whose shoulders we now stand. Without those who dared to consider the interplay of marketing and society, many marketing scholars today would undoubtedly not see much further than the "bottom line" of business practice. Some of these titans follow - our deceased titans are presented first.

Johan Arndt, (deceased) – contributed to advanced political economy analysis.

Jim Carman, (deceased) - contributed to externalities analysis and transition economy development.

Stan Hollander, (deceased) - the father of the history of marketing thought.

Charles Slater, (deceased) - the father of both the macromarketing conferences and *JMM*, and influential in Marketing and development.

Roger Dickinson, (continuous player) – encouraged and edited the Review and Communications section of *JMM* since 1993. Roger's scholarship has focused upon the structure of marketing and the Robinson-Patman Act.

Don Dixon, (continuous up to 2000) – contributed to marketing history.

George Fisk, (continuous player) - first editor of *JMM* and a guiding innovative thinker. George contributed work in systems approaches and societal provisioning framing.

Chuck Goeldner, (continuous player) - published the *JMM* before Sage began publishing *JMM* and took a real organizational interest. Supported many early macromarketing conferences.

Shelby Hunt - helped frame the field in the 1980's.

Tom Klein, (continuous player) - contributed ethics, religion, and externality thrusts.

Roger Layton, (continuous player) - developed trade flows analysis of the national accounts, especially in developing situations.

Bob Mittelstaedt, (continuous player) – contributed to better understanding of interorganizational dynamics including government.

Bob Nason, (continuous player) - *JMM* editor for ten years and general glue for macromarketing. Bob's macromarketing scholarship has focused upon externalities analysis and framing.

Stan Shapiro, (continuous player) - second editor of *JMM* and a guiding organizer who contributed in the environmental/ consumer society area.

## Remember the Editors!

The editors of the *Journal of Macromarketing* have done more to advance macromarketing than any other group of individuals. The commitment of their talents, and time have resulted in the journal becoming a very respected outlet for research on the interplay of marketing and society. In 1998, Koojaroenprasit et al ranked *the Journal of Macromarketing* as one of the top ten journals in marketing.

George Fisk	1981 Volume 1 No. 1	1983 Volume 3 No. 2
Stanley J. Shapiro	1984 Volume 4 No. 1	1987 Volume 7 No. 1
Robert W. Nason	1987 Volume 7 No. 2	1997 Volume 17 No. 2
Luis V. Dominguez	1998 Volume 18 No. 1	2000 Volume 20 No. 2
Sanford Grossbart	2001 Volume 21 No. 1	2003 Volume 23 No. 2
Clifford J. Schultz II	2004 Volume 24 No. 1	present

Koojaroenprasit, Narong, Art Weinstein, William C. Johnson and David O. Remington, 1998. "Marketing Journal Rankings Revisited: Research Findings and Academic Implications, Marketing Education Review", 8, 1 (Spring), 95-102.

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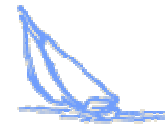
# **30<sup>th</sup> Annual Macromarketing Conference 2005**

## **Program Schedule May 28 – May 31, 2005**

**Hilton St. Petersburg, Florida**

**"Discourse, Diversity and Distinction: Macromarketing at 30 Years"**

**Special Sub-theme:  
"Remember the Titans!"**



**Saturday, May 28<sup>th</sup>, 2005:**

3:00 pm - 6:00 pm

6:00 pm - 9:00 pm

7:00 pm – 9:00 pm

**Arrival and Early Bird Reception**

Registration I

Registration II

Early Bird Reception

Harborview

Bayboro

Bayboro



**Sunday, May 29<sup>th</sup>, 2005:**

8:00 am – 8:30 am

8:00 am – 8:30 am

8:30 am – 10:00 am

**Full Conference Day**

Registration III

Continental Breakfast

Plenary Session

Harborview

Harborview

Harborview

**Mark Peterson****Remember the Titans!**

1. Ron Hill

Welcome and Conference Overview

2. A. Coskun Samli,

"Beyond Their Imagination: What the Titans Thought and What is Happening Now"

3. George Fisk, Tom Klein, Roger Layton, Robert A. Mittelstaedt, Stanley J. Shapiro

Moderator: M. Joseph Sirgy

Panel: History of Macromarketing

10:00 am – 10:30 am

Break

10:30 am – 12:00 noon

Concurrent Sessions

**Tim Burkink****Food & Agribusiness****Harborview**

1. William H. Redmond,

"Misuse of the Marketing Concept: The Marketing of Seemingly Healthy Packaged Food"

2. Julie Stanton, Renee Hughner, Pierre McDonagh, and Andrea Prothero,

"Consumer Attitudes Toward Organic Foods: A Cross-Cultural Examination of U.S. and Irish Market Segments"

3. Timothy J. Burkink, Marko Grunhagen, Klervi N. Le Marre, Gary J. Wells, and Carl L. Witte,

"Genetically Modified Food: A Cross-Cultural Investigation"

4. Ahmet Ekici and Linda L. Price,

"Relationships Among Individual, Institutional, and System Level Public Trust: Consumer Evaluations of Food Safety"

**Jim Gentry****Families & Marketing****Williams**

1. James W. Gentry and Stacey M. Baker,

"What Marketing Does to Family"

2. Kyle A. Huggins,

"Father Involvement: *Who's Your Daddy* and Why Marketers Care"

3. Vesna Brcic-Stipcevic and Sanda Renko,

"The Effect of Household Decision Behavior on Retailing Structure of the Transitional Country"

4. Lisa Szykman, Don R. Rahtz, Michael Plater and Greg Goodwin,

"Living on the Edge: Financial Services for the Lower Socio-Economic Strata"

12:00 noon – 1:30 pm

Lunch

Bayboro

## **Sunday, May 29<sup>th</sup>, 2005: (continued)**

1:30 pm – 3:00 pm

Plenary Session

Harborview

**Ron Hill and Debra Stephens**

**Do We Really Care?**

1. Stacey M. Baker, James W. Gentry and Terri L. Rittenburg,  
"Consumer Vulnerability: What Do We REALLY Mean?"
2. Charles R. Taylor, Stacy Landreth, and Hae-Kyong Bang,  
"The Good, the Bad, and the Ugly of Media Portrayals of "Model Minorities"
3. Anne-Marie Harris, Geraldine Henderson, Jerome Williams,  
"When Does a Dollar Buy Less than a Dollar's Worth? Racial Profiling and Marketplace Discrimination"
4. Ron Hill,  
"If We Can Feed Surfers, Why not the Poor? The Moral Case for Universal Consumption Adequacy"

3:00 pm – 3:30 pm

Break

3:30 pm – 5:00 pm

Concurrent Sessions

**Ben Wooliscroft**

**Australasian Macro Issues**

**Harborview**

1. Sandra C. Jones  
"Australian Industry Responses to Current Ethical Dilemmas - Fast Cars and Fast Food"
2. Daniela Rosenstreich and Ben Wooliscroft  
"What Does it Take to Get Published in a Top Marketing Journal from Australasia?"
3. Clare D'Souza, Mehdi Taghian and Peter Lamb  
"Environmental Consumerism: Recycling Behaviour and Its Impact on Intentions to Purchase Green Products"
4. Sandra C. Jones  
"Are Negative Reactions to Sexist Appeals in Alcohol Advertisements a Function of Feminism or Gender?"

**Mary Carsky**

**Ethics & Distributive Justice**

**Williams**

1. Göran Svensson, and Greg Wood  
"A Dynamic Approach to International Codes of Ethics"
2. Göran Svensson, and Greg Wood  
"Localize Global Codes of Ethics"
3. Samar Baqer  
"Consumer's Moral Sensitivity: Building a Scale"
4. Tânia Modesto Veludo-de-Oliveira, Ana Akemi Ikeda and Rubens da Costa Santos,  
"Compulsive Buying and Credit Card Use among Young Adults"

6:00 pm

Depart Hilton lobby

6:30 pm – 9:00 pm

Reception at Salvador Dalí Museum

7:30 pm – 8:30 pm

Docent-led tour of Dalí Museum

9:30 pm

Return to Hilton St. Petersburg

**Monday, May 30<sup>th</sup>, 2005:**

8:00 am – 8:30 am

**Full Conference Day**

Continental Breakfast

Harborview

8:30 am – 10:00 am

Plenary Session

Harborview

**Ahmet Ekici****Longitudes & Latitudes  
of Macromarketing**

1. James M. Carman (presented by Roger Layton),  
"Incentives for Growth, 1005 and 2005"
2. M. Joseph Sirgy, Dong-Jin Lee, Chad Miller, and James E. Littlefield,  
"The Impact of Trade Globalization on Quality of Life"
3. Michael J. Polonsky and John Mittelstaedt ,  
"Publication Patterns in Journals Dedicated to Issues of Marketing and Society:  
Benchmarking and Analysis"
4. Mark Peterson, Sandy Grossbart, Bill Kilbourne  
Panel: Thought and Comment on Future Scenarios for Macromarketing

10:00 am – 10:30 am

Break

10:30 am – 12:00 noon

Concurrent Sessions

**Andrea Prothero****Environment & Marketing****Harborview**

1. Steven P. Arquitt and T. Bettina Cornwell,  
"Macro-micro Linking Using System Dynamics Modeling: A Preliminary Examination  
of Eco-Labeling Effects for Farmed Shrimp"
2. Selima Ben Mrad, Hongwen She and Michael Mullen,  
"Globalization: For Better or Worse? The Effects of International Trade on the Economy,  
Physical Quality of Life and the Environment"
3. Bertrand Urien,  
"Death Saliency and Environmentally Friendly Consumer Behavior"
4. John Connolly and Andrea Prothero,  
"'Plant a tree, save the world' – Hobson's Choice or an Environmental Citizen?"

**Dong-Jin Lee****Quality-of-Life****Williams**

1. Gerald M. Hampton and Marco Wolf,  
"Consumer Well-Being, Income, Religious Attitudes and Their Relationship to Selected  
Measures of Life Satisfaction Among Professionals"
2. Alexandra Ganglmair-Wooliscroft and Rob Lawson,  
"Introducing the Rasch Model as an Alternative Measurement Paradigm When  
Investigating Quality of Life"
3. Alf H. Walle,  
"Native People and Quality of Life: *A Macromarketing Perspective*"

## **Monday, May 30<sup>th</sup>, 2005: (Continued)**

12:00 noon – 1:30 pm	Lunch	Bayboro
1:30 pm – 3:00 pm	Plenary Session	Harborview
<b>Roger Dickinson</b>	<b>Opportunities for Marketing Practice and Scholarship</b>	
1. Philip Barnes and Ben Wooliscroft, "Does Society Consider Marketing to Be a Science <sub>2</sub> ?"		
2. Robert W. Nason, John O'Shaughnessy, Clifford J. Shultz II and William L. Wilkie, Panel: The Future of Marketing		
3:00 pm – 3:30 pm	Break	
3:30 pm – 4:30 pm	Concurrent Sessions	
<b>Bill Redmond</b>	<b>Competition and Markets</b>	<b>Harborview</b>
1. Susie Pryor and Sandy Grossbart, "Social Capital and Co-Production in the Marketplace"		
2. Ben Wooliscroft and Tim Molteno "Ants, Brand Loyalty, Variety Seeking, Market Topography, and Aggregate Adaptive Optimization"		
<b>John Mittelstaedt</b>	<b>Faith, Meaning and Value</b>	<b>Williams</b>
1. Mark Peterson and Stephen J. Terry, "Early Twenty-First Century Worldviews and Macromarketing"		
2. John D. Mittelstaedt and Robert A. Mittelstaedt, "Macromarketing Implications of Religious Fractionalization and Religious Affiliation"		
6:00 pm	Depart Hilton lobby	
6:30 pm – 9:00 pm	Reception at Studio @ 620 The Studio @ 620 is a new creative venue in downtown St. Petersburg that focuses on multicultural events exploring history, visual arts, crafts, music, poetry, theater, film, dance and dialogue.	
7:30 pm – 8:30 pm	Presentation by Herb Snitzer – jazz musician photographer Herb Snitzer is a former photographic journalist for LIFE, LOOK, TIME, FORTUNE and many other national magazines and newspapers. He currently has a studio in St. Petersburg, FL and works as a fine art photographer and writer. More about his art can be found at <a href="http://www.thebebopshop.com/acatalog/Herb_Snitzer.html">http://www.thebebopshop.com/acatalog/Herb_Snitzer.html</a> <a href="http://www.allaboutjazz.com/gallery/hsnitzer.htm">http://www.allaboutjazz.com/gallery/hsnitzer.htm</a> Herb's email is <a href="mailto:herbsnitzer@aol.com">herbsnitzer@aol.com</a> .	
9:30 pm	Return to Hilton St. Petersburg	

**Tuesday, May 31<sup>st</sup>, 2005:**

8:00 am – 8:30 am

**Half Conference Day and Farewell**

Continental Breakfast

Harborview

8:30 am – 10:00 am

Plenary Session

Harborview

**Don Rahtz****Development & Marketing**

1. Terri L. Rittenburg,  
"Women and Development in Uganda"
2. Anthony Pecotich and Russel Kingshott,  
"Relationship Marketing - Competitive Strategy or Destruction of the Market?"
3. Anthony Pecotich and Kenneth Beng Yap,  
"Macromarketing and the Concept of Openness: Toward a Research Agenda"
4. Paul D. Ellis, Anthony Pecotich, and Zhuang Guijun,  
"National Development, Knowledge Transfer and Marketing Intermediaries in China"

10:00 am – 10:30 am

Break

10:30 am – 11:45 am

Concurrent Sessions

**Stan Shapiro****Micro to Macro:  
Innovations****Harborview**

1. Hiroshi Kosaka,  
"An Application of the Marketing Management Process to the Socio-political System"
2. Rosa Lemel,  
"Strategic Factors Affecting the Success Rate of Online Grocers: Is the US Finally Ready for Online Grocery Shopping?"
3. Marilyn Liebrez-Himes,  
"Everett Rogers and the Influence of Diffusion Research in the Developing World"

**Sandy Grossbart****Micro to Macro:  
Transition Economies****Williams**

1. Katherine C. Sredl and Natasa Renko,  
"Balkan Bricolage': Consumption Symbolism in Socialist and Post-Socialist Croatia"
2. Shawn Strange,  
"The Emerging Consumer Society of Southeast China and the Growing Divide in China's Transforming Economy "
3. Jay Wu,  
"Interdependent Selves and Retail Decision Making with Companions: The Case of Chinese Mall Patrons"

11:45 am – 12:00 noon

Wrap-up

Harborview

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# Beyond Their Imagination: What the Titans Thought and What is Happening Now

A. Coskun Samli  
Research Professor  
University of North Florida

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## Abstract

When “titans” in economic development and marketing interaction formulated their thought processes and developed their models such as: W. W. Rostow the stages of Economic Growth, Clark-Fisher hypothesis dealing with sequential economic development or Slater presenting his model which depended on efficient distribution system, it was assumed that these theories are applicable to mixed economies where private and public sectors work together in a coordinated manner. Here macro problems are government’s responsibility and micro problems are handled by the private sector. But with pressures to deemphasize the role of government and additional pressures to privatize, a situation has emerged where macro global problems are being turned over to micro elements. Accordingly, uncertainties are increasing about exacerbating societal inequalities by relying on micro elements to accomplish societal goals through markets. In this paper, the author raises eight key areas that are “micromanaged” now. Such activity may be disabling to all of society by complicating further economic development. These are: technology, infrastructure, access to education, environmental issues, progressiveness of income tax, investment policies, distribution of profits and entrepreneurship.

- Technology is used for income generation for a few people or groups, rather than raising the economic well-being of all.
- Infrastructures are not improved or maintained properly and thus the society’s advancement is impaired.
- Progress is hindered by too much emphasis on private education for profit and not enough access to education on the part of the people with limited means.
- Environmental activities are looked at as a cost factor by many private sector activists as opposed to a major economic stimulant by the government.
- Progressiveness of the income tax is necessary to develop a leveled playing-field and pay for things such as research, education and infrastructure.
- Global giants, instead of expanding, investing and developing, prefer mergers and acquisitions. The resultant lack of competition causes tremendous harm for the markets and quality of life of the masses.
- Giving unnecessary tax cuts along with giving 500 per cent increases to CEO pay during the decade of the 1990s (as opposed to about 35 per cent increase in the income of middle class) is creating tremendous hardship and poor direction for the markets as a whole.
- The private sector, in its micro-management mode, is not providing great opportunities for the much-needed entrepreneurial activity.

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# History of Macromarketing

Moderator

M. Joseph Sirgy

Panel

George Fisk, Emory University

Tom Klein, University of Toledo

Roger Layton, University of New South Wales

Robert A. Mittlestaedt, University of Nebraska-Lincoln

Stanley J. Shapiro, Simon Fraser University

---

## Abstract

*The macromarketing school of marketing refers to the role and impact of marketing activities and institutions on society and vice versa. During the early 1960s, there was a growing concern about the role of business institutions in society. Public opinion, which considered business as a viable and necessary institution in a society founded on the free enterprise system, had begun to doubt its intentions and activities. Phrases such as price fixing, military-industrial complex, and monopoly powers were gaining increasing attention in the 1960s. As the society began to critically examine business activities soon after the incidents of thalidomide and defective automobiles, business schools began to encourage seminars on business ethics and stakeholder analysis. Macromarketing emerged as a school of marketing directly as a consequence of the growing interest in the role of business in society.*

Sheth, Gardner and Garrett 1988, page 138.

Sheth, Jagdish N., David M. Gardner, and Dennis E. Garrett (1988), *Marketing Theory: Evolution and Evaluation*, New York: John Wiley & Sons.



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# Misuse of the Marketing Concept: The Marketing of Seemingly Healthy Packaged Food

William H. Redmond  
Bowling Green State University

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## Abstract

*An increasing number of consumers are seeking to lead healthier lives by eating more healthful foods. Some, however, are unknowingly consuming foods which are less healthful and wholesome than they expect. Through packaging and promotion, food marketers highlight (apparently) healthful properties of foods, while disguising or drawing attention away from the less desirable aspects. To the extent that consumers are being misled, their interests are not being well served in the marketplace. At question here are fundamental issues concerning the operation of marketing in society: the marketing concept, consumer sovereignty, and the role of marketing research. The paper takes a critical stance toward certain food marketing practices and argues that, in many instances, consumer interests are being subordinated to sellers' interests.*

## Introduction

Among trends that have affected marketers is the growing health-consciousness of an increasingly large portion of the population. This trend has several marketable facets including physical fitness equipment and clubs, self-help books and videos, vitamins and supplements. For many consumers, dietary changes appear to offer a straightforward way to improve health. That is, health is the desired end result and more wholesome and healthful food choices are seen as a means to achieve that end. Specific objectives of healthy eating are varied, and may include weight loss, cardiovascular fitness, diabetes, increased intake of nutrients, avoidance of additives, among other goals. Hence a market opportunity exists to supply such foods. Among the tens of thousands of packaged food products in a typical grocery, many display wholesome ingredients and offer various health benefits.

In reality, the appearance of wholesomeness and healthfulness can be deceiving. For instance in one marketer's "nutri-grain" bar, the leading ingredient is sugar (Branell and Horgan 2004). Examples are frequently reported in a monthly feature of *Consumer Reports*, "Selling It: Goofs, Glitches, Gotchas". An orange juice marketer introduces "Light n' Healthy," which consists of regular orange juice, diluted with water and supplemented with artificial sweeteners but sold at the same price (*Consumer Reports* 2004c). Fruit drink packages frequently highlight fruits which are either not the main ingredient or are not present at all (*Consumer Reports* 2004a). A blueberry pancake mix contains no actual blueberries but instead has blue bits which are composed of sugar, partially hydrogenated oils, cellulose gum and food coloring (*Consumer Reports* 2004a).

These types of misleading practices are not the actions of rogue firms at the margins of the industry, but rather are employed by large food firms that are literally household names, as well as smaller niche marketers. More accurate, although not necessarily complete, information can usually be obtained by examining the standardized nutrition label on the back of the package. Comprehending nutrition labels however, is time-consuming and requires language skills along with some education and up-to-date health knowledge. Surveys indicate that only 25-33% of consumers use the nutrition labels to assess health claims (Derby and Levy 2001). Relatively fewer low-income or low-education consumers

make use of nutrition labels. For these reasons, a significant portion of consumers do not – or are not able to – avail themselves of the information contained therein. Hence the trend toward health-consciousness offers marketers an opportunity to mislead as well as an opportunity to supply.

### **Social Influence on Marketing**

Macromarketing has been defined differently by various researchers. Fisk (1982) articulated a definition which seems to have been predominant since that time. In this, macromarketing is viewed as the study of: 1) the impact and consequences of micromarketing on society, 2) the impact and consequences of society on marketing systems, and 3) the understanding of marketing systems in their aggregate dimensions.

The impact of society on marketing has been elaborated, albeit briefly, in connection with the task of defining macromarketing. Society-to-marketing impacts encompass legal aspects of marketing as well as the consequences of different political and social value systems (Hunt 1981). This impact can occur in two basic ways: normal cultural and social influences, or public policy designed to affect the environment or the societal consequences of marketing actions (Fisk 1982). In other words values are important to understanding the society-to-marketing relationship, as is public policy. In the U.S., food marketing practices are affected by public policy via the Food and Drug Administration (FDA) and to a lesser extent by the Department of Agriculture (USDA) and the Federal Trade Commission (FTC).

Aside from cultural values and public policy, how does society affect marketing? The specific mechanisms by which society, or segments thereof, exercise influence over marketing activities are highly varied. For present purposes, the most obvious is marketers' responding to changes in demand by offering new products. In a competitive marketplace the principle of consumer sovereignty indicates that sellers must follow the buyers' desires. Successful marketers are the ones that respond to changing needs and wants, for example of increasing health consciousness. When consumers' wants and needs change, sellers should be alert to this fact and make suitable adjustments to their offerings. This notion has long been embodied in the marketing concept.

New and more widespread knowledge about the health effects of consumption choices has had an impact on food purchases for many consumers. Increased demand for more wholesome and healthful foods is one facet of this phenomenon. The response of food marketers to this trend is the subject of the following analysis. In particular, assumptions concerning consumer sovereignty and the efficacy of public policy protections are examined. This analysis begins with a general discussion of the marketing concept as a guiding principle of organizational behavior. Of particular interest are the roles of consumer sovereignty and marketing research in the operation of the marketing concept. Next, certain food industry marketing practices are evaluated with respect to the operations of the marketing concept. The discussion section evaluates misleading practices.

### **THE MARKETING CONCEPT**

A venerable notion in the discipline of marketing is the marketing concept. The marketing concept -- or customer orientation -- has been expressed in a variety of forms, generally indicating that firms ought first to understand customer wants and then develop suitable offerings to satisfy them. It is a staple of marketing texts and, in one variant or another, is not infrequently featured in company mission statements and publicity releases.

The fundamental notion that firms should be organized so as to serve customer needs and wants existed prior to formalized statements of the marketing concept. An early edition of a leading text gives a particularly clear articulation: "The first measure of success of any business is how well it serves the customers. If an operation is not in the interest of the consumers, it is not justified, no matter how profitable it may be to its owners," (Converse and Huegy 1946, 21). This is a statement of values, and

serves as an illustration of how values could be operationalized in the society-to-marketing relationship outlined above. For present purposes, the following (partial) definition of the formalized marketing concept is used because it highlights the role of information in operationalizing the concept: “Knowledge of the customer, which requires a thorough understanding of his needs, wants, and behavior should be the focal point of all marketing action. It implies the development of products and services to meet these needs,” (Ball and Emory 1971, 39). This implies that systematic information gathering, e.g. marketing research, is the primary and pivotal activity in implementing the marketing concept.

### **Consumer Sovereignty**

Two assumptions are said to underpin the marketing concept (Dickinson, Herbst and O’Shaughnessy 1986). First, consumers know what they want and are informed about the various offerings. Regarding this assumption we accept the proposition that consumers know what they want. It may be the case that some consumers’ demand for healthful foods is more directly connected with symbolism and self-image than specific health outcomes, nevertheless, their market choice is for more rather than less healthful foods. The proposition that consumers are well-informed, however, is problematic. A number of studies have shown that many consumers are confused about food health claims and about the putative health effects of various foods, ingredients, vitamins or supplements (Nestle 2002; Derby and Levy 2001). Confusion may result in varied outcomes, ranging from making choices which do not promote health to giving up trying to evaluate health claims at all.

The second assumption is that consumer sovereignty prevails. Regarding this assumption, the basic question is whether consumers are effective at advancing their own interests by their market choices (Penz 1986). When consumer sovereignty does not prevail, the market system serves interests of sellers more effectively than the interests of buyers. That is, firms may successfully offer goods and services which are profitable for them but which are suboptimal for consumers. Whether consumer sovereignty prevails is not necessarily in the affirmative and may not be of an all-or-nothing variety. Because of different decision-making styles, some consumers may be more effective at advancing their interests in the marketplace than others (Redmond 2000). While the following adopts a critical perspective with respect to food marketers, it should also be borne in mind that lack of vigilance on the part of consumers is also an issue. A more skeptical orientation by consumers would help to ameliorate the effects of marketers’ inflated and one-sided health claims.

### **Marketing Research**

Returning to the above definition of the marketing concept, because knowledge of consumer wants is important, marketing research is important. Marketing research is the mechanism by which consumer needs become known to the firm in a systematic and reliable fashion. Consequently firms engage in marketing research, and this is particularly crucial in times of changing preferences.

Marketing research is strictly informational in the sense that it is an input to a decision-making process; the research itself doesn’t provide the decision. From the standpoint of the marketing concept, this seemingly obvious distinction is highly salient. The information can be used to design and deliver what the consumers want, or it can be used to design and deliver something that the company wants to sell but which misleadingly gives the appearance of being what the consumers want. If consumers do indeed know what they want but cannot reliably determine if they are getting it, they may be ineffective at advancing their interests in the marketplace. When firms exploit this gap for their own interests, it means that consumer sovereignty is subverted. Firms that pursue the latter approach thus make a more sophisticated use of marketing research, first to find out what consumers want and second to find out how to appear to be offering it while actually offering something different.

## MISLEADING MARKETING OF PACKAGED FOODS

Consumer awareness of, and concerns about, the connection between eating habits and health grew significantly during the 1980's due to heightened publicity of a variety of health-related studies. Most of these studies examined the effects of a single component, such as cholesterol, on a single outcome, such as heart disease. In other words, much of the publicity could be characterized as being one-dimensional rather than a balanced approach to overall health. In the mid-1980's, food companies promoted one-sided health claims for their products (e.g., heart health) and achieved notable sales gains (Derby and Levy 2001). This was followed by a proliferation of food packages with one-sided health claims by the late 1980's.

New products play an important role in marketing strategies and many new are targeted to health-conscious consumers (Porter and Earl 1990). Health sells, but fat, salt and sugar generate repeat business (Brownell and Horgen 2004). Many of these products are marketed with unbalanced health claims. Unhealthful foods taste good, are convenient and sell well (Brownell and Horgen 2004). Because of the significance of the consumer trend toward health-consciousness in terms of sales and profits, food companies had a correspondingly significant motivation to understand the trend in some detail. Some effects on these firms' approach to marketing research, packaging, and advertising and publicity are outlined below.

### Marketing Research

Health researcher Marion Nestle (2002) notes that the food industry is highly competitive and the effort to develop products that will sell well and be profitable requires significant financial resources. "Some of these funds pay for market research that is simply breathtaking in its comprehensiveness, level of detail, and undisguised cynicism," (Nestle 2002, 179). The cynicism here refers to the close attention paid to how the new or redesigned foods are perceived and are to be sold (package design, graphics, etc.) with somewhat less concern for the healthful properties of the food products. Similarly, Porter and Earl (1990) note the intensive use of marketing research by food companies and its connection to the "selling of health."

As a result of extensive research, food companies know that many consumers want a healthier lifestyle and that they believe healthful foods to be a part of that lifestyle (Porter and Earl 1990). Many consumers are inclined to believe that "natural" foods such as whole grains, fruits and vegetables are healthful and that specific food components such as sodium, fat, calories and cholesterol may be harmful. Also as a result of research, food companies know what people like to eat. Humans like the taste of fat, salt and sugar because evolution has shaped us in that way. These inherent tastes conferred evolutionary fitness at a time when those items were scarce, but the taste preference is retained although these dietary components are by no means scarce today.

Misleading marketing with respect to health is sufficiently common that some authors refer to it by umbrella terms such as *healthy-seeming* (Brownell and Horgen 2004) and *healthful-sounding* (Consumer Reports 2004b). No textbook discussion of the marketing concept includes the idea that marketing research might be used to mislead customers, yet the design and promotion of healthy-seeming or healthful-sounding foods is just such an application.

### Packaging

How to combine the disparate consumer wants of health and taste? Market foods that appear to have enhanced healthfulness but do not. This is done by highlighting a healthful property of the food while not mentioning less healthful aspects such as high levels of salt or sugar or fat. Food packages may proclaim reduced fat while having high levels of sugar, or promote low sodium while having high levels of fat. Many consumers who limit fat intake with the intention of losing weight actually gain weight because their overall caloric intake has risen (Derby and Levy 2001). Highlighting one-sided health

aspects without a balancing promotion of less desirable aspects is legal in the U.S. and is commonly done. This is among the food marketing practices which some observers believe “border on the deceptive” (Porter and Earl 1990). Others simply call them as deceptive, without qualification (e.g. Brownell and Horgen 2004). Whether it does or does not cross that border, many would describe these practices as being of questionable ethics (e.g. Nestle 2002).

Other problematic activities include the practice of prominently labeling foods as being cholesterol-free, despite the fact that the type of food doesn’t normally contain cholesterol (Porter and Earl 1990). Recent instances of this particular form of misleading packaging focus on low carbohydrates. Also, some packages announce that a food is reduced-fat, without indicating the reference point from which the reduction was made. The terms “light” and “lite” lack a clear meaning because they have been variously used to indicate fewer calories, less fat, lower sodium, milder flavor or lighter color (Porter and Earl 1990). Some of these practices are no longer permitted (Derby and Levy 2001), however the problem of confusion among consumers continues and may persist for an extended period.

Certain ingredients thought to be harmful or undesirable, such as trans fats, are often not listed in the nutrition label at all. Trans fatty acids are considered so unhealthful that the FDA has recently required their inclusion on nutrition labels, effective in 2006 (Hugner, Maher and Granitz 2004). Food companies have fought to avoid mandatory listing of trans fats because trans fats have favorable production cost and shelf-life properties. Food companies also resisted the original nutrition labeling requirements and lobbied to obtain the least restrictive forms (Nestle 2002).

### **Advertising and Publicity**

About one-third of all food advertising is thought to be directed at children (Brownell and Horgen 2004). That is, a significant portion of food advertising is directed at the least skeptical and least informed segment of the population. Unlike cigarette and alcohol advertising, food ads carry no warnings about the dangers of over-consumption. Whether targeted at children or adults, less healthful foods are profitable because food companies know how to make them taste good at low cost. Hence Brownell and Horgen (2004, 201) conclude: “The most heavily marketed foods, and those most convenient and accessible, tend to be the least healthy.”

The desire to be profitable and the desire for a positive public image sets up a paradox for food companies, because unhealthful foods are highly profitable (Brownell and Horgen 2004). Food firms are very image-conscious and are quite aware of the tensions between serving consumer interests and stockholder interests (Nestle 2002). As a result, publicity has become a more prominent element of food marketers’ strategy. Food firms make high-profile announcements of initiatives to reduce portion sizes, cut fat and calories, and promote healthy eating, particularly among children (*Economist* 2003). However, some observers see considerable self-interest behind these pronouncements. One reaction to a major food company’s announcement of a health initiative was that it constituted “. . . an opening salvo in a PR offensive aimed more at preserving the company’s lucrative snack food business than revamping it,” (*Newsweek* 2003). Three months later, and with much less fanfare, the same firm increased the package size (hence calories, fat and salt) of a popular after-school snack by 50% (*Consumer Reports* 2004).

To attract health-conscious consumers and reward shareholders is aided by lack of clear and understandable information:

The food industry’s marketing imperatives principally concern four factors: taste, cost, convenience and . . . public confusion, (Nestle 2002, 16).

The food industry has employed lobbying, advertising and public relations to convince lawmakers as well as the general public that the science relating to healthy diet is both confusing and contradictory (Nestle 2002). That misleading or one-sided marketing of foods is legal in the U.S. is the result of substantial lobbying efforts by food firms on Congress and continual pressure on the FDA. In the book *Food Politics*, Nestle (2002) examines the industry's relationship with regulators and legislators, and the resultant state of consumer knowledge and awareness of health impacts. These efforts have delayed promulgation of dietary guides such as the food pyramid and nutrition labels and have blocked the FDA from requiring proof of efficacy for additives and supplements.

## DISCUSSION

It may be argued that any form of misleading or deceptive marketing constitutes a misuse of marketing. Here, however, we are concerned with specific concepts, such as the marketing concept, in relation to misleading marketing. In "The Misuse of Marketing," Bennett and Cooper (1981) describe a situation in which an *over-application* of the marketing concept was the root of the problem. In particular, they argued that simplistic reactions to survey data by certain firms resulted in a lack of genuine product innovation. This occurred through marketing research because consumers could only articulate their needs and wants in terms of incremental improvements or superficial styling changes to existing products. Meanwhile, other competitors focused their efforts on substantive technological development and meaningful product innovation. The result was significant loss of market share for the non-innovative firms.

The misuse of marketing by food companies is of a different type and proceeds from different causes. This is not an unthinking over-application of the marketing concept but rather a deceptive partial application. This misuse of marketing also involves marketing research, but here the misuse is to discover that health and wholesomeness are attractive to consumers and to design packaging and advertising which appears to deliver those qualities, but does not. The misleading or deceptive claim is highly visible in prominent type and graphics on the front of food packages and advertisements, while the actual contents are in small type on the back of the package and do not appear in advertisements.

The practice of marketing healthy-seeming foods is a misuse of marketing because it uses marketing techniques to undermine two foundational assumptions of the marketing concept. The first assumption is that consumers are informed about various offerings (Dickinson, Herbst and O'Shaughnessy 1986). Here, the distinction between *healthy* and *healthy-seeming* is a reflection of consumer confusion and lack of accurate information. The second assumption is that consumer sovereignty prevails (Dickinson, Herbst and O'Shaughnessy, 1986). When companies understand what consumers want but instead provide them with what the companies prefer to sell, consumer sovereignty cannot be said to prevail.

In Bennett and Cooper's version of the misuse of marketing, non-innovative firms lost sales and market share to more innovative competitors. Consumer sovereignty, however, prevailed because consumers shifted to more desirable offerings. In that instance, failure to deliver what consumers wanted resulted in harm to the non-innovative firms' shareholders. In the food industry's misuse of marketing, consumers are also not offered what they want, but the practice of deception prevents loss of sales or market share. Consumer sovereignty is subverted for those buyers who know what they want but do not understand exactly what it is that they are buying. In this instance, failure to deliver what consumers want results in harm to the consumers, not to the shareholders.

As the above analysis indicates, the assumption of consumer sovereignty in food marketing should be regarded as questionable. When consumer sovereignty is undermined, the benefits of market participation flow to the sellers rather than the buyers. This outcome is a negation of the values set forth in Converse and Huegy's (1946) precept: "If an operation is not in the interest of consumers, it is not

justified, no matter how profitable it may be to its owners.” In assessing the relationship between society and marketing, food firm’s misuse of marketing reveals two problematic areas: first a breakdown of consumer sovereignty and second a breakdown of appropriate guiding values.

### CONCLUSION

The use of marketing techniques to mislead consumers is a misuse of marketing. This does not imply that all marketing of food products is misleading or that all consumers are misled. Also not implied is harmful intent on the part of food firms, rather a set of priorities which places competitiveness and profit at the top. It is surely the right of marketers to show their offerings in the best possible light, and the principle of *caveat emptor* is not without application here. In the instance of food consumption however, the consequences of misinformed choice may have wider ramifications than with other product types. That numerous instances of misleading marketing derail consumers’ attempts at healthier eating is particularly disturbing to nutritionists and other health experts. Consequently this misuse of marketing is not a narrowly economic issue, it is a public health issue. As such, it represents a wide departure from Converse and Huegy’s (1946) establishment of consumer interests as the value of highest priority.

As noted earlier, among the mechanisms by which society impacts marketing are values, consumer sovereignty and public policy. The failure of consumer sovereignty to operate properly is a type of market failure (Harris and Carman 1983; 1984). A general solution to market failure, although not always the best one, is public policy intervention. Indeed, agencies such as the FDA were established to protect consumers’ interests in the food marketplace. However as Nestle (2002) points out, a key part of the problem is that food industry lobbyists have had a significant impact on crafting the regulations which govern their actions. This is an example of regulatory failure (Carman and Harris 1986). In other words, the failure of consumer sovereignty and appropriate guiding values has been compounded by regulatory failure. Thus for society to exercise an impact on marketing practice in the food industry, a new and more consumer-oriented regulatory regime may be required. It is possible that recent publicity concerning the relationship between the FDA and pharmaceutical companies will also result in political incentives to re-examine the relationship between the FDA and food companies.

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# Consumer Attitudes Toward Organic Foods: *A Cross-cultural Examination of U.S. and Irish Market Segments*

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## Extended Abstract

### Introduction

Estimates of the size of the organic food industry in developed markets attest to its growing importance to producers and consumers as well as to a shift in classification from niche to mainstream market (Palmer 2001). In the United States, for example, sales have grown from an estimated \$78 million in 1980 (McDonald 2000) to some \$7.8 billion in 2000 (Dimitri and Greene) and are expected to exceed \$20 billion by the end of 2005 (McDonald; Organic Trade Association, 2001). Annual growth rates of 20 percent are generally reported.

In the United Kingdom, annual growth rates of as much as 40 and 55 percent have been observed in recent years (Palmer 2001). Sales have risen from approximately \$154 million (£100 million) in 1994 to an anticipated \$2.22 billion (£1.47 billion) in 2005 (Boxall 2000). In Ireland, sales of organic products were estimated at \$43.7 million (€38 million) in 2003 (Food and Drink Europe), and both production and consumption are expected to continue to rise significantly in the next few years. It is anticipated that the Irish organic food industry will reach mainstream status by 2006 (Nutra Ingredients Europe) with sales of over \$100 million (€86 million) that year (Cowan, NiGhraith and Henchion, 2001).

Despite this rapid growth in organic food sales, the industry still has conflicting indicators of who its customers really are (Hughner et al. 2003). Further, there is some agreement that consumers themselves are confused about what 'organic' means (e.g. Aarset et al. 2004; Fotopoulos and Krystallis 2002). This is not surprising when one considers the variety of similar labels such as "all natural", "no artificial ingredients", "GMO-free", "cage-free", and "dolphin-safe" with which consumers are confronted regularly. Discerning the distinctions between each requires detailed information that many consumers do not possess. That the industry has shown rapid growth in the last two decades despite this confusion warrants further examination.

The existence of national standards was meant to reduce consumer confusion. Since October 2002, the U.S. National Organic Standard has set guidelines for how 'organic' food should be produced and marketed, whether in raw or processed form, whether crop or livestock based. In developing the rule, the U.S. government attempted to incorporate the wide range of ideas held on what 'organic' means, but the national standard has been criticized by some groups for being too lenient in certain areas (see e.g. Gutman, 1999). In Ireland, the European Union's standard is implemented through three certification bodies. European Council Regulations No 2092/91 and No 1804/1999 specify similar conditions as in the U.S. standard but the two systems have notable differences in the areas of cropping standards, manure restricting, livestock regulations and processing (Organic Trade Association 2002).

That public policy initiatives like these have not yet succeeded in eliminating confusion for consumers is a strong indication that much is still to be learned – by industry, policymakers, and consumers. What do consumers understand the term ‘organic’ to convey? What motives do they have for purchasing foods labeled ‘organic’? Do other eco-labels carry similar importance for consumers? Do consumers trust government standards to tell them something meaningful? Do European and U.S. consumers differ in these issues? What are the most effective means to convey to consumers the value in the ‘organic’ label? As Gutman describes, the term ‘organic’ refers to “a set of philosophical beliefs about our relationship with the environment, not merely to the physical characteristics of a product.” To set forth a single definition of ‘organic’ will result, according to Gutman, in the deprivation of the right to make choices in concert with one’s own beliefs. How then can the goals of reducing consumer confusion and protection of consumer choice be reconciled? These are all questions which are interesting to explore from a “marketing in society” perspective.

It stands to reason that a more in-depth understanding of the motivations that lead different consumers to purchase organic foods – if at all – would bring a measure of clarity to whether the ‘organic’ label is serving its intended purpose or perhaps signifying other attributes to consumers. This study uses a mixture of qualitative and quantitative methods to identify the heterogeneity of philosophies that is actually held by U.S. and Irish consumers in regard to organic foods. The purpose is manifold: one, to compare values claimed by distinct consumer segments to that espoused in ‘organic’ label requirements; two, to contrast those segments across cultural dimensions and investigate whether labeling laws better ‘suit’ consumers in one country v. the other; and three, to show the organic food industry that different (potential) consumer segments could be targeted with better understanding of what matters most to them.

### **Related Literature**

Dozens of empirical studies have been published in the last twenty years on the topic of consumer purchasing motives, beliefs and behaviors toward organic foods. As detailed in Hughner et al. (2003), the studies vary widely in their methodologies, geographic focus, and conclusions. Together, they demonstrate the potentially great differences in values consumers place on individual attributes of the ‘organic’ concept.

For example, while several studies have found that environmental concern rates highly in encouraging purchase of organic foods (e.g. Hill and Lynchehaun 2002; Wandel and Buggel 1997; Roddy, Cowan and Hutchinson 1996), others have found perceptions of healthfulness, taste and nutrients to outweigh concern for the environment (e.g. Magnusson et al. 2003; Zanolli and Naspetti 2002; Shifferstein and Ophuis 1998).

On the possible health attributes of organic foods, some studies have concluded that consumers perceive organic foods as healthier because of the requirement that they not be produced with pesticides and other chemicals (e.g. Wilkens and Hiller 1994; Jolly 1991; Misra et al. 1991). Yet according to other studies, some consumers believe organic food is also more nutritious (e.g. Hill and Lynchehuan 2002), despite little scientific evidence to support that notion.

Studies also demonstrate that consumer motives for purchasing organic foods can stem from taste preferences, food safety concerns, consideration of animal welfare, desire to support the local economy, and other sentimental, nostalgia-oriented factors (Hill and Lynchehaun 2002; Schifferstein and Ophuis 1998; Roddy, Cowan and Hutchinson 1996). It is not surprising when one considers this wide variety of notions and attitudes that a degree of confusion is detected in the literature regarding consumer understanding of the term ‘organic’.

It is this general fuzziness of understanding and the variety of notions assigned to it that motivates the present study. By allowing individuals to self-identify (or not) with statements that reflect the plethora of

perspectives observed in published studies, we can more accurately identify types of consumers and their attitudes toward organic foods. As stated earlier, these segments will be useful not only to marketers who can orient their promotional campaigns accordingly, but also for a more general discussion of what the term 'organic' should mean when it comes to a national organic standard.

### **Methodology**

In order to reveal clear segments of organic shoppers, in order to better understand such consumers -- a benefit for organic producers, the environment, consumers and public policy makers alike -- this study uses the Q-methodology (Stephenson 1967) along with a brief written survey and an in-depth interview with each respondent.

In a nutshell, Q-methodology allows the researcher to capture the respondent's own opinions from a self-referential standpoint, rather than limit data collection to external traits and attitudes. By offering the respondent the chance to pick and choose among statements which best portray the individual's perspective, the researcher captures a truer indication of respondent values while also removing the potential for starting-point bias. The method relies on the individual creating a single rank-ordering of offered statements from "most like" to "least like" his/her viewpoints, and allows the respondent to interpret those statements in the most natural way. This obviates the need for separate scales for aligning respondents on a continuum (McKeown and Brown 1988).

The results of factor analysis on the responses are self-identified groupings of like-minded people. Since our goal is to identify individual segments of consumers based on their attitude toward purchasing organic foods, this method is advantageous. Hughner (2000) demonstrated the potential of this methodology for identifying healthcare paradigms held by American consumers. By way of illustration, a list of representative statements for our Q-sample is given in table 1. The segments generated by factor analysis of the Q-sorts are given more context through study of the in-depth interviews of respondents and a review of the demographic variables captured for each.

For the Macromarketing Seminar in 2005, we have conducted a pilot study using this methodology as the first stage of research. Because one of our goals is to examine cross-cultural differences in consumer segments regarding organic food, the pilot consists of a small sample of Q-sorts collected in Dublin, Philadelphia and Phoenix that are examined collectively and separately.

As with any pilot study, the results are more indicative than conclusive. Input from Macromarketing Seminar participants will also help shape the full study: theoretical underpinnings to consumer motivation and cross-cultural variation need detailing; breadth of consumer types represented in the Q-statements needs reflection; methods for capturing cross-cultural factors need discussion. We also hope to generate discussion on how this analysis illustrates the impact of organic marketing on consumers, and what that implies for public policy makers, and macromarketers.

### **Contributions to Literature**

By building on the existing literature on organic food consumers, we are able in this study to make several advances. First, by allowing respondents to select statements that most (and least) reflect their own attitudes, we are able to build deeper descriptions of consumer segments. Coupled with in-depth interviews which explore the thoughts behind the respondent's choices, the factor analysis results are vivid descriptions with examples for context. Other studies have relied on more externally-driven categorization as is often encouraged by classic consumer theory. Further, the interviews allow us to explore the meanings placed by respondents on terms such as 'wholesome' and 'food safety' rather than assume they hold some common understanding. Previous studies have allowed the terms to be interpreted without further discussion.

Second, our psychographic segmentation of consumers is coupled with demographic and behavioral variables so that a more ‘familiar’ description of each segment can be provided. Demographics include income, age, education level, occupation, household size and location. Behavioral variables include frequency of organic food purchases, types of organic foods consumed, etc. These additional variables give more concreteness to descriptions that might otherwise seem too abstract to be useful.

Third, the in-depth interview helps separate the confusion often seen in the literature regarding purchaser and consumer. As studies have occasionally referenced ‘buying for small children’ as a motive for organic food purchases (e.g. Hill and Lynchehaun 2002), and found that women are more likely to be ‘consumers’ of organic foods (e.g. Magnusson et al. 2001; Food Marketing Institute 2001), one wonders if the information is relevant. If the stereotype that women are the food shoppers for their households holds true, then their gender can easily mask any number of considerations that yield the purchase outcome. Our respondents are limited to purchasers, rather than their spouses or children, but the interviews are structured to reveal any motivations beyond their own beliefs (i.e. a spouse’s wishes).

Fourth, we make a clear choice to include all types of food shoppers in our study, not just regular consumers of organic foods. The literature has generally left vague the notion of the occasional consumer of organic food (by frequency or by category), tending instead to focus on regular consumers of organic food, all consumers of organic foods without distinction, or non-consumers. We believe the difference between regular and occasional consumption is important to the organic food industry.

Fifth, because our goals include aiding in the match between industry efforts and consumer desires, we use both the written survey and the interview to unearth likely avenues through which organic food education initiatives would be most successful. With a nearly endless source of information available through newspapers, television, magazines, the internet, friends, retail outlets, etc., it is natural to question which are most likely to reach the consumer in the most effective way as well as how those outlets might vary by consumer segment.

Finally, because so much has been invested in creating official definitions of “organic” such as the U.S. national standard, our study offers additional perspective on how well that standard reflects the attitudes of consumers. While we do not account for how the now-2-year-old standard in the U.S. may have created or shaped those beliefs, the existence of segments which have preferences that are essentially not met by the standard should be of some concern to policymakers.

### **Expected Outcomes for Stakeholders**

As indicated earlier, we believe that the results of this study provide valuable information to the organic food industry, to policymakers and to consumers themselves. For industry, for example, a better understanding of the variety of consumer ‘types’ should offer new opportunities for tailoring products to specific segments. Communication – whether general educational materials or more traditional advertising – can be more effectively employed to reach the specific segment. Shopping habits by segment will help define the industry’s market more carefully and offer cost-saving and/or revenue-enhancing opportunities. For policymakers, on the other hand, discovering that the national organic standard only correlates to a single type of organic food consumer could re-open a dialogue with consumers and producers such that more appropriate definitions can be devised.

For consumers, the rapid growth of the industry in recent decades has offered a wide variety of new organic food products, but limited supply, high prices, and poor segmentation and positioning have negatively impacted the match between consumer desires and availability. Greater understanding of consumer interests should help industry better serve the consumer.

## Respondents

As noted, the respondents to this study are not limited to current purchasers of organic foods and hence can be drawn from the general population. However, every effort is made to include people with varying attitudes and a few basic screening questions are used to be sure that the sample is not biased in any one direction. For convenience, the respondents to the pilot study are drawn from the university environment (faculty, staff, students) as well as the nearby community. Three separate samples, in Arizona, Philadelphia and Dublin, are drawn to identify geographic and cultural influences that may be present.

**Table 1: Representative statements from Q-sample**

As contrasted to conventional foods...

- “Consuming organic foods is better because organic foods are free of pesticides, hormones and other additives.”
- “Consuming organic foods is better because organic food production is less damaging to the environment.”
- “Organic foods are a healthier alternative for feeding small children.”
- “Consuming organic foods gives me inner harmony and brings me closer to a unity with nature.”
- “Consuming organic foods is better because organic food production is less harmful to human laborers who avoid exposure to harmful chemicals.”
- “Consuming organic foods is consistent with a lifestyle of authentic vegetarianism.”
- “Organic foods taste better.”
- “Organic foods are safer and less likely to be contaminated with bacteria, etc.”
- “Consuming organic foods is better because organic food production supports farmers and the local economy.”
- “Organic foods are just the ‘right’ way to grow food; everything else is unnatural.”
- “Organic foods are more nutritious.”

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## **Extended Abstract**

# **Genetically Modified Food: A Cross-Cultural Investigation**

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### **Introduction**

Throughout history, humans have been trying to improve living structures for their own benefit. This is especially true in agriculture. In the past, geneticists and farmers bred plants to create productive or more resistant varieties, and the same happened with animals. Through progress in biological science and the discovery of chromosomes, genes and the structure of DNA throughout the 20th century (INRA, 1998), researchers are now able to transfer genes from one species to another, including between plants and bacteria or animals (Chevallier, 2002). The result is called a Genetically Modified Organism, GMO. The marketing of GMOs has been at the center of public, scientific, political and commercial debates for more than a decade. And now a second generation of enhanced GMOs is on the horizon.

Macromarketing has long been concerned with marketing issues regarding the environment, economic development, quality of life, and social welfare (Fisk 1981, Shapiro 1984). Fisk and Nason 1982 also noted that macromarketing looks at marketing “activities as they relate to society,” e.g., the intersection of micromarketing and society. In this cross-cultural study, we investigate the attitudes of university students in two different societies regarding GMOs, specifically food crops, as they relate to all of the macromarketing issues mentioned above. In order to introduce the issue of possible benefits to consumers associated with GMOs, we also attempt to examine the question of whether there are significant differences in acceptance of so-called second generation value enhanced GMOs compared to first generation GMOs.

### **LITERATURE REVIEW**

#### **First Generation and Second Generation Genetically Modified Food**

The aim of genetic engineering is to introduce, enhance or delete particular characteristics of an organism (Nottingham, 1998). It is a process in which foreign genes are spliced into a related or non-related species, creating a new organism. A genetically modified organism (GMO) is the actual organism (e.g., plant) that is created through genetic engineering. Biotech food, bioengineered food, and GM food are all terms used to describe food that has been created through genetic engineering, or that contains products that were created using genetic engineering (Cummings and Lilliston, 2000).

The so-called “first generation of GMOs” possesses enhanced *input properties* such as a resistance to a particular insect or a tolerance of an herbicide. Bt corn, for instance, is enhanced with a gene from a soil bacterium to produce proteins that kill insects that infest the plant (Seralini, 2000). Earlier technological changes in agriculture have had opponents, but hostility to crops produced using recombinant DNA technologies has been much stronger, and has arisen much more quickly (Ho, 1998).

Researchers are now developing “second generation GMOs” with *output properties*. The food industry hopes that this next generation of bioengineered products will deliver consumer benefits, such as functional foods with improved nutritional content, removing natural toxicants from foods like peanuts, and improving the shelf life of fruits and vegetables (Harlander, 2001).

### **Consumer Acceptance: Benefits versus Risks**

#### Risks

When researching acceptance differences between French and American consumers, it becomes important to investigate perceptions of potential risks and benefits of GMOs to determine how similar the assessment of benefits and risks is in the two countries (for a discussion of GMO-related risks, see also Wells, Le Marre, Grünhagen, Surak and Miller 2004). The opposition from consumers to first generation GMOs, driven by concerns about consumer food safety, the environment, corporate control of agriculture, and ethics, is strong in Europe, and resistance to their use in developing countries has also arisen (Nelson, 2001).

Common concerns about GMOs among consumers worldwide include:

- 1) The dissemination of GMOs into the environment (Tangley, 1999; Darmency, 1997; Habert, 1994; INRA, 1998).
- 2) The uncertainty about the consequences of modified genes in the cells (Perrier, 1999; Ho, 1998).
- 3) The potential for new allergens and growing antibiotic resistance (Jackson and Villinski, 2002; Scalla 1997; Philippon, 1999; Wal, 1997; Perrier 1999)
- 4) The economic dependence on multinational biotechnological firms for farmers, and (Jackson and Villinski , 2002; Vogt and Parish, 1999).
- 5) Ethical issues: Man playing God (Kemp, 1992)

Even though value-enhanced second generation GM products are not commercialized yet, they have been criticized by consumer associations for many reasons. (Briand-Bouthiaux, 2001). In fact, critics combine criticism regarding non-GM functional foods (functional foods developed naturally), with those already made about first generation GMOs mentioned previously:

- 1) Some people are worried about false health claims because of a lack of government regulation (Briand-Bouthiaux, 2001).
- 2) GM functional foods are not necessary; all the vitamins and supplements that are needed are available through a balanced diet, and there is a risk that with increasing reliance on functional additives consumers might shift from a diverse balanced diet to an unhealthy one (Briand-Bouthiaux, 2001).
- 3) Functional food products could be obtained with non-GM methods (Briand-Bouthiaux, 2001).
- 4) New GM products will not be accessible for consumers in developing countries, because they will be too expensive (Briand-Bouthiaux, 2001).

#### Benefits

The initial idea behind plant genetic engineering was to improve agronomic performance. The main GM plants commercialized today are either resistant to insects or tolerant of herbicides (Seralini, 2000).



Perceived first generation GMO benefits include (Briand-Bouthiaux, 2001):

- 1) more competitiveness for agriculture,
- 2) reduced amounts of chemicals used in production,
- 3) enhanced quality of food,
- 4) less expensive food for consumers, and
- 5) improved quantity and quality of food produced in developing countries.

Second generation products offer (Harlander, 2001; Briand-Bouthiaux, 2001).

- 1) a better conservation of food products,
- 2) the production of enzymes by plants,
- 3) modification of nutritional contents for animal feeding,
- 4) better taste for human foods,
- 5) production of therapeutic molecules by plants,
- 6) agro-forestry, and
- 7) ***nutritional value enhanced crops*** (Briand-Bouthiaux, 2001).

The last second generation GMO benefit mentioned, is a principal object of this study.

#### Benefits of Second Generation GMOs Compared to First Generation

One of the most important differences between the first and second generation of GMOs is that first generation agricultural biotechnology products do not offer direct benefits to consumers. On the other hand, second generation value enhanced products that offer nutritional advantages, have a direct appeal to consumers, as they can offer a better nutritional composition, or products free from toxic residues and additives (Young, 1992).

In the past, several surveys of consumer attitudes toward GM foods have been conducted (e.g., Hoban, 1996; Kelley, 1995; Norton, Lawrence and Wood, 1998; Smith and Riethmuller, 1999; Wolf and Domegan, 2000). Previous research has focused mainly on the first generation of GM foods, and not on second generation products.

#### **Cross Cultural Variations In Consumer Behavior**

Hofstede (1994) suggests that the cultures of different nations can be compared in terms of five dimensions. This paper only refers to those dimensions that may pertain to GMO acceptance. The most important difference in the context of this study is “uncertainty avoidance.” An index Hofstede devised shows that France is indexed 86 for uncertainty avoidance (rank 10-15) and the United States is indexed 41 (rank 43) (Keegan and Green, 2003, p.150), which means that French people on average are less contemplative, less relativistic or less tolerant in their behavior than American people when they face situations that are uncertain.

Another dimension that can be useful in understanding the attitudes toward GMOs in France and the U.S. is the “individualism-collectivism” dimension. France is given the index 71 (rank 11) for individualism, whereas the United States is indexed 91 (rank 1) (Keegan and Green, 2003, p.150). Consumers in the U.S. might be expected to react on a more individualistic basis to GM food, rather than viewing it collectively as an issue for the whole population.

Additional insights about cultural differences between French and American consumers can be derived from other research that has been conducted. Europeans in general were surveyed for the *Eurobarometer 52.1* (INRA, ECOSA 2000) regarding levels of “*usefulness, risk, moral acceptance and encouragement of development*” relating to the use of biotechnology. Two applications of biotechnology were judged least useful: the production of food using biotechnology, and the insertion of human genes into animals to obtain organs for humans. The survey also showed the following: the less an application is considered to

be useful for society, the less people tend to accept it to be morally acceptable. Further, the less it is believed that applications are morally acceptable and/or useful for society, the less one tends to believe that they should be encouraged. Risks related to applications in food production were seen to be relatively high. More positive attitudes about applications to micro-organisms are found than about applications of genetic technology to plants and foods (INRA, ECOSA 2000).

In France, people in general have mixed feelings about genetically engineered foods, but they remain mostly hostile (Briand-Bouthiaux, 2001). The general public's perception of scientific information is also negative (Jackson and Villinski, 2002). The adoption of food biotechnology has been more difficult because consumers are still traumatized by recent food-related contamination, such as the B.S.E. (Bovine Spongiform Encephalitis) scandal, the dioxin contamination of poultry, and a contaminated blood scandal (Le Marre, Grünhagen and Wells, 2004; McHughen, 2000). The result is a general rejection of GM crops and GM foods (Chevallier, 2002). In August 2000, a survey conducted by the French national newspaper "Liberation" revealed a growing sensitivity to food safety. Seventy-three percent of those surveyed said that they were concerned about the presence of GMOs in their food (Vincendon, 2000).

The traditional meaning of food in the two countries adds an important dimension and provides another reason for a negative French view of GM foods. France has a strong gastronomic tradition and GM foods are viewed as threats to the traditional "natural" diet (Paillotin, 1999). Concerns for health as well as an aversion to "unnatural" or artificial foods are additional criticisms regarding first generation GMOs by French consumers (Paillotin, 1999). Warde (1997) and Bourdieu (1984) also indicated that French eating habits are more about social experiences than American eating habits. French people take more time to eat, and usually eat dinner together with the members of the family, whereas meals are shorter in the U.S., and less often a social experience. From an overall European perspective, food has greater importance in European culture than in American culture (Ekici, 2000). It has been argued that the main reason for resistance to GM food in Europe is the fact that it deals with food, and not with technology (Ekici, 2000). Americans in general prefer eating out more often than Europeans. Europeans, prefer to dine at home. Homemade food that is related to "natural food" is believed to be healthier (McIntosh, 1996). GM foods are not considered a "natural product" and tend to be rejected. Furthermore, Europeans fear that the "McDonaldization" of their food culture (Ritzer, 1996) will expand. Therefore a negative response to GMOs may also be seen as an attempt to preserve a tradition and culture of food.

Americans in general are more positive about new technologies. They believe that scientists provide valuable, unbiased information that can benefit society (Chevallier, 2002; Buzby and Ready, 1996). A 1987 survey revealed that most Americans expressed a generally positive attitude toward science and technology, although there was certain ambivalence towards biotechnology's role in improving life (OTA, 1987). In this report, U.S. consumers said that they trusted government regulations over other sources of food-safety information. However a more recent report, revealed that there were increasing concerns about food safety issues, and that skepticism about the ability of public institutions to maintain food safety was rising (OTA, 1992). This tends to show that U.S. consumers do consider new information about risks and change their perception accordingly. Overall, however, the general acceptance of GM foods in the United States appears to be higher than in Europe.

The differences in culture, particularly regarding food, between France and the United States are the main reasons why the decision was made to conduct the survey in those two countries. The cross-cultural comparison of the survey results is expected to provide additional insights, especially about the way respondents perceive second generation nutritionally enhanced GM products.

### **SURVEY AND ANALYSIS**

A total of 124 completed questionnaires were collected from French students enrolled at the Ecole Supérieure d'Agriculture d'Angers (ESA), and 236 questionnaires were collected from American students

enrolled at Clemson University, South Carolina. The survey contained a series of single item Likert-type scale questions (1=strongly agree through 5=strongly disagree) regarding an evaluation of what the respondents in the two respective national samples thought about first generation GMOs and second generation nutritionally enhanced GMOs in terms of the variables *usefulness*, *moral acceptability*, *risk*, *necessity*, and *encouragement of development*.

Consistent with previous research, a two-stage approach was used to study differences between groups (i.e., the two national samples) on multiple dependent variables (Darden and Perreault, 1975; Pedhazur, 1982; Spector, 1977). During the first stage of the analysis, where appropriate, a multivariate analysis of variance (MANOVA) was used to test the null hypothesis of no simultaneous differences between the two samples on the dependant variables. The second stage of analysis consisted of an analysis of variance (ANOVA) of each variable tested under the overall MANOVA, as well as ANOVAs of individual questions. Additional analysis was performed using paired t-tests to measure the differences in answers given in the survey between first and second generation enhanced GM foods for each national sample, to investigate whether respondents within each national group perceived enhanced second generation GM foods differently from first generation GM foods.

### CONCLUSION

The aim of this research was a cross cultural investigation of attitudes toward Genetically Modified Organisms, specifically food crops, to determine if there were significant differences in the views of French and American respondents. In addition, we sought to introduce the issue of possible consumer benefits of GMOs into the research by examining differences in acceptance of value enhanced second generation GMOs compared to first generation GMOs for both French and American respondents.

For all variables (*usefulness*, *moral acceptability*, *risk*, *necessity*, and *encouragement of development*), the differences between the answers in the two national samples were significantly different. American respondents perceived both first and second generation GMOs significantly more positively than French respondents on all items, e.g. usefulness, acceptability, etc. These findings provide further support for previous research results on the relative acceptance of GM foods by European and American consumers that indicate a greater level of acceptance by American consumers.

Results of paired t-tests found that there were significant differences across the means between first and second generation enhanced GMOs for the American respondents (except for morally acceptable). For all other variables, American respondents favor enhanced GMOs more than first generation GMOs, which indicates that American respondents believe that enhanced GMOs are significantly more useful, less risky, and more necessary than first generation GMOs, and that the development of enhanced GMOs should be encouraged to a greater extent than that of first generation GMOs.

The answers given by the French respondents were also significantly different between first and second generation GMOs, (except for GMOs morally acceptable / enhanced GMOs morally acceptable, and GMOs useful/ enhanced GMOs useful).

Again, the results show that the difference is consistently in favor of enhanced GMOs, which means that French respondents also believe that second generation GMOs are significantly less risky, more necessary than first generation GMOs, and that the development of enhanced GMOs should be encouraged to a greater extent than that of first generation GMOs.

The questions that did not show a significant difference between first and second generation GMOs asked about the moral acceptance of GMOs (for both the French and the American respondents) and about the usefulness of GM foods (for the French respondents only). It makes sense that the question of morality is not different between enhanced and first generation GMOs, because the ethical concern of “disturbing nature” is the same for both generations of products, as the technical way of inserting genes is the same.

French respondents indicated that enhanced GM foods were no more useful to them than first generation GMOs. This may be explained when taking respondents majors into account. As most French respondents were agriculture majors, they might have seen the potential benefits and costs for farmers with first generation GMOs as well as the potential benefits and costs for consumers with second generation GMOs, and not only focused on enhanced GM foods that bring direct benefits to consumers. The American respondents (mostly non-agriculture majors) on the other hand, paid more attention to enhanced GM foods with direct benefits for consumers.

To summarize, both first and second generation GMOs are better accepted by American respondents than by French respondents, but respondents in both countries perceive a direct benefit from second generation GM foods with a least a less negative attitude toward them, which suggests that consumers in both countries may be more likely to accept these new products in light of potential improved nutritional benefits.

One limitation of this study is that data collected from university students may have shortcomings in terms of the generalization of findings to consumers as a whole. However, in a study of Dutch consumers, Laros and Steenkamp (2004) found no strong relationship between consumer's sociodemographic makeup and fear of GM foods. Another limitation is the differing majors of the respective student samples. As mentioned earlier most French respondents were agriculture majors, while the American respondents were mostly non-agriculture majors. This limitation resulted from the available opportunity to collect data from these two groups. The French agricultural students' view of GM food was not positive. Yet, as agricultural majors they might be expected to be somewhat more sympathetic toward GM foods. Therefore, in terms of French students in general and French consumers as a whole, it would seem reasonable to expect a more negative view.

To overcome these limitations, for future research, it would be advisable to sample consumers across different generational segments, educational levels, income levels and to collect larger samples of comparable occupations to be able to generalize the current results. Future research might also refine and replicate this study across other countries.

Our research findings highlight the fact that the case for acceptance or rejection of GM food is not black and white, it can be colored in shades of gray. From a policy standpoint, this research supports the view that consumers should be provided with scientifically validated information regarding not only the costs but also the benefits associated with GM food products. A balanced picture including both the pros and cons of GM foods should be provided to consumers in order to allow informed decision making not only in terms of their purchasing behavior but also in terms of the exercise of their civic responsibilities, particularly in the area of regulation. This information may be provided by manufactures, retailers, trade associations, public interest organizations and/or through government agencies.

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# Relationships Among Individual, Institutional, and System Level Public Trust: *A Case for Consumer Evaluations of Food Safety*

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## Extended Abstract

Many of the most challenging macro issues of our century hang on the problem of public trust. Despite the central importance of public trust to macromarketing and public policy research, relatively little is known about the origins and relationships between various types/levels of public trust. For example, it is not clear why consumers trust their own grocery stores and yet distrust grocery stores in general in providing safe food. Further, it is not clear why as consumers distrust food retailers, regulatory agencies, law-makers, food manufacturers, scientists, they still trust the food system to supply them safe food. Our paper provides a unique perspective for understanding the origins of public trust and relationships between various levels of public trust.

Specifically we investigate the underpinnings of American consumers' trust in individual/local establishments, as well as in institutions and in systems as the larger collectives of locals with respect to food safety, biotechnology and genetically modified foods (GMF) as public trust has been argued as the central issue for the policy debates and acceptability of these new food products (Juannillo 2001; McGarity and Hansen 2001). Understanding public trust can provide insights into the resolution of the policy debates surrounding GMF, and any resolution on the debates would help clearing the cloud over the future of GMF and other biotechnology applications. Further, understanding consumer perceptions of this technology can have important global (macro) ramifications. Agriculture and food applications of biotechnology promise solutions for feeding an ever-growing global population. This promise is particularly important to underdeveloped countries where there is an immediate need not only for increasing productivity in agricultural output but also for nutrition-rich food. American consumers' view of genetically modified foods are particularly important as consumers' views in developed countries (where most biotechnology research is conducted) are likely to affect the extent to which public and private organizations commit to biotech research. For example, consumer reactions toward GMF in many European countries have reduced funding for biotech research over the last years (ISIS Press Release, 2001). Private organizations conduct and therefore control most biotechnology research and its outputs (including various consumer products). Even though many underdeveloped countries may look favorably upon food and agriculture applications of biotechnology, it will still be in the hands of consumers in developed countries to encourage or discourage biotechnology research.

We focused on food safety beliefs in general and beliefs about the safety of biotechnology and genetically modified foods in particular because public trust is believed to play a central role in shaping these beliefs. Public trust in the safety of food is intriguing to study as food safety has been under attack from multiple angles during the age of (bio)technology. First, the paradoxical nature of technology (i.e. making food both safe and unsafe at the same time, e.g. Mick and Fournier 1998; Boorsteen 1978) coupled with a number of food related scares (e.g. the mad cow disease) left consumers with a lot of distress and resulting distrust in the food supply (Pennington 1999; Marris et. al, 1996). Second, agricultural statistics show a big drop in the number of family-owned farming/food production and increased collection of



once-family owned farms in the hands of a fewer number of corporate agribusiness operations (Hobbelink 1991; Kloppenburg 1988). In addition, since the mid-1980s transnational chemical companies have acquired many seed companies with interests in pesticides and pharmaceuticals. These vertical integration attempts are expected to have direct effects on U.S farm ownership structure and indirect effects on citizen's beliefs about food safety. In other words, as food production collects into the hands of fewer companies (instead of a greater number of families) consumers appear less comfortable. As sarcastically explained by Phelan (1998) "the big wheel of agricultural competitiveness grinds on, concentrating resources in the hands of fewer and fewer people, crushing small farmers and small businesses, threatening the environment and changing the countryside and a food production system that has made a useful contribution to society over decades". Changes in the farming structure are making citizens more concerned about the environment, animal welfare and food safety (Phelan 1998). Third, Nestle (2002) notes that food and agriculture-related departments at public and private colleges and universities are eagerly seeking funding from corporations for research, equipment, facilities, etc. The author questions the objectivity and "independence" of such research. The author contends that increased use of "*exclusive contracts*" are adding to the concerns over food safety. (Nestle 2002, p.120, *italic is in original*). Consumer views of food related outbreaks and scares, trends in the composition of the farming industry, involvement of the commodity boards and corporations in research in agriculture and food science, relationships between regulatory agencies, universities, and corporation, quality and quantity of the food, nutrition, and health related news reports in the media are likely to inform us about public trust in food safety.

Public trust has been studied largely at the institutional level where the focus has been to understand the citizens' trust in specific social institutions (e.g. Lazarus 1991; McGarity 1986; Rampton and Stauber 2001; Renn and Levine 1991; Abbott and Dalton 1999). So far, the focus in understanding public attitudes toward GMF has also been limited at the institutional level-which we find shortsighted. In order to understand public trust in food safety and in the safety of GMF, one should investigate citizen's views of various individual establishments (e.g. family farms) and institutions (e.g. farmers in general) through a holistic approach. Approaching public trust through a systems perspective (Patton 1990) is likely to inform us about the relationships between various levels of public trust. Further, we believe that understanding the relationships between consumers' evaluations of social institutions and systems are likely to shed light on policy debates, and thus shape the future of genetically modified foods.

As we noted, the relationships between various levels of public trust are paradoxically conflicting. Various polls conducted over the past few decades suggest that the public has generally positive perceptions of individual politicians (such as congressional representatives) and quite negative perceptions of political institutions (such as the Congress). These perceptions are not limited to politics. For example, people's overall assessments of their own doctors are systematically more positive than their assessments of doctors in general (Jacobs and Shapiro 1994). Despite negative evaluations by the public at the institutional level, the polls over the same period of time suggest that collectively, across institutions, public trust is still very high. The great majority of people find the United States the best place to live; and have confidence in the political system, the health system, the food safety system, etc (e.g. Cooper 1999; Muntz and Flemming 1999).

Although social scientists (mostly in the area of political science) have attempted to explain the paradoxical conflict between individual and institutional levels of public trust (e.g. Asher and Barr 1994; Cook 1979; Fennon 1975; Muntz and Flemming 1999; Ripley et al. 1992), there has been no attempt to explain the relationship between individual, institutional, and system levels of public trust. In other words, we do not know how citizens' evaluations at the local level affect their evaluations of systems. In addition, we do not know how negative evaluations at the institutional level can collect into positive evaluations at the system level. The purpose of this article is to understand the origins and the relationships between institutional and system level public trust in the context of food safety and

consumer evaluations of genetically modified foods. We introduce the idea that consumers use “balancing strategies,” in that their trust in one institution can offset their lack of trust in other institutions, and as a result, they feel safe about the food they consume. In addition, public trust in the food safety system may depend on the perceived capabilities of the most powerful institution of the system, and/or perceived negative and positive interactions between component social institutions that form the food safety system. We also explore the possibilities that institutional and/or system levels of public trust do not matter in consumers’ beliefs about food safety.

In this paper, we first set out to conceptualize public trust at three different levels, individual, institutional, and system levels. Then we review the prior research related to public trust. After a brief overview of research on public (institutional) trust, we specifically focus on the research that deals with the paradoxical disparity between various levels of public trust. We then provide an overview of our research context and activities that took place between 1999-2003 in the Midwest. After reporting our findings, we conclude with a general discussion of contributions and implications for macromarketing, and offer directions for future research.

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# What Marketing Does to Family

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## Abstract

*Marketing and consumer research has placed insufficient emphasis on the family as the unit of analysis. Further, and more pertinent to this paper, marketing (and marketing academics) have paid even less attention to what marketing does to the family. While “family issues” have seemingly been captured by the political right wing in the US, there is concern across the political spectrum as to the deterioration of family relationships. We discuss a number of areas in which marketers’ opportunistic behaviors or benign neglect have had a deleterious effect on family, and argue that there is need within marketing to investigate the issues, hopefully with the result of enhancing social marketing’s influence on appropriate industry norms.*

## Introduction

Consumer research has a long (and relatively wretched) history of work on how to market to the US household (Commuri and Gentry 2000). However, there has been little concern in the marketing literature as to what marketing does to the family. The intent of this paper is to foster discussion of this topic.

To be sure, work in social marketing has dealt systematically with marketing-generated harm, but the focus has been on individuals almost exclusively. This makes sense to some extent given that the US is the most individualistic nation in the world; we are a country of individuals. Nonetheless, scholars such as Alderson (1957) have focused on the household as the basis for consumer behavior. Not only are individuals affected by marketing phenomena, but obviously their close-knit collectives are as well. This paper will argue that more work is needed to sensitize marketers to the harm done to the emotional center of most civilizations, the family. “Families are the fundamental building block of society, and being in families is a fundamental human trait” (Kennedy 2000, p. 1).

We will look at several areas in which marketing and the family interface, review literature in those areas, and suggest needed research extensions.

## Life Event Transitions

Marketing has consistently focused on trajectories in lives, given the field’s preference for steady-state perspectives. However, transitions in one’s life often provide incentive for change, and thus opportunities to attract new business (Andreasen 1984). Consumer research has dealt with topics such as immigration (Metha and Belk 1991; Penalosa 1994; Wallendorf and Reilly 1983), moving (Belk 1992), job loss (Munton 1990), divorce (McAlexander, Schouten, and Roberts 1993; Rindfleisch, Burroughs, and Denton 1997; Schouten 1991), going to college (Silver 1996), the birth of a child (Fischer and Gainer 1993), the death of a loved one (Bonsu and Belk 2003; Gentry et al. 1994, 1995), disasters (Sayre 1994), and adjustment to learning one has cancer (Pavia and Mason 2004). All of the transitions have implications for family; some (divorce, death, birth of a child) change the composition of the family itself. However, the focus of the research has largely been on individuals and has ignored the resulting changes in family dynamics.

Even those investigating the family implications of the life-event transition (for example, Gentry et al. 1995; Munton 1990) covered changes in the family without much discussion of the role of the marketing system during the life-event transition. Gentry et al. (1995) did discuss instances when service providers interacted positively with the survivors of the death of a close loved one in a positive manner (usually the funeral industry) or a few instances in a negative manner (the medical and insurance industries), but their informants were more into decision avoidance than into decision making per se and, consequently, did not appear to be very observant of interactions with the market place.

Baker, Gentry, and Rittenberg (2005) argue that consumers undergoing life-event transitions are experiencing “situational vulnerability” due largely to the newness of their circumstances. There is a short-run “opportunity” for marketers to take advantage of this situation; at the same time, there is likely to be an opportunity to develop a long-time relationship with the consumer if understanding is shown at this sensitive time. But the limited coverage of this issue again has had an individual focus, without much consideration of the changing family dynamics. For example, all members of a family will grieve the loss of a loved one, but people grieve in very different manners. A marketer’s well-intentioned reaching out to help one family member may actually turn out to be divisive for the family as a whole.

A focus on the family (and its underlying dynamics) as the unit of analysis in this area of social marketing is clearly needed. Transitions require the family and its individual members to redefine the self, the unit, and perhaps even their “sense of family.” Marketing efforts that facilitate this redefinition process could represent a positive social consequence of marketing.

### **The Promotion of Excessive Consumption**

Marketers are aware of the downsides of consuming to excess, and academe has a stream of research on compulsive consumption (O’Guinn and Faber 1991) and, to a much less extent, on addiction (Hirschman 1992). Obesity seems to be the “evil” of the current day, but excessive drinking, drug use, and gambling (and even smoking at all) also receive much attention, especially in the popular press. Again, though, most of the focus is on the individual involved and not on the subsequential family processes. To be sure, excessive consumption can play a role in the breaking down of family ties (Belk et al. 1991; Stephens, Hill, and Gentry 2005), but most of the marketing literature has ignored this issue.

Marketers do de-market excessive consumption with campaigns such as the “drink responsibly” ones, but again the focus tends to be more on individuals and/or friends (“Friends don’t let friends drive drunk”), and not family. The maintenance of harmony within the family and the nurturing of the health of loved ones are important themes that should be used to deter excessive consumption. One of the first author’s favorite anti-smoking ads showed a father and son playing, and then the two of them drop down at the base of a tree. The father pulls out a cigarette, and the son asks for one too. The only verbal message in the ad is then heard, “Like father, like son.”

Another example is the current campaign run by the Office of National Drug Control Policy/Partnership for a Drug-Free America that provides a written message from a teenager to a parent, with the parts revealing their drug or alcohol usage crossed out. One interpretation is that the child only tells the parent the innocuous part of the message; another interpretation is that the parent is hearing only the innocuous part. In any case, the underlying message is that parents need to listen and to probe beneath the surface in terms of their child’s communication.

The advertising done by the Church of the Latter-Day Saints also consistently takes a strong family perspective. Note, however, that these examples are not promoting products per se, but rather are of the “public service” genre. Admittedly, there are exceptions such as the “Kodak moments/creating memories” ads offering a means of capturing family joy for future reminiscence, but why should such ads be the

exception? Further, there is little literature within marketing discussing advertising and its effects on family relations.

### **The Provision of Normative Roles**

Media, ultimately paid for through the marketing system, provide the world with biased perceptions of “others.” We come to “know” others through the stereotypes we infer from the media. We know that television is not real life, but it taints our perceptions nonetheless. TV shows, movies, and books provide us with definitions of right and wrong, many in conflict with messages sent from parents to children on the matter. To some extent, the marketing system can excuse itself by saying that we only sponsor the shows because they are what our consumers wish to see, but the content of commercials cannot be attributed elsewhere. And, quite frankly, many commercials do not coincide with anyone’s sense of family values.

Whether it is Joe the Camel or some other attractive nuisance used to appeal to young consumers in the intent of encouraging illegal (for them) adult pleasures, we are aware of steady criticisms of sin-industry ads aimed at children. Even benign products like cereal use appeals teaching children to be rebellious; for example, consider the cereal ad showing two young children talking (and apparently communicating) with their mouths full of cereal and sending the message that the universal admonition by parents to not talk with their mouths full may be disregarded. Also, consider all of the ads that say “Tell your parents you want to ....” TELL your parents, don’t ask them.

The process of becoming independent from parents is a complex one, and at times a rebellious one. Taking advantage of that latent (or sometimes quite blatant) sense of rebellion by advertisers is a practice illegal per se in many nations, but merely a disgusting one in the US. This is one area in which the family has been the unit of study, which makes much sense as the protection of the young is probably the most fundamental function of family.

On the other hand, there are areas in which the individual focus is still predominant. There is concern that the use of unnaturally thin models in ads may create unrealistic preferred body images for adolescent and even pre-adolescent females (Martin and Gentry 1997; Stephens, Hill, and Hansen 1994). The marketing system sends the message to young females that “thin is in” just when nature is telling them that their bodies are going to expand. The extreme response to this confusing set of mixed messages is anorexia and/or bulimia. While there is a growing literature on this problem area, the focus is on the individual and not on the gut-wrenching family dynamics played out when the young female has to separate from her family and go into rehabilitation.

Another concern is the media’s presentation of male and female gender roles in commercials. With the entry of middle-class females in large numbers into the work force in the 1970s and 1980s, one might expect that household roles would have changed. After all, more than one-third of US wives earn more than their spouses, calling into question the traditional “male provider” premise. What the family literature (Commuri and Gentry 2000) tells us is that less housework is being done today, but men are not doing any more in absolute terms (men are doing more in relative terms, though, as women are doing less). Men still get sanctioned for displaying parental perspectives in inappropriate venues, such as the workplace (Coltrane 1989). The male ego is a barrier to true egalitarianism in the home, and the marketing system perpetuates traditional norms. Men do cook meals for the family and many cook quite well, but the competent male in the household is not visible in television commercials, where the male cooking role is limited to opening a can or using the microwave.

Also disturbing are the gender roles evident in children’s commercials. At a time when political correctness is so prominent in the adult world, how is it possible that the violent boy and nurturing girl commercials are still so evident? Boys and girls have few physical (size) differences until part-way

through elementary school; why segment them so differently in their formative years? Why is there such clear segmentation of girl toys and boy toys? Is there fear that gender neutral commercials will be seen as promoting the development of gay and lesbian young people? Would that be worse than the continuance of male violence within the family?

Additionally, normative family structures depicted in advertisements may not be representative of the reality that exists within many families. When family members view advertisements, they may use the ads as a basis of social comparison for their own family. For example, Baker and Gentry (2005) report on an interview with a woman who feels vulnerable when she sees ads depicting a 'typical' or intact family (mother, father, two kids). The stereotypical depiction of family elicits guilt for her divorce, which she blames largely on herself, including its effect on her children, and also evokes self-blame for not being a 'soccer Mom' with a van anymore (she could not afford the payments) and for not living the role she envisioned for herself for most of her life. To this woman, advertisements depicting an intact family represent the way her life *ought* to be and her feelings of guilt and self-blame affect family dynamics. Similarly, children may view the wealth depicted in commercials or on television and wonder why their families do not live like that, and they may even engage in illegal behaviors to try to move closer to what they perceive as the norm (Ozanne, Hill, and Wright 1998). Also, for families where "face" is an important value (e.g., in many Asian American families), shame may come to the family when the family structure and family experiences do not meet with social norms.

Messages sent to the family and its members suggest that it is necessary to be young, beautiful, rich, surrounded by friends and material wealth, and capable of buying whatever one wants with no delayed gratification. So much for promoting the American work ethic and the message that hard work pays off. If American family values are indeed shifting away from such an ethic, advertising messages seem to play no small role in this shift.

### **The Family Friendliness of Servicescapes**

How do retail servicescapes "communicate" whether different types of families are welcome? Are families with kids welcome at all? Americans are well aware of some apartment complexes' disallowance of pets, but as the US ages, we are seeing "no kid" policies as well. As Baby Boomers reach retirement and start downsizing from houses to apartments, such policies are likely to increase. What message does that policy send to grandparents who might like to have grandchildren visit?

Baker, Holland, and Kaufman-Scarborough (2005) report the problems of a young mother with mobility impairment who encountered problems shopping with her young daughter. She felt that a special bonding process was being denied her. Servicescapes and society set the 'norm' that this is what mothers and daughters do. They shop. What happens when the environment isn't conducive to making this happen? Certainly many low-margin, high-volume operations intentionally structure the retail environment so as to be somewhat uncomfortable and to increase turnover. But should this be the case in terms of outlets with a focus on children (and thus on families)?

Elements of the servicescape (e.g., store layout, signage, assortment) indicate whether an individual (or a family) is welcome or not (Baker, Holland, and Kaufman-Scarborough 2005). There are many examples of family friendly servicescapes. Grocery stores with carts in the shape of cars, play areas in malls, beach sand boxes in mall parking lots, restaurants with kid meals, crayons, balloons, and so forth, all communicate that kids are expected and welcome. An orthodontist in Toledo has a video arcade; parents going to him do not have to fight their kids to get them to see him. Many of these elements help reduce stress (the shopping has to get done or the orthodontist needs to be seen), and these offerings promote harmony within the family.

There are also many examples of far less family-friendly servicescapes. Sacks of candy stacked at child eye level in grocery stores can turn an unpleasant shopping experience into a horrendous one. Pet toys and treats are usually placed higher on shelves, in part because the heavier pet food bags are rightfully placed lower. But, many elderly and young people have injured themselves as they fell while climbing up to reach the treats for their special (extended) family member. Some stores are aware of such issues and offer “candy free” check out lanes or assistance in acquiring products, but many do not. How the servicescape promotes family unity and bonding (or not) and how it communicates acceptance of the family (or not) is an area ripe for future research.

### **Family Planning**

Babies and puppies are cuddly objects used extensively to generate warm emotions among those seeing the advertisement. Who wouldn’t want one? Maybe we should ask, “Who shouldn’t want one?” The authors’ white, middle class values suggest that the answer to the last question is young teenagers and, especially, pre-teens. Parents know the awesome responsibility associated with the care of an infant, but that is not part of the messages associated with the use of babies to promote products.

One area that the media has largely ignored is that of abortion. Over 20% of women in the US have had an abortion, but such topics are rarely touched upon in television programs. The interface with family issues is obvious, as we are considering the formation or expansion of one (or not). Societal concern has focused on whether the abortion act should be legal and whether the potential mother’s parents have to provide consent for the act. Consumer research has provided definitive insight that the mental health of the expectant woman will be greater in the long run if she is allowed to make the decision herself (regardless of its nature) (Patterson, Hill, and Maloy 1995). Clearly a family focus is mandatory in this context, and just as clearly the results indicate that the individual most affected should be the decision maker.

Social marketers have been involved in attempts to curb teen and other unwanted pregnancies. However, to be truly effective, social marketing attempts need to be based on an understanding of all influencers, including the family and advertising, that impact decisions to have sex and/or engage in family planning. Future research that discusses these issues could contribute to social marketing efforts.

### **Conclusion**

Social marketing has experienced a resurgence in the last decade and a half, of which we are very pleased. However, more emphasis on “social” is needed, as the implications of marketing actions on the family have been greatly understudied. Macromarketing is the sub-discipline within marketing most concerned with the societal implications of marketing action, yet it has paid very little attention to society’s basic building block, the family. Given the problem which the family is having in the US (we like family so much that many of us have two or three of them), our discipline must generate research to sensitize our less perceptive brethren to the harm that we do to this revered institution.

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# Father Involvement: *Who's Your Daddy* and Why Marketer's Care

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## **Father Involvement: *Who's Your Daddy* and Why Marketers Care?**

Much of consumer behavior begins to become engrained in each one of us at a very young age. From the time we are born, we consume, and as we replicate this process, we begin to establish preferences for certain items and brands of items. These preferences are reinforced by our relationships with friends, family, and other acquaintances. One key relationship that is instrumental in the forming of these preferences is the relationship that we form with our parents when we are children. Their ambition, status, desires, and consumption processes begin to mold us from the time we come out of the womb. As we grow, we as individuals begin to make decisions for ourselves. We choose to either follow their lead or choose a different path, but we can not deny the fact that their influence, in some way, helps determine the outcome of our decisions.

A problem for marketing researchers has developed over the last few decades as the traditional American family has undergone tremendous structural changes. Divorce is at an all time high and more than half of all American children will spend some time growing up in a single-parent family (Cherlin 1992). Not only has divorce changed the family structure in America, but so has the rise in women taking a significant role in the workforce outside of the home, which has ultimately changed the structure of families that are still intact having not been victimized by divorce. Therefore, there remain very few traditional family structures that have not been modified by change over the last thirty-five years.

An area of particular interest within consumer behavior is materialism. While the origination of this phenomenon is unknown at this time, materialism has emerged as a topic of interest across a number of disciplines. Materialism has continued to be an important research interest even while the family structure in the United States has undergone significant changes. However, little research has been conducted to show if and how materialism is linked to the changes within family structure, and more specifically, if there is a particular parental gender role that produces more materialistic behavior in offspring. Therefore, this paper seeks to fill that gap in current literature by hypothesizing that materialistic attitudes in offspring are directly linked with the role of the father within the household, explicitly theorizing that the lack of nurturant fathering in a child's life leads to an increase in the child's materialistic attitudes. The paper will begin with a review on the role of gender within the household and how these sociologically defined roles are shifting. In addition to this review, a specific look into the father-child dyad will be evaluated. Next, a review of materialism as it is defined within a consumer behavior context will be conducted. Finally, a model will be proposed for studying the male gender role as a father within the household and its possible connection with materialistic attitudes present within our culture.

## **The History of Gender Roles in the Traditional Household**

Talcott Parsons (1949) took a functionalist viewpoint of the family when he positioned the traditional family as one in which husbands embrace the responsibility for providing for the family long term while wives embrace the instrumental task of meeting the everyday needs of family members (Gentry et al. 2003). However, Allen and Walker (2000) note that this perspective is based on a small portion of

American history which peaked in popularity at the height of the industrial era. They claim that prior to the 1940s, wage work for women was completely non-existent for working class and minority women, while it was concealed from the economy for middle-class women. Although this may have been true for women before the 1940s, there was an obvious paradigm shift with the emergence of women in the workforce during WWII. However, a backlash to the temporary empowerment of women occurred when men returned home from the war causing women to return to their “place” in the home; and it was at the point that the traditional “inside/outside” dichotomy of gender roles become prevalent in the United States, as well as across the world (Gentry et al. 2003).

Gentry and his colleagues (2003) explain that this dichotomy transpired by the notion that women are responsible for the inside of the home, while men are responsible for outside the home. This is based on the assumption that women have a stronger link to young children due to the birth process and generally have smaller physiques. Men are then left with the function of providing more instrumental roles such as providing food on the table, handling financial matters, or, more recently, yard work. The authors conclude that to a great extent, sex-differentiated roles have become perpetuated without being questioned sufficiently as to their appropriateness to modern (or post-modern) society, but may simply form under the implicit assumption that men and women embrace responsibilities consistent with respective biologically based capabilities.

This assumption sustained the “inside/outside” theory until the late 1970s and early 1980s when women started emerging back into the workforce. At this point, household decision making patterns began to change all together. It was at this stage the functionalist perspective began to become questioned. Risman (1998) stated that gender is a human invention which is subject to re-invention and re-creation.

Therefore, because of the social construction of gender, it is allowed to change within the context of social constraints. Because of this belief, Sussman (1993) predicts that changes will never revert to the old superordinate/subordinate pattern, but rather that equity and sharing will grow in both prevalence and incidence in the upcoming years. Ferber and Birnbaum (1980) suggest that the sharing of housework will also become more balanced allowing husbands more time in getting to know their children. In fact, Gardyn (2000) shows that fathers in the 1990s did spend significantly more time with their children than their fathers did with them when they were children. Likewise, there are some who believe that the change that has been brought about by women returning to the workforce has come to typify and describe post-modernity. Firat (1994) predicted that the post-modern society would be associated with the break between gender and sex categories, arguing that “men as masculine” and “women as feminine” are no longer seen as exclusive representations.

Nevertheless, several studies (Berk and Berk 1979; Robinson 1977; and Walker and Woods 1976) found husbands’ behavior regarding household production, such as housework and taking care of the children, to be the same regardless of the wife’s working status. In fact, Allen and Walker (2000) state that there is no better predictor of the division of household labor than gender. However, this does not mean that the nurturant abilities of fathers are not important. As demonstrated in the following section, nurturant fathering has been found to be essential in children’s lives.

### **The Father’s Role in the Family**

Kinship has been a topic in consumer behavior for some time with studies on role-model behavior (Clark et al. 2001), family group decision making (Corfman et al. 1987), and relationship theory in relation to branding (Fournier 1998). It has long been a focus in the psychology and sociology literature, but just recently has the father-child dyad been specifically studied. In the February 2004 issue of *Educational & Psychological Measurement*, Finley and Schwartz produced two scales on fathering abilities, the Nurturant Fathering Scale and the Father Involvement Scale. These scales on father participation have become increasingly important considering the family form of American society has become so jumbled.

Family forms that Finley and Schwartz (2004) mention are composed of the traditional married parents, single divorced parents, father deceased families, stepfather headed families, and adopted parent families. Also added to this list can be same-sex parents (as seen in the case of Rosie O'Donnell), mother deceased families, both parents deceased-grandparent families or grandfather headed families, as well as possible grandmother headed families. Today's American culture experiences a divorce rate that hovers around 50% and parent separation rates which hover around an additional 17% (Finley and Schwartz 2004). Therefore, any and all of these family types are prevalent in today's culture. These statistics demonstrate that the father-child relationship is constantly changing in regards to time. However, the authors propose that the key to this dyad is not the amount of time that father and child spend together, but the quality of the time that will have a profound impact on the nature of the relationship. At this stage, it is critical to point out that the nature of the relationship is the vital component in the development of the consumption processes by the child.

Finley and Schwartz (2004) make a few key assumptions about the father-child relationship. First, father involvement within a child's life is a highly complex construct that is spread out over many facets and time periods within a child's life, in which the father may or may not be involved. Second, the time spent revolves around quality, not quantity. Thirdly, long-term fatherly impact is a function of perception and how the child perceives the involvement level of this father. Finally and most importantly, this perception of quality involvement can only be determined retrospectively. As a result, the father involvement scale was designed to allow the participants to rate their father involvement in terms of both perceived actual involvement versus the desired level of involvement that participants wished their father had in their childhood. Upon testing the scale, Finley and Schwartz found that when the level of actual father involvement was low, the participant most always desired for more father involvement. On the other hand, when participants rated their actual father involvement as high, most always the participants rated the desired as just right. The primary conclusion from the father involvement scale demonstrated that father involvement was important to almost every one of the 2300 respondents that participated in the study.

A second study from the area of social psychology that has been published recently is on Human Affection Exchange by Floyd and Morman (2003). Now that it has been established by Finley and Schwartz (2004) that father involvement is important to individuals, Floyd and Morman (2003) allow us to take a closer look into the importance of the exchange of affection that occurs specifically between a father and son. Numerous studies have documented the effects that the father-son relationship has on the son's emotional health and relative success (Berry 1990), the son's attitudes toward sexuality (Fisher 1986), and even the relationships that the son will have with his own sons (Floyd and Morman 2000; Simons and Beaman 1992). However, many of these studies have focused on conflict within these relationships and not the affection and loving aspect of the father.

Floyd and Morman (2003) point out that there are three primary findings about the affection exchange between fathers and sons. First and foremost, both father and son value affection from one another, which is a fundamental understanding of kinship. It is important to both parties to communicate this affection. Secondly, father and son seem to communicate this more often today than in years past. This finding coincides with women emerging back into the work force and men having to take up extra responsibilities within the home. This allows more time and more opportunity for affectionate communication. But, communication of this affection must be performed in an appropriately "manly" way. Therefore, Floyd and Morman's (2003) third finding relates to this stereotypical manner. They found that father and son tend to communicate their affection by doing favors for one another, which allows them to say "I love you" without having to actually say it. As sad or humorous as this situation may seem, it is within this scope of their interpersonal communication where consumer behavior becomes so intriguing. It is within this primal gathering of manual labor in which men form deep relational bonds not only with each other but with the tools that help them support each other.

Both of these studies, Finley and Schwartz (2004) and Floyd and Morman (2003), demonstrate the significance of a father's role in a child's developmental years. Finley and Schwartz offer two new scales to the marketing literature that will help researchers of family structure to measure the impact of the fathering role on latent constructs of interests. Floyd and Morman help us understand how affection is translated between father and son. Although the traditional role of the father was prescribed to be primarily instrumental, these studies help illustrate that father-child relations since the mid 1970s have emphasized an increased nurturing role for fathers within a traditional household setting. The review of gender roles in the household as well as the inspection on the specific role of the father within the traditional household leads to the discussion that these role effects have on the materialistic attitude of the child.

### **Family Structure and Materialism**

Richins and Dawson (1992) define materialism as a "set of centrally held beliefs about the importance of possessions in one's life." In other words, these centrally held beliefs are manifestations of a person's primary source of individual satisfaction or dissatisfaction with his or her own life (Rindfleisch et al. 1997). Individuals who are more materialistic place a greater emphasis on possessions than on interpersonal relationships (Belk 1985; Richins 1994). Many researchers feel that materialism is part of the "dark side" of consumer behavior (Hirschman 1991) because materialists exhibit reduced life satisfaction (Richins and Dawson 1992), diminished levels of happiness (Belk 1985), and higher levels of depression (Kasser and Ryan 1993). However, there are social psychologists, like Csikszentmihalyi and Rochberg-Halton (1981), who contend that some forms of materialism serve a functional role, providing consumers the ability to cope with stress, create value experiences, and enhance interpersonal relations. In fact, McAlexander et al. (1993) found that divorced adults use material objects and acts of consumption as means to cope with the stress produced from the altered family structure. Hence, materialism may not always be bad in a temporary stasis, but if not monitored, long-term compulsive consumption practices can be harmful and have adverse consequences (Hirschman 1992).

Materialism has emerged as a topic of considerable interest across a number of disciplines, yet the origination of this phenomenon has yet to be determined. Rindfleisch et al. (1997) hypothesized that materialism spawned from a disrupt in family structure, specifically whether the family had experienced a divorce. The authors drew from McAlexander et al. (1993) when they hypothesize that if divorced adults appeared to use material objects as a coping mechanism to divorce, then it would seem reasonable for children to react in a similar manner, perhaps to even a greater extent. In addition, they noted that if divorced parents competed for their child's affection through gift giving, then the child could equate material goods with love and self esteem, socializing them early to a materialistic behavior.

By using a t-test of mean differences between intact versus disrupted families, Rindfleisch et al. (1997) found that young adults whose parents were divorced or separated demonstrated higher levels of materialism than those whose parents were not divorced. This suggests that young adults from disrupted families may use material objects as surrogates for absent parents. However, this does not mean that there are no materialistic adults who came from intact families. To probe deeper, the authors through previous conducted research (Amato 1993; McLanahan and Booth 1989; Cherlin 1992) theorized that divorce caused a decrease in financial resources and increase in family stress, which would serve as mediators between family structure and materialistic values. Although, these effects were found non-significant as mediators, Rindfleisch et al. (1997) did test other possible mediators and found a partial mediation of interpersonal resources such as love and affection, rather than financial resources, that link family disruption and materialism, which is consistent with Floyd and Morman (2003) as previously discussed.

Buried within the results of Rindfleisch et al. (1997) was, in their opinion, a small secondary finding about a partial mediation effect between family structure and materialism. However, this could be a key finding that results in the missing link needed to explain the development of materialistic values. Specifically, this author would propose that it is the lack of nurturing from a father that is the catalyst to a materialistic lifestyle. Likewise, Rook (1987) found that children's capacity to delay gratification (or control consumption) is positively correlated with the presence of a father in the home.

## **Discussion**

It has been demonstrated that the gender roles established by Parsons have become antiquated with changing culture. No longer does the "inside/outside dichotomy" referred to by Gentry and his colleagues (2003) hold for today's society. Before the re-emergence of women back into the workforce, there were strong gender roles constructed by social norms. In this instance, husbands served an instrumental role to provide for the long-term well being of the family, while wives provided for the family's short term needs. Historically, the wives served the nurturing role for the children taking care of most of the household duties. Fathers had little involvement in the nurturing role.

However, after the 1970s, women took more of the functional breadwinner role from the husbands as dual income families became socially acceptable. The classification of gender roles became blurry inevitably adding conflict to many marriages, which consequently increased the divorce rate among traditional families. As Figure 1 displays, weaker gender roles allowed for traditional families to become fragmented into different segmentations. Therefore, children of divorced families were forced to choose to live with either mom or dad, creating even more conflict to the already troubled situation. It was within this arena that Rindfleisch et al. (1997) has already demonstrated higher levels of materialism in children with divorced parents. However, the research did not specifically look at from which parental role the materialism may have been spawned. This paper seeks to take their research another step forward by specifically theorizing the role of the father in all of these contexts.

Consequently, as women took more of a functional role, men began to take on more responsibility around the house. Because they increased their household duties, husbands began to make a more concerted effort in the lives of their children. As research has already shown, fathers in the 1990s did spend significantly more time with their children than their fathers did with them when they were children (Gardyn 2000). Hopefully, this fatherly movement will have a promising effect on their children leading to a generation that is not bound by materialistic attitudes, but find satisfaction in life by the relationships they build. Hence, it is this author's belief that the level of nurture that a father exemplifies in all of these classifications will predict materialistic values in children. If a father has been highly involved in a child's life and the child rates his or her father high on the nurturant fathering scale, then the child's materialistic values should be low. However, if a father has neglected to successfully nurture his child for whatever reason, then the child is more likely to develop a materialistic attitude, one where the child replaces interpersonal relationships with material possessions.

## **Conclusion**

One of the most important issues within this literature is the fact that there has yet to be a sound theoretical model that helps marketers understand the impact that fathers have on the consumptive processes of their children, especially experiences that could lead their children towards a materialistic lifestyle. A basic set of questions that every child is asked in life is "what do you want to be when you grow up" and "what does your father do?" These are impacting questions that we begin to debate within our own selves from the time we become socialized in kindergarten. As marketers, we interpret those questions as "how do you want to live life" and "how much discretionary income will you have to spend when you grow up?" So many children's answers to these questions exemplify a statement like "I want to be a fireman like my dad" or "I want to be businessman like my father." But what are the answers to these questions after a child has experienced a dysfunctional home life involving divorce or an

uninvolved father who pays little attention to his family. Will the answers to these questions change? I believe this is a complex question that psychologists and marketers alike do not fully comprehend. However, we do have newly designed tools in place that can hopefully help researchers begin to answer these questions.

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**Figure 1**  
**The Effect of Father Nurturing on Materialistic Attitudes Across Gender Roles**

		Before 1970s Strong Gender Roles	After 1970s Weaker Gender Roles		
		Traditional Married Family	Traditional Family Peer- Marriages	Divorced Husband	Divorced Wife
Nurturing Level of Father:	High	Non-existent in most cases	Low Materialistic Attitudes	Low Materialistic Attitudes	Low Materialistic Attitudes
	Low	High Materialistic Attitudes	High Materialistic Attitudes	High Materialistic Attitudes	High Materialistic Attitudes

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# The Effect of Household Decision Behavior on Retailing Structure of the Transitional Country

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## Abstract

*Understanding customer needs, buying behavior and buying decisions is critical for effective retail business. However, customers are constantly changing as are their habits (starting with demographic trends in population, age and household structures, etc.). The last 10-20 years has seen significant changes in food retailing (the introduction of new store formats with the growth of large retail formats, the large number of new products and services, new technological innovations, etc.) which were driven mainly by changing consumer characteristics. This paper, using the results of a study, conducted on a representative nation wide sample of the Croatian population, examines the role of marital status in the process of store choice as well as the effect of consumer behavior on the changes in the retailing structure.*

## Introduction

Understanding customer needs, buying behavior and buying decisions is critical for effective retail business. However, customers are constantly changing as are their habits (starting with demographic trends in population, age and household structures, etc.). The last 10-20 years has seen significant changes in food retailing (the introduction of new store formats with the growth of large retail formats, the large number of new products and services, new technological innovations, etc.) which were driven mainly by changing consumer characteristics (Keh & Park, 1997).

Successful retailers have realized that they have to adjust their retailing mix to consumers' needs and preferences. They should continually observe the whole environment to be sure that their business actions anticipate changing consumer characteristics and stay ahead their competitors. The through understanding of customers provides some valuable insight into the processes of purchasing products and/or services and of store choice. Flemmer (1996, 39) suggests that there have been many studies, carried out in different sectors, and different store types, showing that demographic and socio-economic factors are good predictors of store choice.

Many marketing researchers take the individual consumer as the unit of analysis. They try to understand and to describe how individuals make purchase decisions so that marketing strategies can be developed to more effectively influence this process (Peter & Olson, 2002). In the retail context, they investigate what draws consumers to one store rather than another. However, retail consumers may not be analyzed well without taking into consideration such factors as demographic factors, socio-economic categories, social influence, and family influence (Gilbert, 2003) as well as the strategies and characteristics of the retailer.

The main focus of this paper is on the household - the basic consumption unit. The paper begins with a discussion of the household and the influence of family members in the process of purchasing products and/or services and of store choice. As the majority of research into these areas has centered on the

families from economically advanced countries, focusing on the market of a transition country this paper gives us the insight into different cultural aspect of family (i.e. husband-wife) purchase decision making. This paper has been influenced by the work of Robert A. Mittelstaedt and John D. Mittelstaedt (2004) and their examination of possible interactions and relationship between Macromarketing and Consumer Behavior. In their work they suggested that consumer initiated behaviors could and did affect marketing decision makers. This paper is an attempt to contribute to understanding the relationship between those fields. As it investigates the effects of one of the socio-economic factors on the store choice, it finds out the explanation for some recent changes in the retailing structure in the Republic of Croatia.

Based on the prior discussion, the following main objectives of the study are forwarded:

- to investigate whether culturally defined gender roles go through changes in the case of the Republic of Croatia as it happened in the case of economically advanced countries,
- to find out the possible changes in role structures and the purchase influence of the Croatian family members,
- to examine the effect of the factors mentioned above on the Croatian retailing structure.

## **Background**

The role of household and the marital role influence in the product purchase decision-making have been studied by marketing researchers for a number of years. Actually, marketers are interested in both households and family members. Although the distinction between a family and a household is important when examining the data, this study will not discuss the difference between these terms, because it has been focused on one type of household – family. Moreover, the investigation of the socioeconomic structure of the sample suggests that Croatian population mostly (63,1 percent of respondents) live in the traditional family-based household with Mom and Dad, one or two kids.

Some of the fundamental questions of various researches are who (within the family) determine whether to purchase product or service, who actually makes the purchase and how family members influence and how they interact between each other when making purchasing decision.

There is much decision-making research focused primary on products, for example, the work of Davis and Rigaux (1974), Henthorne, LaTour and Hudson (1997), Lee and Beatty (2002), Park (1982), etc. Also, some studies (Davis 1976; Levy and Kwai-Choi Lee 2004; Stafford 1996) have focused on the influence of household and marital roles in the decision-making process for services.

There are researchers who suggest the necessity to study children roles and influence on the purchase decisions and choices made by the family (Atkin, 1978; Belch, Belch & Ceresino, 1985; Foxman & Tansuhaj, 1988; Foxman, Tansuhaj & Ekstrom, 1989; Lee & Beatty, 2002). This study takes into consideration the efforts and the findings of those researchers, but follows Spiro's suggestions (1983) about children's limited impact on day-to-day family decision making. This study has focused on the relative roles of the husband and wife in the purchasing process.

Most researchers do not agree with the view that only one family member makes purchase decision (Kesić, 1999). This is the reflection of the notion that decision making by a group such as a household or family differs in many important respects from the decision that are completely individual (Neal, Quester & Hawkins, 1999) and the each family member is influencing one or more stages of retail buying process. For example, a husband may decide to buy a car but other family members can influence in purchasing the family car concerning color, brand, additional equipment, etc.

Accordingly, family members could play only one or more different roles in the buying process, as follows (Kotler, 2003):

- a) initiator – the person who first suggests the idea of buying the product or service,
- b) influencer – the person whose view or advice influences the decision,
- c) decider – the person who decides on any component of a buying decision,

- d) buyer – the person who makes the actual purchase,
- e) user – the person who consumes or uses the product or service.

This paper has focused on the roles of influencer, decider and buyer. Therefore, the fundamental questions are “who actually acts physically to complete the purchase process” and “who influences and has the authority to make the buying decision”.

Since the relative roles and influences of husband and wife has been a topic of this paper, the following role-structure categories are analyzed (Engel, Blackwell, Miniard, 1995; Kesić, 1999; Neal, Quester, & Hawkins, 1999; Stafford, 1996):

- autonomic decisions – the individualized decisions when equal number of decisions is made by each spouse, but each decision is individually made by one spouse or the other,
- husband dominant decisions,
- wife dominant decisions,
- syncratic decisions – the joint-decision type when most decisions are made by both husband and wife.

A landmark study of Davis and Rigaux (1974) suggests that these situations vary widely by product class. Thus, autonomic decisions involve purchase of alcoholic beverages, camera, Hi-Fi, etc. Husband-dominant decisions generally occur with the purchase of life insurance, family car, etc. Wife-dominant decisions occur in the purchase of clothing, food, cleaning products, etc. Joint decisions involve, for example, purchase of house and TV and choosing holidays.

Specifically, this article examines the husband-wife involvement in the purchase of fast moving consumer goods. As theory suggests that wife has traditionally acted as the family’s main purchasing agent especially for food, we should take this into consideration in analyzing the results of the study.

### **Factors of change**

In recent years, there have been many changes in culturally defined gender roles, and these changes affect retailing structure as well as retail management decisions. Traditional husband and wife roles have been substantially altered, mainly as the result of the changing character of working population. Namely, the growing number of women working has caused the consequent lack of family shopping time. Gilbert (2003) suggests that such an impact of more women working results in:

- women having more independence over purchase decisions, sometimes seeking identity from purchases,
- shopping being skewed more to evening and extended opening hours or perhaps being increasingly based upon direct purchasing,
- limited time leading to greater opportunity for pre-prepared and convenience foods or takeaway outlets,
- service companies having to ensure that services are offered outside normal work hours or at weekends,
- advertisers promoting more heavily to the employed female, as a segment, etc.

The changes occurring in the context of the changing character of the working population are dynamic and lead to changes in men’s and women’s roles. For example, the growing number of working women has resulted in changes in traditional household purchasing patterns. We should consider the standard conceptions such as “women buy all the household goods”.

In their Review of Literature on Gender in the Family, Gentry, Commuri and Jun (2003) argue that much of the research dealing with the impact of wife’s changing work status on family decision-making was based on the premise that working wives would be more time crunched, and would seek “time-saving” products and services in order to fulfill traditional gender roles.

Marshall and Anderson (2000) suggest that females still tend to take the major role in food shopping within families, but shopping has increased in importance for males (Evans, Christiansen & Gill, 1996; Torres, Summers & Belleau, 2001). Food retailers are making mistakes if they continue to think of women as the number-one business opportunity.

Some 40 years ago, the typical role of American women was a homemaker. Nowadays, more than half of all women are in the labor force. Statistics New Zealand (2000) suggests that nearly 60 per cent of women in New Zealand are employed in the workforce.

Central Bureau of Statistics of the Republic of Croatia (2004) shows that 45 per cent of Croatian women are in the labor force. Generally speaking, there is small decrease in the total number of paid employment in Croatia and the increase of 2 per cent in the number of women in work (comparing the previous years).

Increasing numbers of women in work reflected the number of women-drivers. Additionally, it influences the choice of store type because the limited time caused the decrease of small shopping trips in favor of weekend shopping, where husbands and wives shop jointly for products traditionally thought to be under the separate control of one spouse or the other.

Socio-economic changes fueled retail change and the location of retail business; such as increasing numbers of women in work, the length of the working day and the escalating importance of shopping as a leisure activity (Newman & Cullen, 2002). Also, the huge rise in car ownership has made much easier for consumers to travel further in order to shop in large retail formats with wide range of merchandise. The successful retailers have to make various adjustments to accommodate the needs of this changing market. For example, the increased number of working women as well as longer work schedules has caused many tremendous changes in operating hours regulations. Additionally, Sunday and evening opening, the extension of store hours and even 24-hour shopping have all made retailing a more intense business (Anonymous, 1996). Limited time for shopping lead to expansion of large store formats which facilitate quicker shopping, offers technological innovations and large variety of products.

Recent research (Leinert Novosel, 2003) about the role of women in the Croatian society suggests that Croatian women try to balance the responsibility of running a household with their careers. Statistics show that Croatian women are more educated than men. However, we have still observed a more traditional orientation of Croatian women because the family is the priority and after that the career. Thus, the traditional household purchasing patterns considerably have still existed in the case of Croatian households. However, large international retail chains, entering the Croatian market, have identified the possible trends and acted in relation to them. The Report of the Croatian Chamber of Economy (2003) compares today's situation in the retail sector with those in some previous years, and found the evident growth of large-store formats. For example, in 2002 there were 91 retail outlets with more than 1000 m<sup>2</sup> selling space, and that number increased to 131 retail outlets in 2003 (a growth of 44 per cent).

## **METHODOLOGY**

### **Questionnaire development**

The research was based on the face-to-face in-home interviewing with a highly structured questionnaire. In this case this approach has some advantages over other type of interviews because it encourages interviewees to speak openly and frankly, enabling the interviewer to sense non-verbal feedback and encouraging personal thought, (Churchill, 1991; Sykes, 1990; Turnbull & Moustakatos, 1996). Zeithaml (1985) suggests that this technique should be used in studies of purchasing behavior.

The field work and data entry was conducted by PULS Ltd., an independent Croatian market research agency. Statistical data analysis was done by the authors of the paper using SPSS 12.0.

The research instrument consisted of two parts. Part I required respondents to indicate the importance of store attributes when shopping for small quantities of fast moving consumer goods (we could consider it as «everyday shopping»). Part II of the research instrument asked questions about the importance of store attributes when shopping for larger quantities of fast moving consumer goods (we could consider it as «monthly or weekly shopping»). Accordingly, the questions were created in keeping with the shopping categories mentioned above.

The questionnaire was developed in such a way because the preliminary research (which was conducted in September 2003 on the sample of 103 respondents in the city of Zagreb - the Metropolitan City of Croatia) showed essential differences in the evaluation of store attributes in the two shopping categories (shopping for small and large quantities of fast moving consumer goods) and the differences in the roles played by each of the family members in relation to the purchase of small and large quantities of fast moving consumer goods.

The type of questions used in the instrument included all aspects of the purchase of fast moving consumer goods, such as the frequency of shopping, the average amount of money spent in the purchase, travel to the store, etc. Specifically, two questions representing the role in the family purchase decision (i.e. the “decision-maker” and the “purchaser”) were included in the both parts of the questionnaire. Question responses included horizontal scale points coded as follows:

- “1” – my own decision
- “2” – my husband’s/wife’s decision
- “3” – my father’s/mother’s decision
- “4” – my children’s decision
- “5” – joint decision
- “6” – others

In order to reveal the interaction between the family decision-making roles and the retailing structure, there was also the question of the store type where the family usually made its purchase. The respondents were asked to specify what types of stores they used for the purchase of fast moving consumer goods (considering both shopping categories: small and large shopping). The following seven types were presented to the respondents who were then required to specify which pattern best fitted their shopping habits:

- “1” – only in neighborhood small convenience stores
- “2” – only in supermarkets
- “3” – only in hypermarkets
- “4” – only in discount stores
- “5” – only in cash & carry wholesalers, such as Metro (This type of store had to be included in the questionnaire because of high percentage of Croatian customers who acquired a habit to make their purchases there.)
- “6” – only in public market outlets
- “7” – others

### **Respondents and data collection**

The data collected and reported in this study are the part of a larger comprehensive study of retail store patronage being conducted in the Republic of Croatia on the nationwide representative sample of the adult population (18+years) in Croatia (total sample = 931 households including 931 respondents) in January 2004.

A random stratified sample was used, with the regions and the size of residence as stratification criteria. Towns/cities, as well as the households addresses were selected according to a random procedure (random starting points) for each residence. The sample was large enough to ensure a very high level of

statistic reliability. With  $n=931$ , considering normal approximation, the maximum margin of error for an estimate of a proportion with 95 percent confidence interval is  $\pm 3.2$  percent.

The demographic characteristics of surveyed sample are outlined in Table 1.

**Table 1. Demographics of sample (Total sample=931households including 931 respondents)**

Item	Percentage
<i>Region</i>	
Zagreb and surroundings	23.2
North Croatia	18.4
Slavonia	18.2
Lika, Kordun, Banovina	7.8
Istria, North Coast, Gorski Kotar	12.6
Dalmatia	19.8
<i>Size of residence</i>	
Up to 2000 inhabitants	39.4
From 2001 to 10000	15.3
From 10001 to 100000	21.2
Over 100000	24.1
<i>Gender</i>	
Female	54.8
Male	45.2
<i>Age (Years)</i>	
18-24	14.0
25-34	18.6
35-44	18.2
45-54	18.4
55-64	14.2
65+	16.8
<i>Education</i>	
No school	2.5
Unfinished Elementary	7.2
Elementary	17.1
3 years-High school	19.8
Secondary/High	37.5
College/University	16.0
<i>Occupation/Employment status</i>	
Not employed	10.5
Pensioners	27.5
Housewives	9.8
Students	8.8
Managers	6.5
Clerk	9.2
Industrial workers	19.2
Farmers	2.3
Businessmen	3.3
Others	2.9



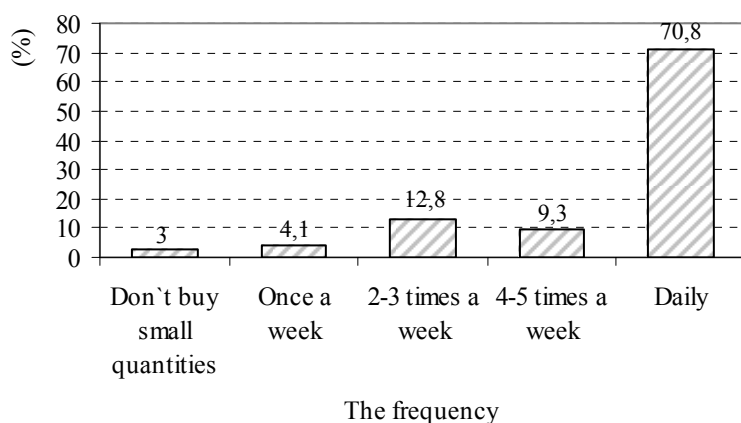
### Analysis and results

Univariate analysis was used to investigate the frequency of the research questions. A chi-square test (with the cross-tabulation) was used to ascertain the differences between consumers across all strata (across the regions and the size of the residence) and to discover whether there was a significant relationship ( $\chi^2$  test) between the family purchase decision role in the process of purchasing fast moving consumer goods and the type of store the household used to buy.

The analyses, as well as the findings, refer to Part I relating to “small everyday shopping” and Part II relating to “big monthly/weekly shopping”: the results include both categories. Thus, the study investigates the changes in the roles of family members in the context of small and large shopping.

As indicated in Graph 1, Croatian population mostly daily used to purchase small quantities of fast moving consumer goods (71 percent of respondents).

**Graph 1. The frequency of small shopping**



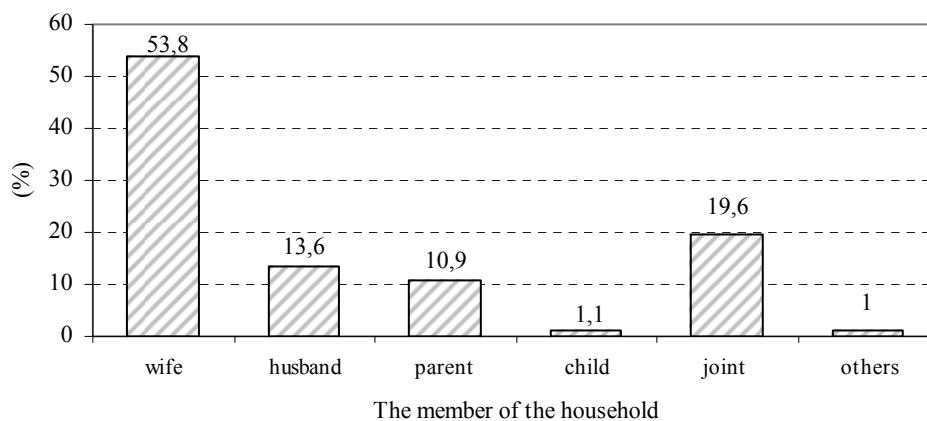
Graph 2 shows that mostly women (49,7 percent) actually physically make purchase process. Graph 3 indicates that the highest percentage of respondents (53,8 percent) that makes decisions about the purchase of small quantities of fast moving consumer goods refers to women. Moreover, Graph 3 shows high percentage of joint purchases (19,6 percent) with men playing significantly fewer roles in decision-making process than wives. They used to buy small quantities of fast moving consumer goods but wives dominated decisions about the purchase.

The chi-square value for household roles in both situations (influencer/decider and buyer) was significant (all at  $p < 0,05$ ), suggesting a significant relationship between the roles in the buying process of small quantities and gender.

**Graph 2. Who actually physically makes small purchases?**



**Graph 3. Who influences and has the authority to make the buying decision (small shopping)**

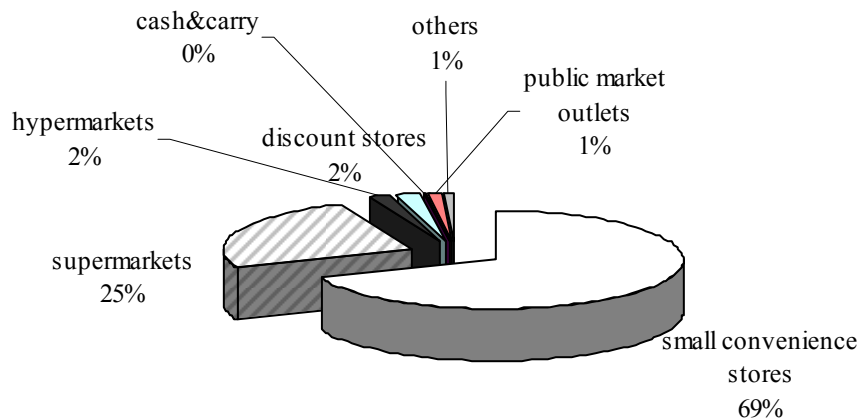


The cross-tabulation was used to find out the differences between consumers across all strata (across the regions and the size of the residence). It found a significant relationship ( $\chi^2$  test) between the role of households in the purchase process and living in a specific region and the size of the residence (but only in the case of the regions of Slavonia, Dalmatia and Istria as well as in small and large towns). Dalmatia was unusual as almost 2/3 of respondents noted the role of the wife as the buyer and decider/influencer.

An examination of store types where the family usually makes its purchase (Graph 4) suggests that Croatian consumers mostly (69 percent of respondents) buy small quantities of fast moving consumer goods in small stores, located near their residence.

The chi-square test suggests significant relationship ( $p=0,000$ ) between the members of the household who have the authority to make the buying decision and types of stores the household used to buy small quantities (Table 2). Analyzing the categories of shopper (household members) and types of stores, Table 2 shows very interesting result: high percentage of joint purchases in small convenient stores (14,2 percent).

**Graph 4. Types of outlets for small shopping**



**Table 2. Cross-tabulation decider/type of the store (small shopping)**

Roles in the household	Types of stores (%)							Total
	Small convenience store	Supermarket	Hypermarket	Discount store	Cash&carry	Public market outlets	Others	
Wife	37,4	13,4	0,9	1,2	0,2	0,6	0,1	53,8
Husband	9,3	3,5	0,3	0,3	0	0,1	0,1	13,6
Parent	7,1	3,5	0,2	0	0	0,2	0,1	10,9
Child	0,6	0,1	0	0	0,1	0	0,1	1,1
Joint	14,2	4,3	0,2	0,4	0	0,2	0,3	19,6
Others	0,4	0,2	0,1	0,1	0	0	0,2	1,0
Total	69	25	1,7	2,0	0,3	1,1	0,9	100

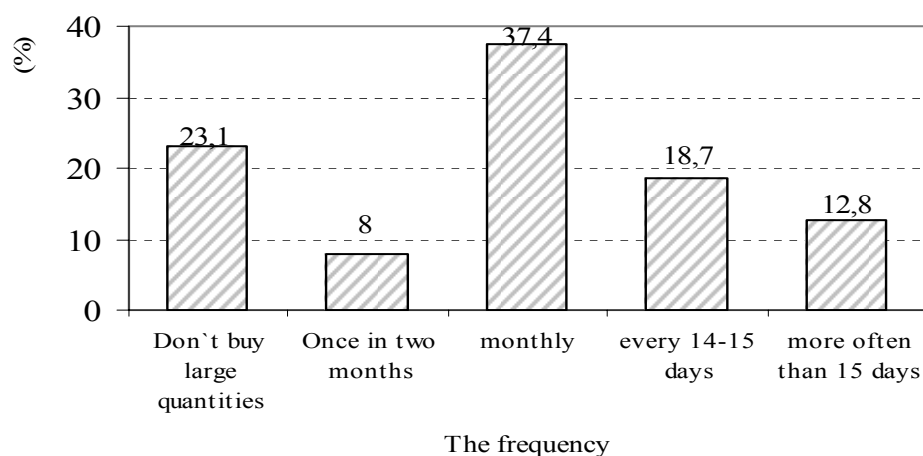
However, the chi-square test showed that there wasn't significant relationship ( $p > 0,05$ ) between the members of the household who actually complete the purchase process and types of stores the household used to buy small quantities (Table 3).

**Table 3. Cross-tabulation buyer of the store (small shopping)**

Roles in the household	Types of stores (%)							Total
	Small convenience store	Supermarket	Hypermarket	Discount store	Cash&carry	Public market outlets	Others	
Wife	34,4	12,7	0,8	0,7	0,1	0,6	0,4	49,7
Husband	16,3	6,4	0,3	0,7	0	0,2	0,2	24,1
Parent	6,6	3,3	0,1	0,2	0	0,2	0	10,4
Child	3,3	0,5	0	0,1	0	0	0	3,9
Joint	6,4	1,8	0,3	0,2	0,2	0	0,1	9,0
Others	2,0	0,3	0,2	0,1	0	0,1	0,2	2,9
Total	69	25	1,7	2,0	0,3	1,1	0,9	100

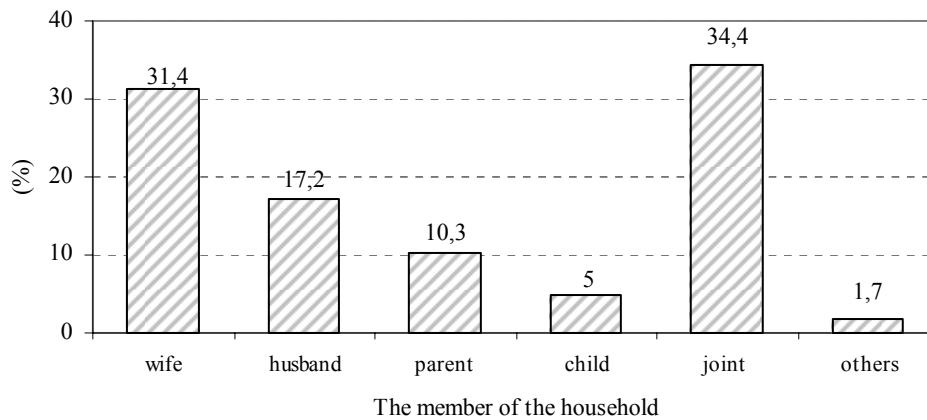
Analyzing the purchase of large quantities of fast moving consumer goods, Graph 5 shows that Croatian population mostly once a month used to purchase large quantities of fast moving consumer goods (37,4 percent of respondents).

**Graph 5. The frequency of large shopping**



Graph 6 shows that husbands and wives jointly physically make purchase process (34,4 percent), but there is also very high percentage in the case of women purchases (31,4). Graph 7 indicates the different situation: the highest percentage of respondents (44,1 percent) that makes decisions about the purchase of large quantities of fast moving consumer goods refers to women.

**Graph 6. Who actually physically makes large purchases?**



**Graph 7. Who influences and has the authority to make the buying decision (large shopping)**



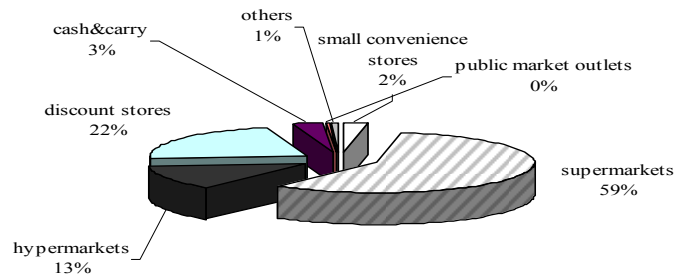
Investigating the differences between consumers across all strata (across the regions and the size of the residence) discovered the same results as in the case of small shopping, because the region Dalmatia and small towns showed “the dominance of wives” in both categories. The highest percentage of joint purchases is presented in the case of respondents from region Zagreb.

The chi-square value for the household roles in both situations (influencer/decider and buyer) was significant (all at  $p < 0,05$ ), suggesting the significant relationship between the roles in the buying process of large quantities and the gender.

An examination of store types where the family usually makes its purchase (Graph 8) suggests that Croatian consumers mostly (59 percent of respondents) buy large quantities of fast moving consumer goods in supermarkets.

In both situations (influencer/decider and buyer), the chi-square test showed that there wasn't significant relationship ( $p>0,05$ ) between the members of the household and types of stores the household used to buy large quantities (Table 4 and Table 5).

**Graph 8. Types of outlets for large shopping**



**Table 4. Cross-tabulation decider/type of the store (large shopping)**

Roles in the household	Types of stores (%)							
	Small convenience store	Supermarket	Hypermarket	Discount store	Cash&carry	Public market outlets	Others	Total
Wife	1,3	25,1	4,9	10,9	1,4	0,1	0,4	44,1
Husband	0,3	5,9	2,3	2,2	0,3	0	0	11,0
Parent	0,4	6,8	0,8	2,2	0,2	0	0,3	10,7
Child	0	1,7	0,1	0,3	0	0	0	2,1
Joint	0,4	18,6	4,4	6,7	1,0	0,3	0,1	31,5
Others	0	0,4	0,1	0,1	0	0	0	0,6
Total	2,4	58,5	12,6	22,4	2,9	0,4	0,8	100

**Table 5. Cross-tabulation buyer of the store (large shopping)**

Roles in the household	Types of stores (%)							
	Small convenience store	Supermarket	Hypermarket	Discount store	Cash&carry	Public market outlets	Others	Total
Wife	0,8	19,0	3,0	7,0	1,0	0,2	0,4	31,4
Husband	0,6	10,7	2,4	3,0	0,5	0	0	17,2
Parent	0,3	6,5	0,8	2,2	0,4	0	0,1	10,3
Child	0,3	2,7	0,3	1,4	0	0,1	0,2	5,0
Joint	0,4	18,6	5,8	8,4	1,0	0,1	0,1	34,4
Others	0	1,0	0,3	0,4	0	0	0	1,7
Total	2,4	58,5	12,6	22,4	2,9	0,4	0,8	100

## CONCLUSION

Many marketing researchers take the individual consumer as the analysis unit, but this research has been focused on the household as the basic consumption unit. Results in the Republic of Croatia indicate that gender roles changed as in economically developed countries but at a slower pace. We have still observed a more traditional orientation of Croatian women because the family is the priority and after that the career. Thus, the traditional household purchasing patterns considerably have still play a considerable role in the case of Croatian households. However, large international retail chains, entering the Croatian market, have identified the possible trends in Croatian economy and acted in relation to them (expanded opening store hours are one of competitive services). The results of the study conducted on the nationwide representative sample of the population in Croatia show the dominance of women in “small everyday shopping” with some relevant regional differences. The analysis of the purchase of large quantities of fast moving consumer indicates the importance of wives and jointly shopping.

We agree with Commuri and Gentry (2000) that family has been witness to changes in economy over the years, but the paper did not find the evidence of the changing household purchasing patterns. Also, the retail sector in Croatia has undergone a structural shift in recent years (the evident growth of large-store formats) but it was connected with the establishment of the new free market system

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# **Living on the Edge: Financial Services for the Lower Socio-Economic Strata**

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## **Introduction**

The purpose of this study is to investigate how an individual's needs and attitudes towards different financial services available to consumers in the lower socio-economic strata influence their choice of financial services. Such services include traditional banks and credit unions, as well as those services often described as predatory (services such as payday loans, rent-to-own, check cashing services, money order services, refund anticipation loans, etc.) At the moment there is a paucity of research that has examined this issue from any perspective. Agnew and Szykman (in press) suggest that people in the lower socio-economic classes possess a much lower financial literacy and were more likely to select the easiest (or default) option when given choices regarding retirement funds, even when those decisions might well yield much lower economic returns.

In recent trends, banks have attempted to attract this group of consumers by locating branches in lower socio-economic communities. However, many consumers in this market continue to resist doing business with these institutions, choosing instead to pay higher fees to non-banking financial service providers to cash checks, obtain money orders and obtain short-term loans, etc. By better understanding the rationale behind these decisions, financial services providers (offering a wide portfolio of services) could potentially initiate new services and features that would increase the financial options available, and ultimately improve the financial well-being of the community's members.

## **Method**

The data for this study were collected in Chicago, Illinois from November 2004 to March 2005. The process involved a two phase methodology. Phase one was a focus group and Phase two involved a survey questionnaire. A focus group of nine individuals (five female, 4 males) was conducted in November of 2004 with members of the lower socio-economic strata. The results from this focus group were then used to develop a survey instrument that was used to collect quantitative data regarding the topic. This instrument was then used to collect data from 120 individuals from the lower socio-economic population between February and March 2005. The latter data collection took place in a local tax preparation office of Jackson-Hewitt, Inc. Individuals who consented to be part of the study received a \$10.00 deduction in their tax preparation fee.

## **Phase One: Focus Group Results Overview**

The lower socio-economic population seems to understand the fee structures associated with their financial decisions. This suggests that ignorance is not a driving force behind their decisions and that it may be that these consumers are actively and consciously avoiding banks. This avoidance may come from a few different sources. First, it appears that there may be an underlying mistrust of traditional

financial institutions. Since the customers do not trust banks to do the right thing, they are reluctant to do business with them. Secondly, there is preliminary evidence that this population may feel alienated by traditional financial institutions. For example, a concern raised by members of this social group is that they are “not wanted” by the traditional financial services providers, and expressed that they felt that they were not treated as well as other more “acceptable” customers. This level of alienation may also be contributing to their avoidance of banks. Additionally, while banks seem to be willing to offer traditional savings and checking accounts to this target market, they are less willing to assist these customers when they need short term financial assistance.

This lower socio-economic group’s simple access to loan services can often put them under significant financial duress and force them to use very high cost alternatives in the marketplace (e.g. rent to own, short term high interest loans, etc.). In addition, they may view banks’ fee structures that are based on account balances as unfair. Finally, the focus group results also suggested that this group has higher service expectations from traditional banking institutions than for the less traditional service providers. The focus group stressed the differences as being a “relationship” for the banking industry vs. a “transaction” from services such as the Currency Exchange (Currency Exchange was the common term used by our focus group participants to identify a nontraditional provider of basic financial transactions, such as check cashing, money orders, etc). With these higher expectations for a “relationship,” there was a much more pronounced dissatisfaction with previous bank service experiences. It seems that the “relationship/transaction” distinction between banks and currency exchanges, combined with any past disappointments play a critical role in these customers’ decisions regarding which type of service provider to use.

### **Phase Two: Survey Model and Design**

A general model is shown in Appendix A. It lays out the hypotheses regarding the reasons why this consumer group may choose a nontraditional provider of financial services over a bank.

In our preliminary survey, recently administered during the 2005 tax season, consumers’ attitudes and opinions regarding the financial services industry and their needs in relation to those services are assessed. The survey contains measures of the perceptions of banks and less traditional financial service providers, current financial services used, the frequency of use of checking and savings accounts, alienation by banks, perceived fairness, perceptions of their tax return, and banking service expectations. In addition, the survey obtained actual 2004 income, family size, and use of the Refund Anticipation Loan option (Refund Anticipation Loans are short term loans that allow filers to obtain their tax returns very quickly. These loans are an example of the short term loans that have been criticized as being predatory.).

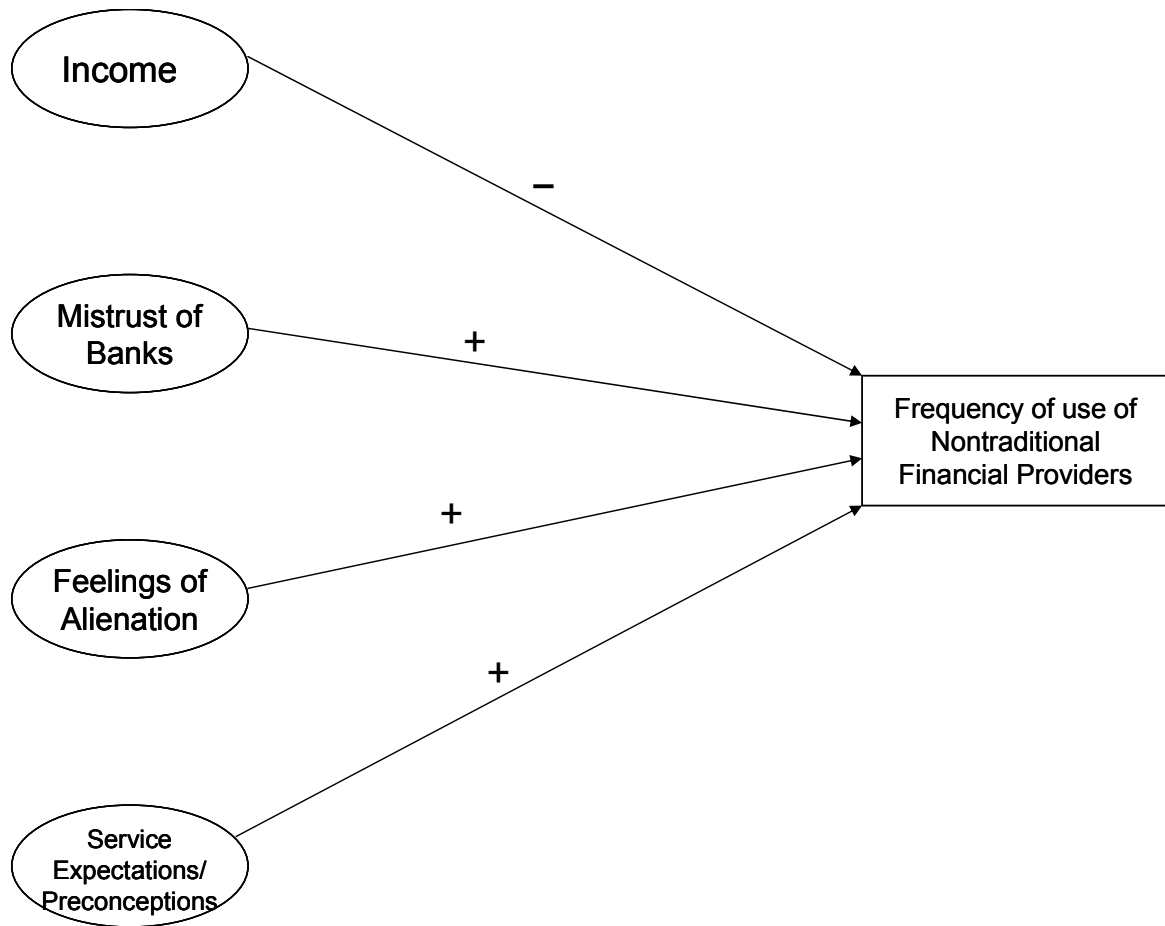
### **Discussion**

Obviously, a person’s financial well being is critical to their overall quality of life. Therefore, if policy makers and traditional bankers want to assist this “at risk” group, a better understanding of their financial decision making process is a necessary piece of the puzzle. Based on the initial focus group study, the efforts being made by many banks simply is not enough to meet this group’s financial service needs. Locating branches in their neighborhoods is a start, but if the customer still does not trust banks or still feels alienated, they will continue to make higher cost financial decisions. While public policy officials and social advocates have repeatedly argued that this group is exploited by financial service providers who offer a questionable portfolio of high cost products (such as Return Anticipation Loans and Rent-to-own services), it appears that these financial services are meeting a current unmet need in this target population. While many of these advocates propose to eliminate the less traditional financial service providers, this step may actually do more harm than good.

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Appendix A  
General Model of Nontraditional Financial Providers Usage



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# **Do We Really Care?**

## **A Macromarketing Perspective of Consumer Vulnerability**

Special Session Organizers  
Ron Hill, USF St. Petersburg  
Debra Stephens, University of Portland

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### **Consumer Vulnerability: What Do We REALLY Mean?**

Stacey Baker, University of Wyoming  
Jim Gentry, University of Nebraska-Lincoln  
Terri Rittenburg, University of Wyoming

### **The Good, the Bad, and the Ugly of Media Portrayals of “Model Minorities”**

Charles R. Taylor, Villanova University  
Stacy Landreth, Villanova University  
Hae-Kyong Bang, Villanova University

### **When Does a Dollar Buy Less than a Dollar's Worth?**

#### **Racial Profiling and Marketplace Discrimination**

Anne-Marie Harris, Salem State College  
Geraldine Henderson, University of Texas at Austin  
Jerome Williams, University of Texas at Austin

### **If We Can Feed Surfers, Why not the Poor?**

#### **The Moral Case for Universal Consumption Adequacy**

Ron Hill, USF St. Petersburg

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# Australian Industry Responses to Current Ethical Dilemmas – Fast Cars and Fast Food

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## Abstract

*This paper reviews two ethical dilemmas currently facing advertisers in Australia, which have resulted from lobby group activities and public concern over health and safety issues, and discusses industry responses to these dilemmas. In Australia the main response mechanism for advertisers has been the introduction of self-regulatory codes of practice. A review of the general and trade press, and of the records of the Australian Advertising Standards Board, finds that industry responses tend to be based on teleological ethics (focus on the ends) rather than deontological ethics (focus on the means), with the primary teleological motive being to avoid deleterious outcomes for the industry rather than for society as a whole.*

## Introduction

Advertisers in Australia, as in the U.S. and the U.K., are bound by an industry-designed self-regulatory code of ethics which covers permissible advertising content. A 1993 Morgan poll reported that the Australian public rated the advertising industry at 9%, where the maximum is 100%, on ethics and honesty (Phillips 1993). More recently, Brinkmann expressed the view that “there is almost a suspicion that marketers’ references to values and ideals are a marketing trick, an oxymoron” (Brinkmann 2002, p. 160).

## Classifying ‘ethics’

Within this paper, we will draw the distinction between the deontological and teleological perspective of the regulation of advertising. Deontologists believe that to be ethical we must use the right means regardless of the outcome (Emmanuel Kant’s categorical imperative). Proponents of this view would argue, for example, that advertisers should not use overt sex appeals in cigarette advertising as this behavior is frowned upon by society – regardless of whether doing so leads to harm. Teleologists (or utilitarianists), such as the pragmatist Jeremy Bentham, believe that it is the goodness or badness of the outcome that counts. Proponents of this view would argue, for example, that advertisers should not use characters in cigarette ads who have high appeal to young people as these characters may encourage kids to smoke, which is a bad outcome.

As we will see in the codes, some prohibited advertising practices are deontologically unethical, some teleologically unethical, and others are both, but either type of unethicality should be sufficient to prohibit an advertisement.

The following section provides a brief overview of the advertising regulation system in Australia, including the operation and recent outcomes of the complaints system. This is followed by a review of some ethical issues which are currently facing Australian advertisers and discussion of industry responses to these issues.

## Regulation of Advertising in Australia

Self-regulation of advertising is the favored option of industry groups in most countries, with self-regulatory systems being readily proposed whenever there is a fear of tighter or stronger government regulation.

Following the demise of the Australian commonwealth government's Advertising Standards Council in 1996, the major industry body, the Australian Association of National Advertisers (AANA), developed the Advertiser Code of Ethics (which applies to all forms of advertising), and established the Advertising Standards Board (ASB) and the Advertising Claims Board (ACB) to deal with complaints and breaches of this code. Under the new regulatory system, the ASB deals with complaints about taste and decency in advertising, and the ACB deals with rival advertiser complaints (Baker et al. 1998). The authority of the two boards rests on the willingness of advertisers to adhere voluntarily to ethical standards.

This paper focuses on complaints lodged with, and decisions made by the ASB. Section 2 of the AANA Code (the section administered by the ASB) specifies that advertisements shall:

- not portray people in a way which discriminates or vilifies a person or section of the community on account of race, ethnicity, nationality, sex, age, sexual preference, religion, disability or political belief;
- not present or portray violence unless it is justifiable in the context of the product or service advertised;
- treat sex, sexuality and nudity with sensitivity to the relevant audience and, where appropriate, the relevant program time zone;
- for any product which is meant to be used by or purchased by children not contain anything which is likely to cause alarm or distress to those children;
- use only language which is appropriate in the circumstances and strong or obscene language shall be avoided;
- not depict material contrary to prevailing community standards on health and safety;
- comply with the Federal Chamber of Automotive Industries Code of Practice relating to Advertising for Motor Vehicles.

The ASB administers the code, which is funded by an industry body called the Australian Advertising Standards Council Ltd (AASC). It is interesting to note the very different messages that are conveyed to the two key target groups by the AASC.

On the ASB website, which provides information to the general public on the function of the ASB and the process of lodging a complaint about advertising, the following statement of intent is provided: "The self-regulatory system, now managed by the Advertising Standards Bureau Ltd ACN 084 452 666 and funded voluntarily by the industry through the Australian Advertising Standards Council Ltd, recognizes that advertisers share a common interest in promoting consumer confidence in and respect for general standards of advertising". This feel-good statement implies a deontological perspective on the purpose of regulation – the industry cares about the consumer and wants advertising to be a positive thing.

In the full-page ads that the AASC placed in *B&T Weekly* (a major trade publication) in June and July of 2001, a very different perspective is conveyed to the advertising industry readership. Each ad features a quote in large print, taking up over three-quarters of the page, from a leading industry figure (such as "Half a page of legals? We can squeeze that in. – Ron Mather, Creative Director, The Campaign Palace"; and "One person complained and you want us to pull it? No problem. – Reg Bryson, CEO, The Campaign Palace"). In each case, the smaller text at the bottom of the page reads: "Can't imagine him saying that? Neither can we. However, if the Government were to regulate our industry he may not have a choice. Thankfully, there's the Australian Advertising Standards Council which is an industry funded body. The Council promotes creative freedom within what is acceptable under law and community standards.

Without it, advertising and advertisers would be at the mercy of overly restrictive legislation. The small levy of 35c for every \$1000 of media spend is all it takes to maintain the Advertising Standards Bureau. For more information call 02 9233 8874. PAY THE LEVY OR PAY THE PRICE”. This campaign presents a far more teleological, industry-centred, argument for self-regulation of advertising.

### Handling of Complaints

Harker (2003) reviewed 12 years of complaints to the now defunct Advertising Standards Council, which assessed complaints from both the public and rival advertisers, and found more than ten thousand complaints and two thousand breaches of the codes (i.e., approximately 20% of complaints were upheld).

In comparison, of the total of 1,190 decisions on complaints against advertisements which were reported by the ASB between 1999 and 2001, the most recent year for which figures are available (ASB 1999; 2000; 2001), only 24 of the decisions (i.e., 2%) were to uphold the complaint.<sup>1</sup> The only categories of products in which more than one complaint was upheld in the three-year period were: retail (5); vehicles (4); clothing (2); travel (3); and community awareness (2). One complaint was upheld in each of the categories entertainment, housegoods/services, media, office goods/services, restaurants, sport & leisure, toiletries, and toys & games. There were an additional 15 product categories for which none of the complaints were upheld, including those which have self-regulatory codes (alcohol, therapeutic goods, and slimming).

Table 1 shows the proportion of complaints lodged under each of the clauses of the AANA Code of Ethics which were upheld by the ASB.

Table 1: Complaints lodged, and upheld, under each section of the Code 1999-2001

	Lodged	Upheld	Percentage
Discrimination/vilification	505	10	2.0%
Violence	178	5	1.6%
Portrayal of sex/sexuality/nudity	419	3	0.7%
Causes alarm or distress to children	40	2	5.0%
Language	96	1	1.0%
Health & safety	354	10	2.8%
Other (not under specific clause)	173	0	0.0%

The following section reviews two of the major ethical issues – under the headings of fast cars and fast food – which have arisen for Australian advertisers in the last two years, generally as a result of public opinion or pressure from lobby groups or government.

### Fast Cars

Road safety advocates and government authorities in several countries have raised the possibility that ads for new cars which emphasize “performance” and often explicitly show vehicles being driven at excessive speed may increase the likelihood of people exposed to these ads driving in an unsafe manner (i.e., teleological ethical argument). There has been much media attention on fast car ads over the last two years, with government spokespeople, the Australian Automobile Association, and other groups drawing a direct link between portrayals of unsafe driving and road injuries (Masanauskas 2002; Hagon 2001). It is important to note, however, that this supposition has not been put to an empirical test; and the sole voice of dissent, the Federal Chamber of Automotive Industries (Brewer 2002), has been given very little

<sup>1</sup> Note that this number is considerably lower than the number of complaints received (e.g., 1,705 in 2001 alone) as many ads attract multiple complaints, and other are not considered by the ASB as they fall outside of the Board’s Charter.



opportunity to respond. Despite the absence of evidence for a negative impact, the teleological argument that such ads may cause harm has resulted in an increased focus on the regulation of new car advertising. For example, in May 2001, the New Zealand LTSA ordered the withdrawal of two television ads for Mitsubishi Diamante and Ford XR8 vehicles which were deemed to be in breach of a section of the Advertising Codes of Practice, which states that ads should not “glorify excessive speed and/or unsafe driving practices” (LTSA 2001). The Mitsubishi Diamante commercial showed the car beating a bullet in a sprint. The Ford XR8 commercial showed a specialized vehicle (propelled by a jet engine) travelling along salt plains at extreme speed; the XR8 pulls up alongside, and the two passengers joke that the other vehicle “must be stuck in third” before accelerating past it. When the same advertisements banned in New Zealand were aired in Australia they drew public criticism from state transport departments and the Automobile Association of Australia. Interestingly, complaints about both ads banned by the New Zealand LTSA were dismissed by the Australian ASB. The complaint about the Ford XR8 ad was dismissed as “the advertisement was clearly fanciful and fictitious and...did not contravene prevailing community standards on health and safety” (ASB 327/00). The complaint about the Mitsubishi ad (branded a Mitsubishi Magna VR-X in Australia) was dismissed as “the advertisement did not contravene prevailing community standards on health and safety” (ASB 320/00). As with all the other reported complaint dismissals, no survey of community standards was conducted, nor a survey of opinions of the ads, to prove this deontological denial.

In the period 1999-2001, a total of 97 decisions on complaints against motor vehicle advertisements were reported by the ASB (ASB 1999; 2000; 2001), four of which (4.1%) were upheld. However, of these complaints, only 54 were considered under clause 2.6 (health and safety), with the remainder of complaints relating to issues such as vilification and portrayal of sexuality. Of the 54 health and safety complaints, exactly half related to portrayals of speeding or unsafe driving (with the remainder being largely about other unsafe behaviors portrayed by characters in the ads). All four of the upheld complaints fell into this category (speeding or unsafe driving), thus approximately 15% of complaints about motor vehicle ads portraying unsafe driving were upheld by the ASB.

In response to the outcry over motor vehicle advertising, the Federal Chamber of Automotive Industries (FCAI) introduced a voluntary code of practice on August 8, 2002, with a grandfather clause allowing previously produced ads to continue airing until December 2002. This voluntary code of practice restricts the use of advertisements depicting *speeding on public roads* (which theoretically would not have excluded either of the advertisements mentioned above). Specifically, the FCAI code prohibits: obviously unsafe driving, including

- reckless and menacing driving to the extent that such practices would breach any Commonwealth law or the law of any State or Territory in the relevant jurisdiction in which the advertisement is published or broadcast dealing with road safety or traffic regulation, were they to occur on a road or road-related area.
- people driving on a road or road-related area at speeds in excess of speed limits in the relevant jurisdiction in Australia in which the advertisement is published or broadcast.
- driving practices which clearly take place on a road or road-related area and which breach any Commonwealth law or the law of any State or Territory in the relevant jurisdiction in which the advertisement is published or broadcast directly dealing with road safety or traffic regulation.
- people clearly driving under the influence of drugs or alcohol to the extent that such driving practices breach any Commonwealth law or the law of any State or Territory in the relevant

jurisdiction in which the advertisement is published or broadcast dealing directly with road safety or traffic regulation.

- motorists driving while clearly fatigued to the extent that such driving practices breach any Commonwealth law or the law of any State or Territory in the relevant jurisdiction in which the advertisement is published or broadcast dealing directly with road safety or traffic regulation.
- motorcyclists or their passengers not wearing an approved safety helmet, while the motorcycle is in motion.
- deliberate and significant environmental damage, particularly while advertising off-road motor vehicles.

As with other self-regulatory codes, the industry expressed support for the new code, with the Advertising Federation of Australia spokesperson quoted as saying that the AFA “welcomed the code, saying it would preserve the ability of advertisers to use fantasy, humor and creativity, but addressed people's concerns” (Plaskitt 2002).

The new voluntary code, like the existing voluntary codes, is administered by the ASB. It will not be until the 2003 case reports are made available that we will be able to comprehensively examine the extent to which this new code has been applied. However, within months of the code being implemented the system was being criticized as being ineffectual by the Australian Automobile Association, Australian College of Road Safety, and the Pedestrian Council of Australia; with the main complaints being that advertisers were using loopholes in the code to continue promoting unsafe practices (such as the clause which applies only to ads involving public roads), and the lengthy delays in the complaints process which result in campaigns finishing before complaints about them are heard (Anonymous 2003a; Smith 2003).

Clearly the advertiser has two options: comply with the spirit of the code or comply with the word of the code. Both Holden (owned by General Motors) and Ford have been criticized for choosing the latter option. Holden’s previous ad showed an SS utility vehicle creating a dust-storm by performing doughnuts in a paddock; the new ad “ad implies a young driver has created crop circles with the new car, but there is never any direct footage of it happening. The same Thunderstruck theme song is played in the background to remind viewers of the previous ad” (Anonymous 2003b, p. 51). Ford’s previous ad showed an XR8 utility vehicle blasting past a land-speed record car on a salt pan; the new ad “shows the two drivers from the first salt-pan ad dawdling along and being trailed by police cars and helicopters, apparently waiting for the two to start speeding” (Anonymous 2003b, p. 51).

### **Fast Food**

“The snack food industry alone spends hundreds of millions of dollars each year pushing its products to teens and pre-teens, with the likes of Coke, Pepsi, McDonald's and Pizza Hut vying for exclusive rights to cafeterias, hallways and athletic fields” (Applebaum 2003, p. 20). The obesity epidemic in the U.S. has led to heated debate about the ethicality of such advertising in schools, with many school districts moving towards limiting or banning the advertising of snack foods and other “unhealthy” products in the school environs. These prohibitions are based on the teleological perspective that such advertising leads to an increase in unhealthy eating among young people. Abbarno (2001) expressed the view that the commercialization of education by business-school partnerships with companies such as Channel One is wrong on deontological grounds. However, the deontological argument for the banning of all advertising in schools (including software, toys etc.) leads to an apparent

inconsistency in the encouraging of “healthy” food advertising in schools, such as the Dole 5 A Day Program (reviewed by Applebaum 2003).

The debate in Australia has focused largely on the advertising of fast foods, soft drinks, and high-calorie snack foods – with the fast food industry particularly being held responsible for the obesity epidemic by many critics – and widespread calls for restrictions on advertising of “unhealthy” foods during children’s viewing times (see, for example, Pritchard 2003).

Mass media interest has been fanned by the release of a series of major studies of food advertising to children. In New South Wales, a 2001 State Government survey reported that the majority of the state’s children are watching between seven and 28 food advertisements per day, most of which are for foods high in fat, sugar, or salt. Headlines were sensational, such as “Children fed an unhealthy diet of ads”, and were supported by alarming figures such as “one in four Australian children aged between two and 17 now classified as overweight or obese... children are obese and developing conditions like Type 2 diabetes and high blood pressure” (Patty 2002, p. 11). In Queensland, a 2001 University of Queensland study funded by a major health insurer found that three in four advertisements shown between 3.30p.m. and 7.30p.m. in Brisbane were for confectionery, soft drinks, chips, desserts, processed snacks and fast food. The survey results were reported in the major weekend newspaper as “The junk your children see on television” and supported by figures on childhood obesity (Tallon 2001). In South Australia, a 2002 Flinders University study found that 80 per cent of food ads shown during Children’s and General Viewing TV shows were for food with marginal nutrition value, and that most of these ads were for fast foods. News stories appeared with headlines such as “Ads for snacks breach TV laws” and the study results were again presented alongside alarming obesity statistics (Crouch 2003). An Australia-wide study conducted by the Australian Division of General Practice during the 2002/2003 Summer vacation found that more than 99 per cent of food ads shown during children’s TV were for fast foods and there were no healthy eating messages broadcast. This story received national coverage, with headlines like “GPs demand ban on junk food adverts” and even more far-reaching implications than the previous two studies, such as “Type 2 diabetes, a disease linked with poor diet and previously seen very rarely in children...children who developed this disease were at risk of an early onset of kidney failure, eye problems, poor circulation and heart disease” (Anonymous 2003c).

Industry concern was heightened after the New Zealand national press reported that the NZ government was examining a ban on junk food ads aimed at children, and Australian childhood obesity forums began to call for a ban on fast food, confectionery and soft drink advertisements targeting children (Esplin 2002). The AANA and AFA responded with strongly worded arguments that obesity was the result of personal choices not of advertising (Ligerakis 2002). Thus, the industry heartily welcomed an Australian federal government proposal for a joint task force (including the Australian Association of National Advertisers, the Advertising Federation of Australia, Commercial Television Australia, the Federation of Commercial Radio Stations, the Australian Press Council and Magazine Publishers of Australia) to develop a public awareness campaign to target childhood obesity. The AFA’s executive director Lesley Brydon was quoted as saying that “the AFA was pleased the Government had flagged that it did not consider the banning of ads an appropriate solution” (Ryan 2002). The *Sun Herald* newspaper interviewed Robert Koltai, AANA vice-chairman, about the new campaign and reported that “he conceded it was designed to take the heat off the advertising industry for its role in promoting fast food to children” (Leggatt 2003).

At an individual company level, one response to this public outcry has been to modify foods to improve their nutritional content; but a far more noticeable and prevalent response has been to modify food advertising to improve perceived nutritional content. A good example of the former is the sandwich chain Subway with its low-fat sandwich options (which have been both heavily advertised and widely

applauded); and a good example of the latter is the current McDonald's TV ad campaign with claims like "only real milk goes into our milkshakes" (as opposed to artificial milk). Many companies are making effective use of advertising to imply that the food is good for you rather than actually ensuring that it is – in the words of an Advertising Federation of Australia (AFA) executive, "...the trend is to tie products to healthful pursuits. Even in ads for burgers or pizza, you increasingly see people playing sports, working out or playing at the beach. They're working up an appetite – and burning up calories" (Pritchard 2003, p. 7). This is an ethically questionable response from both the deontological (deception in advertising) and teleological (promoting food that is bad for people will have a negative impact on the nation's health) ethical perspectives. Across the other side of the globe, McDonald's France apparently has incurred the wrath of McDonald's U.S. for its new ad campaign which advises that children shouldn't eat at McDonald's more than once a week; not surprisingly, McDonald's U.S. said it "strongly disagreed" with the nutritionist quoted in the French ad (Anonymous 2002a).

In the period 1999-2001, a total of 176 decisions on complaints against food or beverage (not including alcohol) advertisements were reported by the ASB (ASB 1999; 2000; 2001). Of these, none was upheld. The clauses under which the complaints were assessed were health & safety (69), discrimination/vilification (68), portrayal of sex/sexuality/nudity (40), violence (31), other (26), causes alarm or distress to children (10) and language (10). These numbers add to more than the number of complaints as complaints can be lodged and assessed under more than one clause. It is interesting to note that the complaints in the health and safety category were not about the nutritional value of the food, the targeting of children, or the accuracy of nutritional complaints; rather, they were about other unsafe or unhealthy practices people were engaging in while preparing or eating the foods advertised.

### CONCLUSION

First, the advertising industry, at least in Australia, appears to be doing a reasonable job of demonstrating to the public that it places a high value on teleological ethics. In the two cases discussed above, the industry took action to tackle the believed negative consequences of advertising on the community. When it was argued that portrayals of fast or unsafe driving in car ads leads to speeding and unsafe driving among the general public, the industry proposed a voluntary code to regulate such portrayals. When it was argued that junk food advertising causes children to become obese and inactive, the industry offered to develop an ad campaign to encourage healthy eating and exercise. These actions, however, must be viewed with a certain degree of scepticism – particularly in light of the AASC ad campaign, the appearance of new ads that skate dangerously near the edge of the new codes, and some of the more candid comments by industry spokespeople, which may imply that the bad outcome that the industry was really trying to avoid was the industry-damaging outcome of increased regulation. However, from a teleological perspective, the important thing is that the hypothesized bad outcomes from advertising (such as increases in childhood obesity and unsafe driving) may be avoided, or at least reduced, by the industry's actions. It is also important to note that in these two, as in several other, cases there is no conclusive evidence to demonstrate that the now-prohibited advertising practices do actually lead to the bad outcomes.

Second, the advertising industry, at least in Australia, appears to be doing a poor job of demonstrating to the public that it places a high value on deontological ethics. Of the six clauses of the AANA Code of Ethics, at least four are based on a deontological perspective of right and wrong: (2.1) discrimination/vilification; (2.2) violence; (2.3) portrayal of sex/sexuality/nudity; and (2.5) offensive language. For each of these, less than 2% of the complaints lodged with the ASB have been upheld. The contradiction is seen in the communications issued by the AASC as discussed in this article: the public face of an industry that claims to freely donate a proportion of its earnings to ensure "consumer confidence in and respect for general standards of advertising" and the more private face that motivates members to contribute in order to avoid "overly restrictive legislation". While it could be argued, and indeed is in one of the AASC's trade newspaper ads, that an ad should not be removed because it

offended one person, there is no clear yardstick by which we can decide how many or what proportion of people must be offended by an ad before it is deemed unacceptable. As Fletcher (2001) argues in relation to regulation in the U.K. "...the Advertising Code of Practice does not say advertisements must not give serious widespread offence. It says advertisements must not give serious or widespread offence. An advertisement that gives serious offence to a minority - to gay men, say, or to TBWA creatives - is just as unacceptable as an ad that gives less offence to more people" (Fletcher 2001).

The ASB is composed of a group of people chosen to represent the community and currently consists largely of individuals from media-related industries. Whereas these people are arguably very knowledgeable about mass media and the arts, they could not be said to constitute a broad spectrum of everyday Australians. It could be argued that part of the problem arises from the very nature of this Board; a group of broadminded individuals who are repeatedly exposed to potentially offensive ads are likely to become jaded over time and to see the ads from a different perspective to the "average" Australian. Perhaps one solution would be to create a more reasonable yardstick for the measurement of prevailing community attitudes, such as annually selecting a random sample of Australians and obtaining their laypersons' opinions on whether particular ads are within or outside community standards in relation to portrayals of sexuality, vilification, violence, and offensive language.

It is also important to maintain a realistic view of the purpose of advertising, and of the role of the industry in the commercial world. If the industry were to agree to never use an image that may offend anyone or a message that may lead to an unhealthy behavior, there would be little left for advertising to do. As one writer pointed out in response to the current U.S. debate over whether to end the moratorium on liquor ads, "Whatever the outcome, one thing is certain - U.S. advertisers are not known for their subtlety, so ads featuring unattractive, older people not having good time would make for some very unusual viewing" (Devaney 2002, p. 33). Already in Australia, ads parodying the new codes have appeared.

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# What Does It Take to Get Published in a Top Marketing Journal from Australasia?

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## Abstract

Australasian marketing academics frequently report a perception of being at considerable disadvantage when submitting papers to the top, USA based, marketing journals. This paper investigates those perceptions and finds that the playing field of top peer reviewed marketing journals may not be level. Editorial board membership is heavily dominated by USA based marketers and there are reports of difficulties publishing from Australasia in USA based (top) journals. A number of suggestions are made by the panel to aid in being published in USA marketing journals.

## Introduction

Journals are the primary medium for the communication of scholarly knowledge in most academic disciplines, including marketing (AMA Task Force, 1988; Baumgartner & Pieters, 2003; Coe & Weinstock, 1983; Jensen et al., 1995; Pecotich and Everett, 1989). The importance of journals to the discipline also has a financial basis due to the emphasis on research outputs in the systems employed to determine promotion and allocation of funding within the academic world (Ganesh, Chandy and Henderson, 1990; Gross, Harmon & Reidy, 2002; Klein & Chang, 2004; Rotfeld, 1997a, 1997b). If published marketing research and theory is to reflect the richness of diversity in the world it would appear essential that the 'leading' marketing journals are prepared to publish material from countries other than America and Canada.

Despite the importance of scholarly journals to the discipline, there are concerns about the quality of what is published: For example, Hubbard offers examples of flawed studies that were published in peer-reviewed journals as evidence that many published marketing studies are inaccurate and that "the integrity of marketing's empirical literature is potentially compromised" (1994 p. 361). Similarly, Sawyer cites several journal editors to back up his assertion that "bad writing is a major problem for all journals in marketing and consumer research" (1998 p. 49). Armstrong (2002) points out that, despite the quality assurance provided by peer review, errors can be found in most published articles.

If the material published within the discipline does not always meet expected standards of research and writing, it leads one to question what factors other than the intrinsic worth of the research and writing of a manuscript influence whether it is published.

This paper will consider the background evidence of geographic biases in the top marketing journals before highlighting the perceptions of leading New Zealand marketing academics with regard to publishing in those top journals.

## Background

Ten journals were selected for analysis based on being highly ranked by several recent studies (Easton & Easton, 2003; Hult, Neese, & Bashaw, 1997; Koojarenprasit et al., 1988; Mort et al., 2004; Theoharakis & Hirst, 2002): *Journal of Marketing (JM)*, *Journal of Consumer Research (JCR)*, *Journal of Marketing*

*Research (JMR), Marketing Science (MS), Journal of the Academy of Marketing Science (JAMS), Journal of Retailing (JR), International Journal of Research in Marketing (IJRM), Journal of Business Research (JBR), Journal of Advertising (JA), Journal of Advertising Research (JAR).*

Content analysis was carried out on the journals to investigate aspects of both the authors and the data sources of articles within selected issues. As a current rather than historical account was sought, analysis was based on two recent years of material (2002 to 2004).

The authorship of all articles was analysed and for articles that contained empirical data further analysis was undertaken to investigate the geographic origin of the data source. The data source analysis was based on the location of the respondents or study subjects - in the case of web-based studies, an international data source was assumed if no information was provided on the geographic location of the research subjects.

### Origin of Authors and Data

**Table 1: Content Analysis — Incidence of USA Authors**

Journal issues analysed	Articles	Articles with no USA authors		Articles with $\geq 1$ USA authors		Articles with all USA authors	
JM Vol.66:4 (2002) - 68:3 (2004)	69	3	4.3%	66	95.7%	54	78.3%
JCR Vol. 29:2 (2002) - 31:1 (2004)	100	13	13.0%	87	87.0%	74	74.0%
JMR Vol.39:2 (2002) - 41:2 (2004)	78	7	9.0%	71	91.0%	55	70.5%
MS Vol.21:3 (2002) - 23:2 (2004)	57	4	7.0%	53	93.0%	40	70.2%
JAMS Vol.30:3 (2002) - 32:2 (2004)	72	10	13.9%	62	86.1%	55	76.4%
JR Vol.78:3 (2002) - 80:2 (2004)	43	7	16.3%	36	83.7%	30	69.8%
IJRM Vol. 19:3 (2002) - 21:2 (2004)	44	15	34.1%	29	65.9%	15	34.1%
JBR Vol.55:1 (2002) - 57:6 (2004)	257	107	41.6%	150	58.4%	113	44.0%
JA Vol.31:3 (2002) - 33:2 (2004)	56	10	17.9%	46	82.1%	41	73.2%
JAR Vol.42:3 (2002) - 44:2 (2004)	96	18	18.8%	78	81.3%	70	72.9%

As seen in Table 1. *JM* had the highest proportion of USA-authored articles with 95.7% of articles including at least one USA-based author, and a high proportion of articles (78.3%) contained no authors from outside the USA. *JCR*, *JMR*, *MS*, *JAMS*, *JA* and *JAR* all also had high proportions of articles with at least one USA author (83.1% to 93.0%). There were only two journals where the proportion of articles with input from a USA author fell under 70%: *IJRM* (65.9%) and *JBR* (58.4%).

Overall, across all ten journals the average proportion of articles with at least one USA author was 84.4%. In other words, less than 20% of all articles published in the top ten marketing journals in recent years were written without the involvement of an author based in the USA.



The next stage of the content analysis was a review of the incidence of articles with data from the USA (Table 2).

**Table 2: Content Analysis — Incidence of USA Data**

Journal issues analysed	Articles with real world data	Specifically includes USA		Does not include		Data source unclear	
JM Vol.66:4 (2002) - 68:3 (2004)	57	49	86.0%	7	12.3%	1	1.8%
JCR Vol. 29:2 (2002) – 31:1 (2004)	88	71	80.7%	14	15.9%	3	3.4%
JMR Vol.39:2 (2002) - 41:2 (2004)	71	55	77.5%	10	14.1%	6	8.5%
MS Vol.21:3 (2002) - 23:2 (2004)	39	29	74.4%	10	25.6%	0	0.0%
JAMS Vol.30:3 (2002) - 32:2 (2004)	46	35	76.1%	8	17.4%	3	6.5%
JR Vol.78:3 (2002) - 80:2 (2004)	43	32	74.4%	7	16.3%	4	9.3%
IJRM Vol. 19:3 (2002) - 21:2 (2004)	32	12	37.5%	19	59.4%	1	3.1%
JBR Vol.55:1 (2002) - 57:6 (2004)	208	110	52.9%	95	45.7%	3	1.4%
JA Vol.31:3 (2002) - 33:2 (2004)	52	38	73.1%	13	25.0%	1	1.9%
JAR Vol.42:3 (2002) - 44:2 (2004)	75	50	66.7%	20	26.7%	5	6.7%

*JM* had the lowest incidence of non-USA based empirical articles with only 12.3% of articles not specifically including data from the USA, followed closely by *JMR*, *JR*, *JAMS*, and *JCR* with comparable levels of articles without USA-based data, (ranging from 14.1% to 17.4%) , and the middle ground occupied by *JA* (25.0%), *MS* (25.6%) and *JAR* (26.7%).

*JBR* and *IJRM* stood out by having a higher proportion of articles that did not specifically include data from the USA (45.7% and 59.4% respectively). This was not surprising given the lower proportion of USA authors in these journals uncovered in the previous analysis.

### Locations of Editorial Board Members

A review of the geographic location of editorial board members revealed a strong North American dominance. As shown in Table below, 85.3% of the 668 board members were based in USA. Only *IJRM* has more than 20% of board members located outside USA, while at the other extreme, *JCR*, *JR*, *JAMS*, *JA*, and *JAR* all have greater than 90% of board members based in USA.

The work of Kuhn and others offers explanation for why this pattern is found in marketing and throughout science: Thomas Kuhn (1970) described science as involving communities of scientists who subscribe to a particular paradigm, and these communities reject material that does not fit their worldview. Foucault's writing on *legitimation* has been interpreted in a similar vein, with groups of *experts* controlling the production of knowledge through academic journals (Weiner, 1998). McNamee

and Willis assert that there is “considerable evidence” that an invisible college of academics “control, or influence significantly” the core journals of a discipline (1994 p.397).

**Table 3: Summary of Geographic Spread of Editorial Board Members**

	<u>JM</u>	<u>JCR</u>	<u>JMR</u>	<u>MS</u>	<u>JAMS</u>	<u>JR</u>	<u>IJRM</u>	<u>JBR</u>	<u>JA</u>	<u>JAR</u>	<u>Overall</u> *
USA	88.7%	90.2%	84.9%	87.9%	91.4%	95.5%	49.4%	82.9%	96.6%	91.7%	85.3%
Canada	0.0%	1.4%	1.4%	4.0%	7.5%	1.5%	0.0%	6.3%	1.7%	0.0%	3.3%
Europe	7.8%	5.6%	8.2%	5.1%	1.1%	0.0%	34.9%	7.4%	0.0%	0.0%	7.0%
Australasia	0.9%	0.0%	1.4%	1.0%	0.0%	1.5%	4.8%	0.6%	1.7%	5.0%	3.3%
Asia	0.9%	2.1%	1.4%	0.0%	0.0%	1.5%	4.8%	1.1%	0.0%	0.0%	1.3%
Middle East	0.9%	0.0%	0.0%	1.0%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	1.3%
South America	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%

\*Overall figures relate to the 668 individuals on the boards and vary from figures for the journals due to the people who serve on multiple boards.

The Kuhnian view of science can be applied to the marketing discipline as an explanation for the results of the editorial board analysis. However, this study cannot draw conclusions regarding the degree to which the network of editorial board members controls the research published within the marketing discipline, nor can it resolve the question of whether such control does the discipline good or ill.

The analysis of the top journals provides evidence to corroborate the views on a USA dominance revealed during the interviews. The data show clearly that the top journals contain a far greater proportion of articles with USA authors and/or data than articles from the rest of the world combined.

*JBR* is an interesting example, with a North American dominated editorial board but among the lowest rates of USA-based authors and/or data. The journal makes no claims in its editorial policies about having an international focus (*JBR Online*, 2004), but its content suggests that there is research produced internationally that is of a suitable standard for publication in a highly ranked journal. Five of the journals with higher rates of USA input also make no claims regarding seeking international coverage of the discipline: *JA*, *JAR*, *JCR*, *JMR* and *JR*.

On the other hand, the highly USA-dominated content of *JM*, *MS* and *JAMS* appears somewhat out of step with their editorial policies: *JM* describes itself as: “...positioned as the premier, broad-based, scholarly journal of the marketing discipline... ..It is read internationally by marketers in education, manufacturing, finance, health care, and other industries (*JM Online*, 2004). *MS* claims to enable readers to “Discover the latest findings in the global marketplace” (*MS Journal Homepage*, 2004). The editorial policies of *JAMS* purport to place a strong emphasis on an international focus, for example, “The *Journal of the Academy of Marketing Science* is an international journal for the study and improvement of marketing” and “comprehensively covers” areas including “international marketing” (*AMS*, 2003; *JAMS Online*, 2004).

The title of *IJRM* signals that the journal is intended to be an international publication. However, for a European journal, *IJRM* still has a large proportion of its board based in the USA, and more than two thirds of its articles included one or more authors from the USA - a higher proportion than might be expected from a European-based publication.

This study was merely an exploration to determine whether there is evidence to support the contentious issues that emerged from the interviews’ results that follow. However, results of Czinkota’s (2000) study support the validity of the findings of this smaller investigation. Czinkota (2000) investigated

international contributions to marketing journals and found that in the USA journals only 8.9% of articles published over an eighteen-year period were written by non-USA affiliated authors. Looking at *JM* as an example, in Czinkota's study 4.7% of *JM* articles had no USA authors, a result very close to the 4.3% found in this study.

### **Literature Review**

A review of literature on academic publishing reveals several factors that can influence whether an article is published. Perry, Carson and Gilmore (2003) and Day (1996) mention the benefits of citing material from the journal being targeted: "Refer to other articles in the journal about your topic" (Day, 1996 p.656), and the importance of making a point of including citation of work by journal editors and potential reviewers: "Get to know the work of the editor and those of his or her editorial board who have written in your area, and show this knowledge by referring to their articles if those articles are at all related to the planned paper" (Perry et al., 2003, p.656).

An author's reputation is also suggested as an influence on publishing success (Kerr, Tolliver & Petree 1977; Peter & Olson, 1983; Urban, Wayland, & McDermott, 1992): Despite blind review, 30% of reviewers and editors surveyed by Kerr et al. (1977) indicated that knowing the author has a justifiably strong reputation in the area would increase the likelihood of acceptance of a manuscript. The idea that published authors find it easier to publish again, is explained by Peter and Olson as the credibility of a researcher having a "halo effect" (1983 p.113). They go on to suggest that unknown researchers (like doctoral students) need to attract "celebrity scholars" to help market their research (Peter & Olson, 1983 p.113).

The notion that social contact and being part of an academic community are important for publishing success was discussed under several separate themes in the literature. Aside from the notion of gaining feedback and testing ideas (Bucholtz, 2004; Perry et al., 2003; Twedt, 1977), aspects of social contact discussed included being up-to-date with developments in the field (Perry et al., 2003) and explaining and selling ideas (Peter & Olson's, 1983). Personal contact specifically with editors of journals was also noted as a possible influence on publishing success (Czinkota, 2000; Moxley, 1992; Twedt, 1977): "It helps to know the editors of professional journals" (Twedt, 1977 p.71).

The origin of the author was mentioned as a factor, specifically the idea that authors from outside the USA face barriers to publication in USA journals. Homburg suggests that some reviewers see articles that come from outside the USA as being of a lower quality, and that "many German colleagues...view leading US-based marketing journals as somehow predisposed against manuscripts from outside the United States" (2003, p.349). Easton and Easton describe the cause of the problem thus: "non-US authors cannot compete on an equal basis since they face implicit and explicit barriers" based on distance from the formal and informal institutions that surround the top USA based journals (2003 p.16). On the same theme, Czinkota states that "in order to get published in US journals, the author needs to move to the USA or work in the USA for some time" (2000 pp.1306-1307).

These literature sources suggest that dubious citation practices, being 'known' and getting to know the right people, and a USA connection can all enhance the chances of an author being published in a top marketing journal. However, none of the literature sources found were designed to offer a comprehensive account of factors that influence publishing success. Further exploratory investigation was carried out by soliciting the opinions solicited of an expert panel of senior Australasian marketing academics.

### **THE RESEARCH**

The interview research was designed to answer the following question:

What factors (other than the quality of the research and writing) influence whether an article from New Zealand is published in a top (American) academic marketing journal?

## Method

Semi-structured interviews were selected as the primary means of data collection because they offer participants greater opportunity to expand on their opinions and allow for clarification of responses (Weiers, 1988). An interview protocol was developed to enhance the reliability of the data by providing some standardisation of the process (Weiers, 1988).

Interviews were transcribed verbatim by the researcher and participants were sent a transcript to correct or clarify to ensure that the interview content reflected their opinions. The checked transcripts were saved as online documents within NUD-IST and coded into themes. Differences in interpretation of results can be a major threat to reliability in qualitative research of this kind, particularly where responses are in the form of comments coded into a limited range of categories (Henerson, Morris, & Fitz-Gibbon, 1987). The coding approach used in the current study was rigorously applied and checked to reduce the likelihood of variability.

## Description of the Expert Panel

Armstrong (1997) suggests that a sample of between five and twenty people is appropriate for expert opinion studies. An expert panel of fourteen senior academics was selected for this study. The fourteen panel members were labeled from A to N and are referred to by these labels in the results to preserve their anonymity.

The panel members together held 43 university degrees or diplomas from a variety of disciplines. The number of years since participants received their first academic appointment ranged from seven to thirty-one years with an average of eighteen years and the average number of years since award of their doctorate was 10.5 years. All panel members had held academic posts in NZ but experience in other countries was also common: Six panel members had worked in the UK/Ireland, four had held academic posts in the USA, and four had worked in continental Europe. Between them, the panel had published 307 peer-reviewed journal articles, and were involved in the editing or reviewing of an average of 6.6 peer-reviewed journals each.

## Results

"I don't think the final decision to publish is entirely based on the merits of the article" (*Panel member H*)

In line with the literature, several tactics for publishing in top (USA) marketing journals were suggested by the interview panel, including making a point of citing relevant works from the journal being targeted, and also citing the editor and potential reviewers:

Panel member G: "Sometimes it comes down to the simple things like...if you quoted research that the editor has done, you've a chance of at least a first review..."

Other submission tricks noted included a suggestion by Panel member F to leave an intentional flaw for the reviewers to focus. Three panel members suggested that publishing success could be enhanced by ruling out potentially negative reviewers by soliciting their feedback ahead of submission and acknowledging them in the manuscript:

Panel member B: "If you don't want someone to review your paper give them the paper for comment and then acknowledge them for their comment so it won't get sent to them under review".

Two of the panel members described the 'halo effect' of author's reputation that had been mentioned in Peter and Olson's (1983) work. The manner in which an author's reputation makes it easier to be published was described by one panel member:

Panel member H: "So if you have written a nice JM piece before and you come back with something that's maybe not quite so good but you're known as being somebody whose done good work in the field

and is a thinker, it might go to a different reviewer who might think, “well that’s still worth putting out there”.

The influence of image was also evident in the suggestion from two panel members that acknowledging expert input on a manuscript will impress the editor and reviewers:

Panel member F: “... try to get important people in the field to review your article before you send it to the journal and then you can cite them and thereby twist reviewers’ arms by saying ‘ah has already read it, can’t be too bad then’ sort of thing”.

Contact with members of one’s academic community was generally accepted as important, with nine panel members commenting on aspects of social contact. Like the literature sources, ideas on the form and purpose of the social contact varied and explanations of the purpose of social contact ranged from meeting potential collaborators, to getting noticed and promoting research:

Panel member C: “You’ve got to get to a conference where you might get noticed or you might meet someone you could work with kind of a thing”.

One aspect of social contact, schmoozing, revealed some differences in opinion that cannot be easily reconciled. Seven of the participants commented that getting to know influential people (such as, editors and reviewers) increased the likelihood of being published.

Panel member G: “... if you’re networking with more senior academics who have been successful in a particular field, then yes it does improve your chances of being published”.

Panel member I: “...building relationships with editors is really a good way of getting published”.

This practice of purposefully striking up relationships with important people was referred to as *schmoozing*. Some of the panel members who believed that schmoozing aided in publishing success also associated schmoozing with the notion that a clique of people control the top journals, as this comment illustrates:

Panel member A: “I think that what gets you published is following the formula. And unfortunately the formula is laid down in most of this discipline by a very narrow clique of largely American academics. And I think that has done a great deal of damage.... In the leading American journals I think there’s no doubt it’s a matter of who you know rather than what you know.”

On the other hand, five panel members stated that schmoozing does not affect an author’s chances of successful submission to a journal.

Panel member N: “...there are a very small number of people who can really do top level research. And you see their names over and over again in the top journals – it’s not because they have some automatic pathway to the editor, sure they’re probably more known to the editor, but that’s because they keep getting stuff in those journals. And if they go to conferences etc... and so people who think ‘Oh I can’t break into that group because I’m not known to the editor, or I’m from New Zealand or I’m from Australia, they don’t know about us in America’, they’re using that as an excuse I think”.

It is interesting to note, however, that the groups of panel members presenting the opposing views on the topic of schmoozing are not mutually exclusive — two participants expressed views on both sides of the issue. The contradiction is clear in this statement:

Panel member D: “It’s not a game. Is it a game? No. I think you have to play the game but I don’t think it’s a game. I mean, I hate to think that my profession is a game. I don’t think it is, but it’s political, I know someone as well who actually got accepted for a journal that sent the paper in after me but who knows the editor and you think well, if I knew the editor I’d be pulling his strings too”.

The discussions regarding influences on publishing success often turned towards demographic characteristics of the authors. Seven of the panel members suggested that the geographic origin of the author has an influence on whether an article is published. However, the nature of that influence was expressed quite differently. For some panel members the influence was related to a bias such as “patriotism” (Panel member F), for other panel members (primarily those with greater experience in academia and publishing), the influence of nationality was due to the style of research conducted in various countries, as illustrated by the comment below.

Panel member M: “Classic example of that was at the EMAC conference this year – 70% of the Dutch papers got accepted and only 20% of the Scandinavian papers got accepted. And that can’t only be explained by quality - it can also be explained by different styles of research. It can also be explained by who the reviewers were and a lot of the Northern Europeans were somewhat reluctant to be involved in reviewing processes, so their perspectives and values in terms of type of research wasn’t perhaps represented as clearly”

In many of the interviews, discussion turned specifically towards a perceived “North American dominance” (Panel member M). On this topic the panel was again divided, with six panel members suggesting that a coauthor or data from the USA increased the likelihood of publication in at least some journals. On the other hand, five panel members expressed the view that USA input was not needed. Panel members J and L appeared on both sides of the argument – they affirmed that USA data is needed for publication in *JM*, but stated that it is not necessarily a requirement for other journals. Some panel members cited examples of people who had successfully published in the USA without USA data or coauthors:

Panel member N: “Well some people talk about issues like if you try to publish in a US journal with New Zealand data stuff like that – they get all hung up about that. I’ve published with New Zealand data many times in top journals – it’s never been a problem. So, if other people comment on that, I think that they’re making excuses for themselves”.

However, examples were also proffered on the other side of the argument, for example Panel member K described his own experience with one of the top journals:

Panel member K: “I’ve had papers rejected from JR because they didn’t have American data. So they didn’t think it was of interest to Americans. Maybe they should change it to the ‘Journal of

American Retailing'...The comments were basically exactly on those lines 'Replicate this with American data and....it will be published'. So that's another influence".

## **Discussion**

The investigation of factors that influence whether an article is published in a top academic marketing journal revealed agreement on several themes in both the literature and the interviews. There was however a lack of consensus among the expert panel on two topics: There was disagreement over whether schmoozing with the right people influenced publishing success, and whether including USA authors and/or data increased the likelihood of publication in the top journals.

While there is clearly a very high proportion of articles with USA authors and/or data published in the top journals, the nature of the relationship between the origin of the author and their success in being published is not clear and cannot be established from the simple analyses carried out within this study. However, several possible justifications warrant discussion.

The USA dominance could be explained by the fact that nine of the ten journals originate in that country. However, the publicity of many suggests they seek to present an international perspective. Furthermore, *IJRM*, which is a European-based journal, still contains a high level of USA-produced content. Therefore, the country of origin of the journal does not fully explain the high degree of USA-based content in the top ten journals.

Another possible explanation for the predominance of USA authors and data is that the readers of the journals prefer the American-style content and the journal editors are simply 'giving their customers what they want'. Subscription data were not part of the current study, however, the fact that these ten journals have been highly ranked by sources from UK and Australasia (for example, Easton & Easton, 2003; Mort et al., 2004) suggests satisfaction with the USA-dominated content.

A further explanation for the bias towards USA-based content in the top journals is that the quality of work produced in the USA is seen as superior to that produced elsewhere. The boards comprise mostly USA academics so the manuscripts submitted are assessed by people immersed in the USA style of research and writing. Pecotich, Pressly, and Roth's (1996) finding that country of origin influences assessments of quality for at least some offerings, can be related to this phenomena: If editorial board members have a subconscious preference for material from their own country, they may well rationalize it via an assessment that their own country's style of research is superior.

The most plausible explanations for the high incidence of USA data and authors in the top journals are therefore a real or assumed reader preference, and/or editorial board member preference for particular research approaches, writing style, and/or subject matter.

The following factors were suggested by panel members as having a positive influence on publishing success within the marketing discipline:

- Inclusion of citations from targeted journals and members of their editorial review boards.
- Ruling out negative reviewers by involving them ahead of submission.
- Inclusion of an intentional flaw for reviewers to find.
- The image of a well known author and/or mention of expert input on a manuscript.
- Social contact with the academic community to solicit feedback, stay up-to-date, identify potential collaborators, and promote research.

- Schmoozing or getting to know the right people – becoming connected to the small network of editorial board members.
- Matching the theoretical and methodological paradigms and style preferences of the editorial board members (for example by including USA data and/or authors).

If the marketing discipline is to benefit from the richness available in countries other than USA, then many of these ‘requirements’ to publish must be removed.

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# Public Environmental Consumerism: Recycling Behaviour and its Impact on Intentions to Purchase Green Products

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## Abstract

*Recycling behaviour has been used as indicators of green behavior since research has indicated that there is a positive relationship between environmental concern and ecologically responsible behavior such as recycling. The objective of this study is to find out if there is a difference between recyclers and non-recyclers and heavy and light recyclers with respect to their willingness to pay more for green products despite the perception of green products being of a lower quality in comparison to alternative products. The answers to this will help us to better understand environmentally conscious consumerism of both groups of consumers i.e. the light and heavy recyclers. The results indicate that willingness to pay somewhat higher prices and accepting somewhat lower quality of green products appears to be, generally, independent of recycling and non-recycling, as well as heavy and light recycling behaviour. It also addresses the implications of these findings for business managers.*

## Introduction

Household waste has become a critical issue in society and governments have implemented policy measures to curb wastes by way of educating consumers to recycle and encouraging environmental consumerism. On the other hand, businesses are also doing their best to contain environmental pollution by producing products that are environmentally friendly to support environmental consumerism. Environmental consumerism (green buying) is a type of environmentally conscious behavior, whereby consumers purchase and consume products that are safe or friendly towards the environment (Mainieri, Barnett, Valdero, Unipan, Oskamp 1997). Such examples would commonly include household items manufactured with recyclable or reusable packaging or those containing environmental safe ingredients such as phosphate free/biodegradable detergents.

The purpose of this paper is to report on the results of a study conducted to segment consumers based on pro environmental behaviour, such as recycling, and to assess the different ways they view price and quality attributes of green products. Since consumers make product choices, in part, based on price and quality, these two issues can become critical in consumer's intentions to purchase green products.

Since the 1990s there has been widespread growing public awareness of environmental degradation, with marketing being blamed for the increase in consumption and household waste. This attention had been magnified to an extent that environmentalism had been identified as potentially the 'biggest business issue of the 1990s' (Kirkpatrick, 1990). Since then the green agenda was pursued in a number of diverse considerations. From the marketing perspective, many businesses have directed organisational efforts towards designing, promoting, pricing and distributing products that are environmentally friendly (Pride and Ferrell, 1993).

At a macro level, the use of green products can make an important contribution to the safety of the environment by helping to reduce environmental degradation. It is, therefore, helpful to investigate how consumers evaluate green products. There has been research suggesting that consumers appear to be not tolerant of lower quality and higher prices (D'Souza, Taghian and Lamb, 2004) but how does this affect highly involved green consumers (those that are highly environmentally concerned) in comparison to those that are not so involved? It is helpful to distinguish these market segments for a number of reasons. Firstly, the highly involved green consumers are, by definition, the existing primary target market for green product producers. Secondly, are these highly involved consumers prepared to trade off price and quality for the sake of environmentally friendly products? Thirdly, if the highly involved consumers are not prepared to compromise on price and quality, then managers should be thinking about strategic and innovative ways to improve product quality and to introduce efficiency in production processes to reduce costs and thereby prices and to communicate these aspects to the consumer.

### **ENVIRONMENTAL BEHAVIOUR AND SEGMENTATION**

Past studies of environmental consumerism have concentrated on measuring the personal characteristics of consumers with respect to social responsibility (e.g., Webster 1977). There is evidence to suggest that environmental concern is related to various personal and behavioral characteristics (Van Liere and Dunlap 1980), such as recycling, which is noted to be indicative of pro-environmental concerns (e.g., McGuinness, Jones and Cole 1977). In fact on some occasions, supermarket managers have reported that sales of environmentally friendly products appear to be somewhat stronger in neighbourhoods with recycling programs (Carson 1996). Additionally, the literature has also highlighted that modification of purchase habits and adoption of recycling behavior has been used by researchers as being indicators of consumers' green behavior (Henion 1972; Kinnear, Taylor and Ahmed 1974).

There appears to be an understanding that recycling is an environmental behaviour and may be interpreted as a personal characteristic of socially responsible consumers. Dunlap (1991) identified two types of environmental behavior: those that emphasize individual responsibility and those that indicate political action. Individual responsibility refers to ecologically related consumer choices, recycling, and energy-saving behaviours, whereas, political behaviour can involve consumer boycotts and, contributing money to, or volunteering for, environmental institutions.

Notably, individual responsibility type of environmental behavior has been widely researched (Dunlap and Scarce, 1991; Dunlap, 1991). Previous studies of recycling behavior of Americans have found that 46% recycled bottles or cans and 26% recycled newspapers (Roper Organization, 1990). This survey also found that environmentally conscious consumers who purchased products made from recycled or biodegradable material and those that avoided excess packaging, ranged from 7% to 25% of the respondents. Considering the magnitude of concerns expressed by the consumers and the political and social emphasis given to preserving the environment these results may appear to be relatively poor, considering that these results were obtained at the time when the green movement was gathering momentum. In comparison, the Australian Bureau of Statistics (2002) states that household recycling increased to 85% in the nineties and by 2000 this had risen to 97%. Most of the recycled items consisted of paper, old clothing, plastic bags and glass.

It appears that encouragement to recycle has come from both businesses and governments. It has been indicated that in Australia people in the state of Victoria are strong recyclers, with 92% of households having access to curb side recycling and around 87% actively recycle (Public Views Victoria, 2001). Eco-recycle, research suggests that on average, each household in Victoria puts out about 21 kg of recyclable materials in the year, which is up 14 kg from 2001-2002 (Eco-recycle Victoria, 2003).

In addition, to support mechanisms for consumers to recycle, there are also contextual factors that need to be considered as predictors of recycling behavior (Oskamp et al. 1991). These factors include convenience of behavior, knowledge of environmental issues, family composition, the influence of neighbors' expectations and behavior, sense of personal efficacy, and degree of intrinsic satisfaction associated with the behavior. This also suggests that those who recycle would vary in their behaviors. For instance, those consumers that recycle regularly can be differentiated as heavy recyclers and those that recycle occasionally or seldom as light recyclers. This differentiation can also lend itself to the number of persons in a household. For example, the ABS (2002) estimated that recycling behavior in Australia is different for different types of households. It has been indicated (ABS 2002) that one person households recycle relatively less than other types of households. A prominent reason provided by 93% of Australian households that did not fully recycle was because of less recyclable materials in their waste. Another common reason was the absence of recycling facilities.

In general, 9% of Australian consumers rated environmental problems as the most important social issue (ABS, 2002). Other studies have also investigated customers' general environmental attitudes (e.g., Dunlap and Van Liere, 1978; Weigel and Weigel 1978). There appears to be evidence to suggest that there is a positive relationship between environmental concerns and ecological responsible behaviour such recycling (Arbuthnot and Lingg, 1975; Kellgren and Wood, 1986; Simmons and Widmar 1990).

To be a green consumer, it may be argued, "individuals require an understanding of the consequences of their [green purchase] behaviours" (Bohlen et al., 1993, p. 417). There have been numerous consumer based studies that have examined psychological correlates of environmental concern and environmental behaviours, indicating that an internal locus of control is positively correlated with intent to purchase ecologically packaged products (Schwepker and Cornwell, 1991).

Similarly, the intention to purchase green products is also positively correlated for post purchase behaviours such as recycling (Shrum, Lowrey, and McCarty, 1994). This suggests that those consumers who recycle may have a higher tendency and motivation to buy green products. In other words, if recycling can be used to predict general environmental buying behaviors, then those consumers involved in recycling behavior can be segmented accordingly.

More specifically, we are interested in whether recycling behaviour can be meaningfully used as a market segmentation base. It has been indicated that regular recycling behavior reflects customers' strong environmental attitude, which, potentially, may be translated into, and is an indication of, their conscious green purchase patterns (Oskamp 1995), while other studies support recycling as an environmental behavior. There is strong evidence suggesting that consumers that demonstrate high level of environmentalism behaviour will also be proactive recyclers. For instance, there is correlational evidence to suggest that those who recycle are also more likely to indulge in other environmental behaviors, even if the behaviors require larger commitment (such as using your own shopping bag) (Berger, 1997).

Howenstein (1993) concluded that provided there is strong motivation from consumers, there is certainly considerable recycling potential in almost all-demographic groups. Vining and Ebreo (1992, 1994) indicate that recyclers' behavior was motivated more by concern about the environment than by financial incentives or other rewards. Supporting Vining and Ebreo (1992, 1994), the research work of Simmons and Widmar (1990) found that recyclers were more likely to believe in environmental conservation and personal responsibility for the condition of the environment but if it lacked knowledge about recycling then positive attitudes may not result in recycling. Thus, while recycling can be established with all demographic groups, environmental awareness and a sense of personal responsibility for the environment are critical to a successful recycling program.

The findings by Mainieri et al. (1997) indicate that the number of materials that people recycled assisted to predict their general environmental buying behaviors. Their results suggest the possibility that,

consumers become more alert through their conscious efforts to recycle, and because of this their awareness levels increase towards the environmental impact of the materials and packaging they buy. In addition, the existing literature reflects that recycling activities demonstrate more positive relationships with those purchasing decisions that require extended time and effort (Schlegelmilch; Bohlen; and Diamantopoulos 1996). Therefore, advocating recycling appears to be an indication of advocating pro environmental behaviour. Based on the foregoing analysis pro environmental behaviour such as recycling can profile a consumer into various categories of greenness. Consequently, as we are more interested in factors that contribute to general levels of environmental consumerism, this post purchase behaviour of recycling provides a common ground for ecological segmentation. Hence, recycling behavior for the purpose of this research was determined by two critical variables based on the frequency of recycling and the category of materials recycled by consumers on a regular and occasional basis, which characterise the heavy and light recyclers respectively.

### **PRICE AND QUALITY ISSUES:**

Although, there are other factors that can be considered as being important determinants of consumer product preferences, price and quality are, arguably, powerful influences on consumers' decision in evaluating alternatives in the process of product selection.

Whilst quality and price, generally, contribute to the value that consumer seeks in purchasing a product (Adcock 2000), the purchase of green products represents a dual value systems. The benefits that the consumer receives in satisfying their needs/wants are complemented by the implications that this consumption may have with respect to the environment (Adcock 2000). If a green product has higher quality, then the consumer purchasing this product could also use this superior 'quality' as an attractive attribute in their process of evaluating alternative product choices.

There is evidence to suggest that green consumers are price-sensitive in purchasing green products (Mandese 1991). D'Astous et al. (1997) investigated the association between perceived purchase value of a green product and consumers' intention to buy. Their findings indicated that ecological features of a product had a significant relationship to both purchase value and buying intentions and while ecological features enhanced the desirability of the product, the essential choice criterion was product efficacy. Therefore, performance and the overall value remain the critical buying considerations (Berger 1993).

Even when researchers have explicitly considered consumers' actual purchase of green products, customers preferences involved factors beyond the ecological status of the brands examined (Henion 1972). It may be, therefore, suggested that while ecological advantages of a product may positively contribute towards strengthening consumers' purchase intention, they would, arguably be considered as additional attractions rather than determining factors.

Additionally, while there appears to be claims of concerns for the environment by some consumers those concerns may not necessarily translate into recycling behavior or buying green products. For instance, one study revealed that 74% of respondents supported environmental protection, even if it meant slower economic growth, but few of those respondents actually engaged in recycling behaviours (46% recycled bottles and cans; and 26% recycled newspapers). On the other hand, three fourths of those surveyed claimed that they would pay more for "green" grocery products, but only 14% regularly bought goods made from or packaged in recycled materials (Hume 1991). At the same time, it was found that consumers were willing to to pay more for ecologically friendly products (Myburgh-Louw & O'Shaughnessy 1994), and regarded environmental issues when shopping (e.g., checking if the product is produced from recycled materials), and bought more green compatible products (e.g., biodegradable diapers) (Laroche, Tomiuk, Bergeron, and Barbaro-Forleo 2002). This may, arguably, be broadly interpreted as evidence that there are some consumers who are willing to support the environment by lip service but not willing to act, whilst others are prepared to act and even go to the extent of paying more

for environmentally friendly products. It is, therefore, important to investigate how consumers that recycle would react to paying premium prices for green products and would they compromise with respect to quality standards.

### **HYPOTHESES**

Based on the extant literature it can be conceptualised that those customers who engage in environmental behavior such as recycling are more likely to engage in other types of green behavior such as green purchases. If this is so, it would be interesting to investigate the degree to which consumers would support the purchase of green products if they were somewhat more expensive and/or lower in quality in comparison to non-green product. We therefore hypothesise that:

- H1. There is a difference between recyclers and non-recyclers with respect to the purchase of green products even if they were somewhat more expensive in comparison to other alternatives
- H2. There is a difference between recyclers and non-recyclers with respect to the purchase of green products even if they were somewhat lower in quality in comparison to other alternatives.
- H3. There is a difference between the heavy and light recyclers with respect to their purchase intention of green products if they were more expensive in comparison to other products.
- H4 There is a difference between the heavy and light recyclers with respect to their purchase intention of green products if they were somewhat lower in quality in comparison to other products.

### **METHODOLOGY:**

In order to test the hypotheses a descriptive research was designed and implemented. The unit of analysis was determined as the main buyer of food from supermarkets in the household irrespective of gender. It was considered that the person responsible for buying from supermarkets would, potentially, represent the perception of the other family members about green products in their purchase behavior. The sampling frame used was the telephone directory of the state of Victoria (Australia) including both metropolitan and regional areas. The data were collected using a structured questionnaire administered on the phone over a weekend using Quantum Research (CATI) data collection services. A total of 155 questionnaires were completed and were used for data analysis. The sample selection was based on random telephone dialling and is expected to be representative of the supermarket shoppers' population.

The research instrument used in this study was structured based on prior qualitative research and the literature review. It was pre-tested and modified to include variables contributing to the customers' information processing on seven different dimensions contributing to the formation of the overall respondents' perception about green products, recycling behaviour, and their purchase intentions. The information provided the possibility of segmenting respondents into heavy and light recyclers based on frequency of recycling and the types of products recycled. All measurements were subjective assessments by the respondents using a seven-point Likert-type scale (Wrenn 1997).

The data were analyzed using descriptive measures, t-tests, and Chi-square analysis to compare the means and assess the associations of purchase intentions with respect of all recyclers and non-recyclers as well as heavy and light recyclers of different recyclable product categories.

## RESULTS AND DISCUSSIONS

The selected sample's main characteristics were female (79%), 35-54 year olds (49%), married (65%), with children (47%), secondary school educated (60%), and employed (50%).

The commonly recycled materials such as newspapers, metal /aluminum cans, glass, plastic and cardboard were classified into three categories of regularly, occasionally, and never. The regular recyclers were characterised as heavy recyclers and occasional recyclers were characterised as light recyclers. The sample studied showed that most respondents recycled products in some form or the other. The recycle behavior appears to be a popular activity with respondents ranging from 76% for metal and aluminium cans to 91% for glass and plastic. The recyclers in each product category falling into the "occasional" and "never" categories were relatively small (Table 1). Those respondents that answered "never" to some items such as cans and newspapers did recycle other items.

**Table 1: Recycling by categories of recyclable products (multiple response)**

<b>Product categories</b>	<b>Number of respondents</b>	<b>Regularly %</b>	<b>Occasionally %</b>	<b>Never %</b>
Glass	155	91	5	4
Plastic	155	91	4	5
Newspaper	155	88	5	7
Cardboard	155	78	11	11
Metal	155	76	14	10

This high level of heavy (regular) recycling behavior may be attributed to the overall awareness of consumers of environmental issues resulting in their concern and support for the minimization of waste. It may also reflect the initiatives of the local governments in the state of Victoria (Australia) by providing special collection recycling bins and weekly free collection from households. Consequently, recycling requires no specific effort on the part of the consumer except for segmenting the recyclable materials in different bins and placing the bins outside on specific weekdays for collection. Indeed given the facilities provided it is concerning that still some customers do not recycle all products.

The t-test analyses indicated that there were no differences between the recycling behaviour (including all recyclers) and non-recyclers with respect to different classification of recyclable materials (newspapers, metal/aluminium cans, glass, plastic, and cardboard) and their intention to purchase green products if they were somewhat more expensive and somewhat lower in quality with the exception of glass ( $t(149) = 3.32$ ,  $p < .01$ ), and plastic ( $t(149) = 2.70$ ,  $p < .01$ ) in relation to purchase intention if more expensive. Therefore, there was only partial support for H1 and H2.

Additionally, t-tests were conducted to measure if there were differences between the heavy (regular) and light (occasional) recyclers of different product classification (newspapers, metal/aluminum cans, glass, plastic, and cardboard) in terms of their intentions to purchase green products if they were somewhat more expensive and/or somewhat lower in quality. The results indicated the heavy and light recyclers only differed in terms of glass ( $t(141) = 2.51$ ,  $p < .05$ ), and plastic ( $t(141) = 2.51$ ,  $p < .05$ ). Therefore, H3 and H4 were also partially supported.



The results also indicated that the only association existing between recyclers and purchase intention was in relation to plastic recyclers, who would also be willing to pay somewhat higher prices, for green products  $\chi^2(1) = 4.53, p < .05$ .

The overall conclusion, therefore, is that willingness to pay somewhat higher prices and accepting somewhat lower quality of green products appears to be, generally, independent of recycling and non-recycling as well as heavy and light recycling behavior. This conclusion reconfirms the previous findings that the current customers' overall perception of green products is such that they will refrain from any compromise on price or quality. Additionally, as reported by D'Souza, Taghian, and Lamb (2004) customers' expectation appears to be that all products need to be environmentally safe regardless of the additional cost of compliance by manufacturers and that corporate strategies need to support and react favorably to this expectation.

### IMPLICATIONS

The implications of this research are two-fold. Firstly, recyclers and non-recyclers do not appear to be, generally different in terms of their price and quality expectations, except for glass and plastic recyclers in relation to somewhat higher prices, therefore, recyclers are unlikely to compromise on the overall product value. At the same time, there is no difference between heavy and light recyclers on price and quality expectation either, again with the exception of glass and plastic recyclers in relation to somewhat higher prices. Consequently, there is no evidence to support that heavy recyclers would be more compromising in terms of the overall product value for the sake of support for the environment. The other implication is that businesses need to recognise that while green products, arguably, present a competitive advantage they can only do so if prices and product quality are at the level of the alternative products.

The results demonstrate that at the market level price and quality play a very important role as antecedents to green purchase behavior. These have direct implications for marketers intending to introduce new green products or to reposition their current products to project green status. Those managers that seek to increase market penetration of these products would be advised to consider making their prices competitive and refrain from premium pricing strategy. In addition to quality issues, marketers need to attempt to compete on similar bases as main stream products and should not compromise on quality issues.

Most crucial of all is the environmental ethic of recycling. Participation in recycling is on the rise in Australia, thus the issues of environmental impact have gained importance in the areas of research, particularly as they relate to consumer behaviour.

Recycling not only saves natural resources but saves energy in manufacturing, due to decreases in emissions, recycling reduces the green house effect and most of all it provides opportunities for business in terms of changing their packaging materials and formats.

The findings of this investigation, potentially, have implications at a broader level. Those that recycled were asked if they recycled newspapers, metal /aluminum cans, glass, plastic and cardboard. With the exception of newspapers, other items, to a large extent, are used in the manufacturing of green products or are being used in some shape or form as packaging materials. Interestingly, about 46% of respondents did not agree that the word recycle needs to be used on packaging, as those respondents, normally, knew what to recycle. Whilst the other 54% did not care if the word recycling was used on the packaging as these respondents recycled the above items anyway. There is some evidence to suggest that business strategy needs to be aimed at focusing efforts on producing products using materials that can be recycled and allowing for, where possible, packaging material that can be recycled.

In addition, refundable deposits should be made more clearly pronounced on packaging as refundable deposit for the purchase of beverages in bottles or cans is, potentially, an attractive monetary incentive in recycling, as it may contribute toward the price of future purchases. In other countries, the monetary incentive of a refund has been responsible for massive increases in the percentage of returned containers, to levels as high as 90%, thus considerably reducing the amount of roadside litter (Shireman, 1993).

In sum, we believe that potential for green markets exist if products are developed by adding superior value, as one of the factors contributing to the failure of the environmental marketing movement can be attributed to consumers' higher prices and lower quality perceptions of green products.

### **CONCLUSIONS AND LIMITATIONS**

This study was designed to accomplish several purposes. First, we attempted to segment the market according to pro environmental behaviour such as recycling. Our research limited itself to only behavioural-based segmentation. Further research needs to be directed toward studying the effect of other segmentation variables. Recycling here was used as a context to study environmentally responsible behaviors and intentions to buy green products with respect to price and quality issues. Our research limited itself to only two product attributes, although, customer purchase intentions can be influenced by a number of other moderating and mediating factors. Further research is recommended to include other identifying green attributes that consumers use to make green purchases. If tested against other product selection criteria, for example, product performance or convenience, there could be some level of variation in these results.

The use of demographics and other socio-economic variables are suggested to identify which variables are most effective in market segmentation bases for green products. Researchers interested in the investigation of a more realistic results need to explore consumers' recycling behaviour using actual purchases rather than intentions to purchase behaviors. The strength of customers' attitude with respect of their expectation that all products should be environmentally safe may, arguably, suggest a backlash in demand as customers may negatively react to non-green products in the presence of available, equally priced and of acceptable quality green products.

Marketing's impact on society has been detrimental to the environment over the last decade, with an increase in solid wastes. Handling the vast amount of solid waste, particularly in developed countries, the so-called 'throw away society', is, arguably, of some threat to a sustainable environment in the future.

In addition to support from local governments for promoting recycling, there are other institutions assisting in developing strategies, such as the Ecocycle (2003), to help Victorians move toward a more sustainable production and consumption as a part of the development of the 'towards zero waste' strategy and the South Australia's Container Deposit Legislation that offers recycles monetary incentive for most glass and plastic containers. Whilst consumers increased their desire for a better environment with a willingness to alter their behaviour and purchasing habits (Davis, 1993), marketing efforts may have fallen somewhat short. Since environmentalism is one of Australia's dominant issues, solutions must be found to remedy these potential problems. The foregoing discussion found some indication to help reduce this problem, rather than experience marketing success with traditional products. Green products with appropriate positioning can help to support environmental goals and can assist in providing a sustainable future.

The findings of this study need to be considered cautiously allowing for the relatively small sample size. Additionally, the findings are from the study of consumers in one state of Australia and may not necessarily represent the characteristics of consumers in other parts of the country. Further research could increase the sample size to the level that can facilitate the assessment of environmental consumerism by

sub-cultures and ethnic groups within the Australian population as well as assessment by demographic factors and geographic locations.

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# Are negative reactions to sexist appeals in alcohol advertisements a function of feminism or gender?

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## Abstract

*Anecdotal evidence suggests that the use of sexual appeals in alcohol advertising is increasing. It has been shown that the use of sex appeals may result in a more negative attitude towards the brand, particularly among female consumers. This study investigates the proposition that this is the effect of feminist ideology rather than, or in addition to, biological gender. The results show that female respondents have more negative attitudes towards alcohol advertisements utilizing overt (or demeaning) sexual appeals than males and more positive attitudes towards alcohol advertisements utilizing feminist (empowering) appeals than males; and that there is no consistent independent effect of self-reported feminism.*

## INTRODUCTION

### Sex in advertising

Studies in the 1980s found that sexual images in advertising had become more overt over time (Soley & Kurzbard 1986), and that models were wearing more suggestive clothing (Soley & Reid 1988). This trend continued into the 1990s and beyond, with eroticism and nudity in magazine advertising becoming more prevalent and increasingly blatant (see, for example, Reichert et al. 1999). Eroticism and nudity have increased for both male and female models (Kolbe & Albanese 1996). A recent study of U.S. primetime television commercials (Lin 1998) found that 12% of models were partially-dressed or nude and that three-quarters of “sex-object” appeals used female models.

Reichert et al. (1999) compared magazine ads from 1983 and 1993, and found that in 1993 both female and male models were more likely to be dressed in a sexually explicit manner. Nevertheless, in both 1983 and 1993, female models were three times as likely as male models to be dressed in a sexually explicit manner – with 40% of female models in 1993 dressed provocatively. They also found that ads in 1993 were far more likely to display “intimate” or “very intimate” physical contact between male and female models (53% of ads containing a female and a male model, compared to 21% in 1982), and that this type of ad appeared largely in gendered (i.e., men’s or women’s) magazines rather than general interest magazines.

### Gender differences in responses to sex appeals

It has been shown that the use of sex appeals may result in a more negative attitude towards the brand (Simpson, Horton, & Brown 1996) and lower purchase intention (LaTour & Henthorne 1994) than non-sex appeals.

However, there appear to be gender differences in response to sex appeals. One study that included male and female respondents (LaTour et al. 1990) found that males reported a more positive response to ads with nude models and females a more negative response, which, as the investigators pointed out, would result in little net effect if the target audience contained equal numbers of males and females.

### **Sex appeals in alcohol advertising**

Anecdotal evidence suggest that the use of sexual appeals in alcohol advertising is increasing, in Australia and many other countries, although there are no empirical studies of the proportion of alcohol ads which use sex appeals. A U.S. study found that beer and malt liquor advertisements were often connected with sex and power (Moore et al. 1988). Given that these two products are predominantly marketed to men, such appeals are consistent with this hypothesised biological and social conditioning.

In Australia, section 2.3 of the Australian Association of National Advertisers (AANA) Code of Ethics specifies that advertisements shall “treat sex, sexuality and nudity with sensitivity to the relevant audience and, where appropriate, the relevant program time zone.” Of the 419 complaints lodged with the Advertising Standards Board (ASB) between 1999 and 2001 under this section, only three (0.7%) were upheld (ASB 1999a; 1999b; 2000a; 2000b; 2001a; 2001b). Of the 33 complaints about alcohol advertisements lodged during this period, 14 (42%) were under section 2.3 – none of these were upheld.

### **Attitudes to sex in alcohol advertising**

An extensive search of the literature on advertising appeals failed to identify any studies specifically relating to reactions to the use of sexual appeals in alcohol advertisements, although there are several experimental studies on the impact of sexual appeals in women’s fragrance advertisements (e.g., Rossiter & Jones 2003).

A recently-published Australian study (Polonsky et al. 2001) investigated whether ‘feminist’ women (classified according to scores on the Bem Sex Role Inventory) were more critical of sexist (i.e., gender stereotyped) appeals in ads for beer than ‘non-feminist’ women. The study concluded that, while the women felt that the ads portrayed women in a “less than flattering” manner, this did not have a negative impact on purchase intentions. Further, they found that the women did not wish the ads to be modified in order to target female consumers. However, this study left a number of unanswered questions relating to: the inclusion of only female participants; the use of only beer advertisements which, as reported, women saw as targeted only at men; the use of the BSRI, which measures gender role identity, as a proxy measure of feminism; and the use of ads which were sexist in their implied attitudes towards women rather than their portrayal of women and which were fairly mild compared to many current campaigns.

This study was designed to investigate the independent, and interactive, effects of biological gender and feminism on both purchase intentions and ad liking for alcohol products that use visuals portraying women in an overtly sexual (demeaning) fashion as opposed to empowering or neutral portrayals.

### **HYPOTHESES**

As discussed above, there appear to be gender differences in response to sex appeals. It is argued, therefore, that women will find overtly sexual (demeaning) portrayals of women more offensive than will men, thus:

- H1 females will have more negative attitudes to overtly sexual alcohol advertisements than will males

Similarly, if we accept the argument that men and women are subconsciously programmed as discussed above, it is likely that men will react negatively towards advertisements which present women as powerful, independent entities (particularly where the appeal may be taken to imply that men are not necessary for a women to be happy and successful). Thus:

- H2 females will have more positive attitudes to feminist (empowering) alcohol advertisements than will males

Given the rationale behind H1 and H2, advertisements which present women neither as subservient (sexual objects) nor as dominant (empowered) should not specifically appeal to, or against, gender-specific conditioning. Thus:

- H3 females and males will not differ in their attitudes toward neutral alcohol advertisements

Feminism is defined by the Oxford dictionary as “advocacy of women’s rights and sexual equality.” This is a distinctly different construct to gender role identification; it is an ideological perspective, as opposed to a self-identity. Feminists, by definition, should have more negative evaluations of messages which portray women in a demeaning fashion (independent of biological gender). Thus:

- H4 participants who are higher on feminism, regardless of biological gender, will have more negative attitudes to overtly sexual alcohol advertisements than will participants who are lower on political feminism
- H5 participants who are higher on feminism, regardless of biological gender, will have more positive attitudes to feminist alcohol advertisements than will participants who are lower on political feminism
- H6 high-feminism and low-feminism respondents will not differ in their attitudes toward neutral alcohol advertisements

## METHOD

### Participants

The participants were 316 undergraduate college students taking a first-year introductory marketing course. The mean age of the participants was 19.9 years (range 17 to 56). 59% of the participants were female, and 74% were born in Australia.

### Measures

Feminism was measured using 10 items from the Attitudes toward Women Scale (Spence & Helmreich 1978). This scale was designed to “assess attitudes towards the rights, roles, and privileges women ought to have (Bailey et al. 1992; p.315); and includes items such as “women should assume their rightful place in business and all the professions along with men” and “a woman should be as free as a man to propose marriage.” Respondents answered each item on a 4-point Likert scale (“agree strongly,” “agree mildly,” “disagree mildly,” or “disagree strongly”), and responses were then converted to a 0 – 4 scale.

### Stimuli

The stimuli were 9 print advertisements for alcohol brands. The ads were selected from a group of thirty-five magazine advertisements from current campaigns. The initial criterion for selection was that the ad must include a picture of at least one woman (either on her own or with other men or women). This left a group of 16 suitable advertisements which were pretested with a separate group of 10 males and females to classify them as either ‘sexist’, ‘empowering’, or ‘neutral’.

### The sexist ads:

Ad 3 – blended whisky. It consists of a photograph of a middle-aged man in a suit and a young girl in a cropped top, mini skirt and sneakers in a lift. The caption reads "he who hesitates is lost".



Ad 5 – scotch whisky. It consists of a photograph of a woman, from the chest down, wearing a very short skirt stepping out of a car. The caption reads "yes, God is a man".

Ad 8 – liqueur. It consists of a photograph of a woman reclining in a chair with one strap of her dress fallen down, her dress pulled up to the top of her thighs, and her hand between her legs. The caption reads "after a couple of glasses you may find you've taken advantage of yourself."

#### **The empowering ads:**

Ad 2 – sparkling wine. It consists of a photograph of a woman and a man in a bath (the focus of the picture is the woman and only the man's arms and part of his face are visible); the woman is laughing and holding a glass of champagne, with champagne splashing out of the top of glass. The caption reads "what's an occasion anyway?"

Ad 4 – wine. It consists of a photograph of a woman in a bar wearing a bright yellow dress, surrounded by three men in suits who are clearly interested in her (the man's faces are only partially visible). The caption reads "yellow stands out."

Ad 7 – sparkling wine (the same brand as Ad 2). It consists of a photograph of three women laughing and drinking champagne while trying to take a photograph of themselves. The caption reads "what's an occasion anyway?"

#### **The neutral ads:**

Ad 1 – sparkling wine. It consists of a photograph of a man and a woman, arm-in-arm, walking away from the camera and past an outdoor café; the man, who is carrying a bottle of the wine, is looking back over his shoulder and is smiling. The caption reads "unmistakably Italian."

Ad 6 – liqueur. It consists of a photograph of a woman looking directly at the camera, and two glasses containing ice cubes, with liqueur being poured from the bottle into one of the glasses. The caption reads "where fire meets ice."

Ad 9 – liqueur. The ad shows three people, two women and a man, smiling and laughing; each is holding a glass containing ice cubes and liqueur. The caption reads "you'll always remember your first [brand name]."

#### **Study design**

Participants were shown, in a classroom setting, each of the nine ads (in the order in which they are numbered above) on an overhead projector. They were asked, for each ad, to rate their liking for the ad (How much do you like or dislike this ad?) on an 11-point scale, from minus five (absolutely hate it) to plus five (absolutely love it); and their purchase intention (How likely is it that you will buy this brand next time you buy alcohol?) on a 10-point scale, from 0% (definitely won't) to 100% (definitely will). They then completed an unrelated task (a questionnaire on health status and health behaviour). Finally, they completed the above-described measures of gender role identification and feminism.

## **RESULTS**

#### **Attitude toward the ads**

The mean ad liking scores for the ads are shown in Table 1. As can be seen from the table, the mean scores for all of the ads were not far from the neutral point on the scale, with eight of the nine mildly favourable.

**Table 1: Mean ad liking scores (all respondents combined)**

	Mean	SD
ad 1 (neutral)	-.07	2.02
ad 2 (empowering)	.86	1.95
ad 3 (sexist)	1.38	2.41
ad 4 (empowering)	1.08	1.20
ad 5 (sexist)	.62	2.83
ad 6 (neutral)	.97	2.48
ad 7 (empowering)	.84	2.41
ad 8 (sexist)	.01	2.44
ad 9 (neutral)	.40	2.10

#### Attitude by Biological Gender

As shown in Table 2, female participants reported significantly lower levels of ad liking for all three of the sexist ads than did male respondents (H1 supported).

**Table 2: Ad liking by gender (sexist ads)**

	Male	Female	T	Sig
ad 3	2.10	0.89	-4.71	.000
ad 5	2.08	-0.39	-8.60	.000
ad 8	1.16	-.76	-7.58	.000

As shown in table 3, female participants reported significantly higher levels of ad liking for two of the three empowering ads than did male respondents, with the third being directionally consistent (H2 largely supported). Interestingly, ad 7 (the three girls drinking champagne without a man present) received the highest mean rating of all the ads among female participants and the lowest mean rating of all the ads among male participants.

**Table 3: Ad liking by gender (empowering ads)**

	Male	Female	T	Sig
ad 2	.43	1.15	3.14	.001
ad 4	.90	1.21	1.37	Ns
ad 7	-.57	1.8	9.76	.000

As shown in table 4, there were no differences in ad liking between males and females for two of the three neutral ads, with the third being preferred by females (H3 largely supported). Interestingly, Ad 6 (the one which was preferred by females) was the only ad in this category that pictured a woman without a man.

**Table 4: Ad liking by gender (neutral ads)**

	Male	Female	T	sig
ad 1	-.02	-.12	-.44	ns
ad 6	.64	1.22	2.05	.04
ad 9	.19	.55	1.49	ns

### Attitude by Feminism Score

The mean score on the feminism scale was 22.55 (range 6 to 30, with a possible range of 0 to 30). Not surprisingly, the mean feminism score was slightly higher for females (24.21) than for males (20.24). Respondents were then dichotomised into either low feminism (score at or below the mean,  $n = 131$ ) or high feminism (score above the mean,  $n = 172$ ).<sup>2</sup>

As shown in Table 5, high-feminism respondents reported: significantly lower levels of ad liking for all three of the sexist ads than did low-feminism respondents (H4 supported); significantly higher levels of ad liking for only one of the three empowering ads than did low-feminism respondents, with the other two ads being directionally consistent (H5 partly supported); and no differences in ad liking from low-feminism respondents for any of the three neutral ads (H6 supported).

However, when these results were analysed by gender, there was no independent effect of feminism on ad liking (i.e., all apparent ‘feminism’ differences were simply caused by biological gender differences).

**Table 5: Ad liking by feminism (all ads)**

	Low feminism	High feminism	T	Sig
ad 3 (sexist)	1.78	1.22	2.09	.04
ad 5 (sexist)	1.31	0.15	3.62	.000
ad 8 (sexist)	0.59	-0.45	3.72	.000
ad 2 (empowering)	0.76	0.99	-1.04	ns
ad 4 (empowering)	0.99	1.12	-5.38	ns
ad 7 (empowering)	0.41	1.20	-2.88	.004
ad 1 (neutral)	0.05	-0.05	0.43	ns
ad 6 (neutral)	0.92	1.03	-0.37	ns
ad 9 (neutral)	0.19	0.56	-1.50	ns

### Purchase intention

The mean purchase intention scores for the ads are shown in Table 6. As can be seen from the table, the mean PI scores for the brands ranged from 16.6% (ad 3 – a blended whisky) to 31.7% (ad 7 – a sparkling wine).

**Table 6: Mean purchase intention scores (all respondents combined)**

	Mean	SD
ad 3 (sexist) – blended whisky	16.55	21.53
ad 5 (sexist) – scotch whisky	21.70	23.14
ad 4 (empowering) – sparkling wine	23.49	25.18
ad 9 (neutral) – liqueur	23.84	25.75
ad 8 (sexist) – liqueur	24.21	24.97
ad 6 (neutral) – liqueur	25.26	25.96
ad 1 (neutral) – wine	26.56	27.45
ad 2 (empowering) – wine	26.60	25.89
ad 7 (empowering) – sparkling wine	31.72	28.35

<sup>2</sup> 14 respondents could not be categorized as they did not complete all of the items on the feminism scale.

### Purchase Intention by Biological Gender

As shown in Table 7, female respondents reported significantly higher purchase intentions than male respondents for six of the nine alcohol brands (four wines and two liqueurs), and males reported significantly higher purchase intentions for two (a scotch whisky and a liqueur).

**Table 7: Mean purchase intention scores by gender**

	Male	Female	t	sig
ad 3 (sexist) – blended whisky	25.27	23.54	-.600	ns
ad 5 (sexist) – scotch whisky	30.44	18.72	-3.981	.000
ad 8 (sexist) – liqueur	27.83	21.21	-2.183	.03
ad 2 (empowering) – wine	12.81	27.94	6.248	.000
ad 4 (empowering) – sparkling wine	16.82	33.57	6.189	.000
ad 7 (empowering) – sparkling wine	11.82	36.92	9.606	.000
ad 1 (neutral) – wine	12.81	19.19	2.593	.01
ad 6 (neutral) – liqueur	24.92	36.66	3.679	.000
ad 9 (neutral) – liqueur	21.47	28.01	2.200	.03

### Purchase Intention by Feminism Score

High-feminism respondents reported significantly higher purchase intentions than low-feminism respondents for ad 4, sparkling wine (28.9 vs 22.8,  $t = -2.03$ ,  $p = .04$ ), and significantly lower purchase intentions for ad 5 (sexist), scotch whisky (19.7 vs 28.8,  $t = 3.15$ ,  $p = .002$ ). However, when these results were analysed by gender, there was no independent effect of feminism on purchase intention.

## DISCUSSION

As hypothesized, we found that female respondents reported more negative attitudes towards alcohol advertisements utilizing overt (or demeaning) sexual appeals than did males; more positive attitudes towards alcohol advertisements utilizing feminist (empowering) appeals than did males; and did not differ from males in their evaluation of advertisements utilizing neutral appeals.

As hypothesized, we also found that female respondents reported higher purchase intention for brands utilizing feminist (empowering) appeals and lower purchase intention for brands utilizing overtly sexual appeals. The former finding may be confounded by the fact that these products, particularly the two sparkling wines, are more likely to be purchased by females regardless of advertising appeal (an argument supported by the fact that female respondents also reported higher purchase intentions for the three brands utilizing neutral appeals, which were also products predominantly consumed by women). However, the finding in relation to overtly sexual appeals is more conclusive – of the only two brands for which females reported significantly lower purchase intentions (both utilizing sexual appeals), one was for a scotch whisky (targeted at male consumers) but the other was for a brand of liqueur which is predominantly consumed by women, and it is evident from the wording in the ad that it is targeted towards women. This finding is consistent with previous research on the use of overtly sexual appeals in women's fragrance advertising, which also found reductions in purchase intentions (Rossiter & Jones 2003).

We found no consistent effect of feminism on ad liking independent of biological gender. However, these findings need to be interpreted with caution given the small differences between male and female respondents on this variable as measured.

There is a need to future studies to investigate the independent, or interactive, effects of sex role identification, feminism and gender; and to identify the reasons behind women's dislike of apparently sexist advertising.

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# A Dynamic Approach to International Codes of Ethics

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## Introduction

Corporate codes of ethics are one of several influences on business ethics within and across cultures. In a model that goes beyond philosophically-based ethics, Stajkovic and Luthans (1997) use social-cognitive theory as a springboard to identify factors influencing business ethics standards and conduct. They propose that a person's perception of ethical standards and subsequent conduct is influenced by institutional factors (e.g. ethics legislation), personal factors (e.g. moral development), and organizational factors (e.g. code of ethics). Within the cultural context, these key antecedent factors interact to influence ethical standards (Stajkovic and Luthans, 1997). Generally, the focus of this paper is limited to the content of code of ethics.

Research has so far not approached the contents of codes of ethics from a strategic point of view. For example, research has not considered the classification in terms of standardization, replication, individualization and customization of the meaning of corporate codes of ethics within and across contextual business environments. Therefore, the objective of this initial research effort is to introduce and describe a generic framework of classification to provide insights into the diverse strategic approaches of corporate code of ethics content within and across contextual business environments. The current study uses corporate code of ethics collected from Australian corporations as empirical illustrations (i.e. a selection of sample extracts).

## Frame of Reference – Corporate Codes of Ethics

In previous research, the content of corporate codes of ethics have been analyzed according to scales derived from Cressey and Moore (1983), Mathews (1998), Lefebvre and Singh (1992), Wood (2000), Svensson and Wood (2004) and Singh et al. 2005).

Langlois and Schlegelmilch (1990) compare European and American corporate codes of ethics. They found differences between the European and American codes, the first being that the European codes were more recently developed than the American. Moreover, they found that while most ethical issues transcend national barriers there were differences in the issues addressed by American and European (British, French and West German) codes. In particular they concluded that European companies emphasize employee responsiveness to company activities, while firms in the United States stress company responsiveness to employee requirements of fairness and equity. Further, the study found differences among the codes of British, French and German companies.

Other researchers have also found differences in ethical beliefs across cultures. Becker and Fritzsche (1987) in a study of American, French, and German managers sought their views on five vignettes on coercion and control, conflict of interest, the physical environment, personal integrity and paternalism. Generally, the American managers responded differently from the European managers, but there were also differences between the responses of the French and German respondents. This finding supports Stajkovic and Luthans's (1997) contention that the analysis of business ethical standards and resulting ethical behavioral conduct is grounded in the unique characteristics of each national culture. In their social cognitive model of business ethics across cultures, they propose that institutional factors, personal factors and organizational codes of ethics also influence ethical standards and conduct. Singh et al. (2005)

came to the conclusion that there is a stronger formalization of rules reflected in the Australian and Canadian corporate codes of ethics, as compared to the Swedish codes, that reflect the different uncertainty avoidance values in these countries. The Swedish codes are also less regulatory than the Australian and Canadian codes in respect to the codes mentioning enforcement procedures.

In the studies of codes of ethics and ethical values across cultures, it has been realized that ethical beliefs vary across cultures and that the emphasis on certain aspects of the content of a code of ethics may also differ between cultures. These findings have been found across European cultures, yet many of these corporations studied would be doing business in other parts of the world where cultural values and norms may be quite divergent from the parent company or accepted European cultural mores. This interest led the researchers to postulate the framework of strategic classification approaches to code content as discussed in the next section of this paper. Were there discernible differences in the emphasis on certain aspects of the codes to be studied and were these differences culturally specific? If these differences did exist was there any evidence to suggest that the companies studied had tailored their codes in order to account for these cultural differences? The research was undertaken in Australia.

### **Framework of Classification – Strategic Approaches**

The framework of classification used in the current study differs from the previous ones by Cressey and Moore (1983), Mathews (1998), Lefebvre and Singh (1992), Wood (2000), Svensson and Wood (2004) and Singh et al. (2005). These research efforts focus on the content of codes of ethics. The research at hand focuses on the contextual consideration of code prescription and intensity of codification in Australian codes of ethics content.

The content of corporate codes of ethics is surrounded by the corporation's business operations and their different contextual business environments. The contexts surrounding the codes of ethics are highly dynamic, therefore, it is important to be aware that corporate codes of ethics should be regarded as dynamic artifacts, instead of static ones. Cressey and Moore (1983), Mathews (1998), Lefebvre and Singh (1992), Wood (2000) and Singh et al. (2005) have studied the static content, whereas this study provides an initial and important insight into the dynamic features of corporate codes of ethics.

The content of corporate codes of ethics should evolve and adapt as contextual changes occur in business operations of a corporation's business environments. The content refers to the code prescription and the intensity of codification used in codes of ethics, while the context refers to the code of ethics business environment. There are a number of potential strategic approaches to corporate codes of ethics. The code of ethics content, in conjunction with the reigning code of ethics context, provides a fundament to distinguish a set of strategic approaches of corporate codes of ethics. They may be derived from two principal dimensions, namely the application of content and the context of application. The dynamic features inherent and derived from these two dimensions (i.e. meaning of content and context) in corporate codes of ethics may be divided into a selection of strategic approaches (see Table 1), all of which apply to both the corporation's ethical values and principles used in business conduct.

		Application of Content	
		Uniform	Flexible
Context of Application	Same	Standardized	Individualized
	Different	Replicated	Customized

**Table 1: Strategic Approaches to Corporate Codes of Ethics.**

On the one hand, the context dimension may be divided into two sub-categories: within the same and across different contextual business environments. On the other hand, the content dimension may also be divided into two sub-categories: uniform and flexible meaning and interpretation to the code of ethics content. Four generic strategic approaches of corporate codes of ethics may be distinguished based upon these four sub-categories:

Standardized Strategic Approach means that the corporation applies a uniform meaning and interpretation to the code of ethics content within the same contextual business environment (e.g. all suppliers or customers). This approach assumes the universal applicability of the meaning of the corporate code of ethics content and that it is consistent within the same context. Furthermore, it relies on the fact that there are no essential or evident differences between the ethics values and principles in the corporation's contextual business environment at hand that justify a flexible meaning or interpretation of the code of ethics content, but a standardized meaning is appropriate and sufficient.

Replicated Strategic Approach means that the corporation applies a uniform meaning and interpretation for the code of ethics content across different contextual business environments (e.g. industries and marketplaces). This approach assumes the universal applicability of the meaning of the corporate code of ethics content and that it is consistent across different contexts. Furthermore, it relies on the fact that the potential or recognized differences between the ethics values and principles in the corporation's different contextual business environments do not require a flexible meaning or interpretation of the code of ethics content, but replication is appropriate and sufficient.

Individualized Strategic Approach means that the corporation applies a flexible meaning and interpretation of the code of ethics content within the same contextual business environment (e.g. an industry or a marketplace). This approach assumes the need for the tailored interpretation of the corporate code of ethics content (although the contextual business environment is the same) to customer or supplier criteria. Furthermore, it relies on the fact that each cultural business environment is unique and requires separate and close attention to the reigning ethics values and principles of that contextual business environment and that the meaning and interpretation of the code of ethics content to some extent is required to be individualized.

Customized Strategic Approach means that the corporation applies a flexible meaning and interpretation of the code of ethics content across different contextual business environments (e.g. industries or marketplaces). This approach assumes the need for an adaptive interpretation of the corporate code of ethics content (e.g. customer or supplier criteria). Furthermore, it relies on the fact that the recognized



differences between the ethical values and principles across the corporation's contextual business environments to some extent require the meaning and interpretation of the code of ethics content to be customized.

## Methodology

The purpose of this study was to examine the dynamic features of the content of the codes and to examine, according to a specific method, the contents of corporate codes of ethics in Australia. This research reports on the diverse strategic approaches and summarizes the issues addressed in the introduced framework of classification in the codes of ethics of the top five hundred corporations in Australia.

A survey document was sent to the public relations managers of the top 500 Australian companies (based on revenue) operating in the private sector (Shoebridge, 2000). Companies were asked to answer the set of questions in the survey and to supply a copy of their code of ethics. The 479 packages delivered elicited 173 responses, with 49 companies indicating various reasons for not participating in the study, 30 indicating that they did not have a code, 81 indicating that they did have a code (65 sent codes and questionnaires) and another 13 companies who declined to fill in the questionnaire, but who provided their code. The useable response rate was therefore 25.9%. This paper reports on those 78 companies that possessed and sent their code of ethics for examination by the researchers. These were used to provide sample extracts from Australian Codes of Ethics according to the framework of strategic approaches introduced in Table 1.

## Empirical Findings

Previously, it was argued that the meaning of the content of corporate codes of ethics may benefit from being flexible and adaptable as contextual changes occur in corporations' business operations and various business environments. Different strategic approaches to corporate codes of ethics content may be identified (see Table 1). The code of ethics content, in conjunction with the reigning code of ethics context, provides a fundament to distinguish these strategic approaches. In Tables 2 to 5, a selection of sample extracts illustrate the diverse strategic approaches identified in the examined code of ethics contents in top corporations of Australia.

Selection of Extracts – Standardized Strategic Approach
“...reaffirms the general business principles that govern each of the companies which make up the group of companies conducts it affairs...”
“...to observe all applicable laws...”
“...provides guidelines and information to assist in understanding ethical values and standards of behavior that apply in all our daily business activities...”
“...stipulates the standards of behavior and conduct of all employees...”
“...you are expected to behave with fairness, respect and honesty in all your dealings within the corporation be it with fellow workers, customers or suppliers...”
“...perform our work safely and in accordance with the law...”
“...apply to the whole of the company, its subsidiaries and business units, and to every employee...”
“...applies to all employees, from the most senior to the most junior staff...”
“...employee must comply with all state and federal laws and regulations...”
“...everyone is equal when it comes to observing the code...”
“...employees must comply with the letter and, where it is clear, the spirit of all laws and regulations relating to their business conduct...”

**Table 2: Standardized Strategic Approach – Sample Extracts from Australian Codes of Ethics.**

The selection of sample extracts of standardized strategic approaches from the examined Australian codes of ethics in Table 2 shows that corporations apply a uniform meaning to the code of ethics content within the same contextual business environment. A major part of the Australian corporate codes of ethics that were examined relies on content such as the sample extracts provided in Table 2. Apparently, the examined corporations presume to a large extent the universal applicability of the content of their code of ethics. They may also presume that the content is consistent within the same context. Furthermore, there is a perception that there is no essential or evident differences between the ethics values and principles in the corporation's contextual business environment at hand that justify a flexible meaning of the code of ethics content within the same context. Standardization of major parts of the code of ethics content is acknowledged as appropriate and sufficient.

Selection of Extracts – Replicated Strategic Approach
“...we must resist any temptation to modify our standards regardless of the situation...”
“...it provides guidance in ethical issues...”
“...treat customers, the public and fellow employees with honesty, courtesy and respect...”
“...employees should conduct themselves in an ethical manner at all times...”
“...has adopted policies which commit it to meeting its responsibilities in areas where ethical or legal issues arise...”
“...managers are expected to lead according to our standards of ethical conduct, in both words and actions...”
“...expects all employees of the company and its subsidiaries to act in accordance with the highest standards of personal and professional integrity in all aspects of their employment and to comply with all applicable laws, regulations, and company policies...”
“...every individual in the company is required to act in accordance with both the letter and spirit of these principles...”
“...expects the highest levels of personal conduct by all its employees, whatever their position...”
“...strikes a balance between different environments...”
“...guided by principles of non-discrimination and respect for human rights and individual freedom...”
“...all employees are urged to recognize, value and exemplify ethical conduct...”
“...disassociate yourself from participation in any possibly illegal activity with competitors, confine your communication to what is clearly legal and proper...”
“...recognizing the complexities of a business operating in different environments across the globe, the company aspires to be regarded as a good corporate citizen wherever it conducts business and it is committed to the core values of civic society...”

**Table 3: Replicated Strategic Approach – Sample Extracts from Australian Codes of Ethics.**

The selection of extracts of replicated strategic approaches from the examined Australian codes of ethics in Table 3 shows that corporations also apply a uniform meaning to the code of ethics content across different contextual business environments. A substantial part of the examined Australian corporate codes of ethics relies on contents such as the sample extract provided in Table 3. Subsequently, the studied corporations tend to believe in the universal applicability of their code of ethics content. They also tend to believe that the content is consistent across different contexts. Furthermore, there is a belief that there are no essential or evident differences between the ethics values and principles in the corporation's contextual business environments at hand that justify a flexible meaning of the code of ethics content. Replication of major parts of the code of ethics content is acknowledged as appropriate and sufficient.

Selection of Extracts – Individualized Strategic Approach
“...the rules are not exhaustive...”
“...we need to maintain our commitment to community accepted standards...”
“...this means not only complying with the law, but abiding the highest principles of integrity, honor and concern for one another...”
“...it is our policy to go beyond the letter of the law and comply with its spirit...”
“...supports and protects the dignity, well-being, and rights of those with whom it is directly involved: its employees and their families, and the local communities which are neighbors of its operations...”
“...goes beyond the legal minimums...”
“...it would be wonderful if the right thing to do were always perfectly clear. In the real world of business, however, things are not obvious...”
“...can only be translated into reality by the daily behavior of each and every one of us...”
“...while specific examples are offered to illustrate various situations, it needs to be stressed that these are not exhaustive...”
“...ethical behavior goes beyond complying with laws...”
“...we respect diversity within humanity including gender, spiritual values, sexual preference, age, disability and culture and provide services to support this...”
“...we are creative and dynamic in our response to the challenges facing society...”

**Table 4: Individualized Strategic Approach – Sample Extracts from Australian Codes of Ethics.**

The selection of extracts of individualized strategic approaches from the examined Australian codes of ethics in Table 4 shows that corporations apply a flexible meaning to the code of ethics content within the same context. A minor part of the examined Australian corporate codes of ethics relies on contents such as the sample extract provided in Table 4. Accordingly, the examined corporations see to some extent the need for the tailoring of the corporate code of ethics content (although the contextual business environment is the same). They also see that the content is not consistent within the same context. Furthermore, they see that each cultural business environment may be unique and may require separate and close attention to the reigning ethics values and principles of that contextual business environment. Individualization of minor parts of the code of ethics content is to some extent seen to be needed.

Selection of Extracts – Customized Strategic Approach
“...wherever we operate, we work as closely as possible with our hosts, respecting laws and customs, minimizing adverse impacts...”
“...we seek to make lasting contributions to local communities and to be sensitive to their culture and way of life...”
“...wherever the group operates, good relations with its neighbors are fundamental...”
“...knowing that each local community is different, the policy is that every operation shall strive to understand and interact constructively with its local communities and to assist their development...”
“...requires continuing and effective two way communications and realistic expectations on both sides...”
“...local circumstances may place particular demands on the way consideration is given...”
“...the company will comply with all laws and regulations in each country where it operates, and will apply the standards reflecting the company’s aspiration to best international practice...”
“...the group is a decentralized, diversified group of companies with widespread activities, and each company has a wide freedom of action...”
“...employees who accept an international assignment are responsible for familiarizing themselves

and their accompanying family members with the norms, laws and customs of the country in which they will be living and working...”
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**Table 5: Customized Strategic Approach – Sample Extracts from Australian Codes of Ethics.**

The selection of extracts of customized strategic approaches from the examined Australian codes of ethics in Table 5 shows that corporations apply a flexible meaning to the code of ethics content across different contextual business environments. A few of the examined Australian corporate codes of ethics rely on content such as the sample extract provided in Table 5. Presumably, the studied corporations acknowledge the need for adaptation of the corporate code of ethics content. They also acknowledge that the content is not consistent across different contextual business environments. Furthermore, they also see that each cultural business environment is unique and requires separate and close attention to the reigning ethical values and principles of that contextual business environment. Customization of minor parts of the code of ethics content is to some extent seen as necessary and requisite.

### **Concluding Thoughts and Suggestions for Further Research**

The corporate codes of ethics in Australia studied may, to a large extent, be categorized into standardized and replicated strategic approaches. It is a rather unexpected finding that the contents of the analyzed corporate codes of ethics predominantly rely on standardization and replication considering the fact that there are a set of other strategic approaches of corporate codes of ethics available (see Table 1). Many of the studied corporations run international or worldwide business operations that have to confront different contextual business environments. It would have been reasonable to expect a larger part of the content of each code to have relied upon a flexible meaning within and across business environments. It would also have been expected to observe more explicit or pronounced adaptations in the corporate codes of ethics content in the same way as other business operations are adapted to each specific marketplace and surrounding society. Apparently, the operational and tactical levels of the studied corporations' business operations have not influenced the strategic level of current corporate codes of ethics artifacts. Therefore, further case studies of best/good practice in terms of customized and individualized strategic approaches of corporate codes of ethics content would make a fruitful contribution to current knowledge in the field.

It is important to remember that a code of ethics is not a rulebook that addresses every ethical issue that might arise. It is neither a summary of all laws and policies that apply, nor is it a contract. Furthermore, it does not replace good judgment, but gives guidance and direction to resources to assist making the right decisions. Nevertheless, the ways that the content of the corporate codes of ethics are expressed may foreshadow, to a larger or lesser extent, flexible meanings of application rather than uniform ones. When the corporate uncertainty avoidance increases, then as a consequence, the degree of code prescription and the intensity of codification may also increase (Singh et al., 2005). These parameters reflect the corporate propensity to uncertainty avoidance in corporate codes of ethics in different national cultures. The meaning of the content of these codes should therefore be seen as dynamic, not static, reflecting the need for uncertainty avoidance. The contents of corporate code of ethics may also be interpreted as reflecting an inherent flexibility or inflexibility of meaning towards employees in the corporations' various business operations and different cultural business environments. On the one hand, the code of ethics may contain a high degree of code prescription and codification intensity (i.e. less flexibility of the meaning of the code of ethics content). On the other hand, the code of ethics may contain a low degree of prescription and codification intensity (i.e. more flexibility of the meaning of the code of ethics content). These combinations define the corporation's strategic approach of flexibility and uniformity of the actual meaning of content towards employees, customers, suppliers and/or other stakeholders.

The need to avoid uncertainty in the marketplace and surrounding society implies a potential inappropriateness of homogenous corporate codes of ethics contents across national and cultural business environments. It also indicates the importance of a flexible meaning and interpretation of the corporate codes of ethics content for multinational corporations in their international and cross-cultural business operations. The diverse national and cultural contexts that corporations encounter in the marketplace and the surrounding society should be taken into consideration in determining the meaning and interpretation of corporate codes of ethics content. Otherwise, these corporate codes of ethics may be seen to be meaningless and may not foster corporate ethical values and principles on the tactical and operational levels. The code may be seen as window dressing on a strategic level, disconnected from the reality of the corporation's business operations and different business environments. All in all, this research has triggered and advanced the search for strategic approaches in corporate codes of ethics content, which complements previous research efforts in the field.

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# Localize Global Codes of Ethics

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## Introduction and Objective

Corporate codes of ethics are one of several influences on corporate and business ethics within and across contexts. In a model that goes beyond philosophically-based ethics, Stajkovic and Luthans (1997) use social-cognitive theory as a springboard to identify factors influencing business ethics standards and conduct. They propose that a person's perception of ethical standards and subsequent conduct is influenced by institutional factors (e.g. ethics legislation), personal factors (e.g. moral development), and organizational factors (e.g. code of ethics). Within the cultural context, the key antecedent factors triadically interact to influence ethical standards (Stajkovic and Luthans 1997). Generally, this paper is restricted to corporate and business ethics. In particular, it is limited to the corporate code of ethics and the ways in which an organization supports the implementation of their code.

Research has so far rarely approached the application of corporate code of ethics. The objective is to develop an empirically based typological framework of corporate codes of ethics, and a structured framework of applications.

## Frame of Reference – Corporate Codes of Ethics

Langlois and Schlegelmilch (1990) define a corporate code of ethics as a statement setting down corporate principles, ethics, rules of conduct, codes of practice or company philosophy concerning responsibility to employees, shareholders, consumers, the environment, or any other aspects of society external to the company. These documents vary in length, breadth of topics covered and extent to which topics are covered. Berenbeim (2000) cites three trends as evidence of the growing importance of corporate codes of ethics: the globalization of markets and the need for core principles that are universally applicable, the acceptance of these codes as part of the corporate governance as illustrated by increased participation of boards in their development and the improved ethical literacy of senior managers as illustrated by the increasing sophistication of the codes. Foremost among the internal measures available to corporations are corporate codes of ethics. With multinational corporations such codes govern their operations worldwide and promote uniformity. However, what is covered by such codes and commitment to enforcing them vary among corporations (Carasco and Singh 2003), multinational or not.

Despite the mixed findings of research studies on the effectiveness of corporate codes of ethics in influencing behavior, studies have found that having a code of ethics does have a positive impact on the ethical behavior of the employees of the organization. (Adams Tashchian and Stone 2001; Ferrell and Skinner 1988; McCabe, Trevino and Butterfield 1996; Pierce and Henry 1996; Schwartz 2001; Somers 2001; Stohs and Brannick 1999; Wotruba Chonko and Loe 2001). Other studies have found this causal relationship not to be conclusively the case (Clark and Leonard 1998; Ford, Gray and Landrum 1982; Mathews 1998; McKendall, Demarr and Jones-Rikkens 2002).

## Methodology

The current methodological approach differs from previous ones that have examined corporate and public codes of ethics (e.g. Cressey and Moore 1983; Lefebvre and Singh 1996, 1992; Mathews 1998; Svensson and Wood 2004a; and Wood 2000). The research is based upon a case study of McDonald's Corporation. The purpose was to analyze, according to a specific framework of content analysis the McDonald's codes

of ethics. The study sought to identify the different areas of application and to summarize the areas found in a framework of content analysis.

The data that underpins the case illustration has been collected as part of a larger research project of codes of ethics across countries: Australia, Canada and Sweden. This paper draws upon and reports the findings from one case of the larger research project that has been used in this instance to inform the codes of ethics applications in corporate and business ethics settings. The McDonald's code of ethics shapes the case study at hand. The case illustration is based upon an inductive approach and qualitative methods. All data was collected from publicly issued documents at the McDonald's homepage. The content analysis of the research efforts was based upon these data.

### **Corporate Code of Ethics – A Framework of Content Analysis**

Corporate codes of ethics are surrounded by – and should be embedded in the business operations and the different contextual business environments of corporations. The contextual business environment consists of geographical and cultural settings such as: communities, regions, countries and continents. The contexts surrounding the codes of ethics are dynamic and in some cases highly volatile. Therefore, the contents of corporate codes of ethics have to be equally adaptable and permit flexibility to the reigning context in each moment in which the company finds itself. Areas of application may be: management, employee, customer, supplier, subcontractor, owner/operator, shareholder, competitor and community, therefore, it is important that corporate codes of ethics should be seen as dynamic artifacts, rather than static ones. They should not be seen as window-dressing, but they should support and govern corporate business conduct where necessary. They should also address ethics values and principles. Cressey and Moore (1983), Mathews (1998), Lefebvre and Singh (1992), Wood (2000) and Svensson and Wood (2004a) have studied the static content of corporate codes of ethics, whereas this study provides an insight into the dynamic features of a corporate code of ethics (i.e. context and content). For this purpose, a framework of content analysis has been developed, which is described in this section.

### **Applications of Codes of Ethics**

There are various standards that may be applied in corporate code of ethics and the business conduct applicable to them. They may be derived from and illustrated by a set of principal dimensions, such as application of content, context of application and timing of application. These dimensions are mutually interdependent, which means that the change in one dimension may cause changes in the other two, and vice versa.

Svensson and Wood (2003) conclude that business ethics is about what is perceived as acceptable or unacceptable at a specific time and in a specific cultural setting. What was ethical yesterday may not be ethical today, and what is ethical today may not be ethical tomorrow, therefore, the timing of application in the business environment is often crucial to success. It applies also to ethics values and principles. Ideally, the applications of ethics values and principles should be ahead of the stage in the marketplace to which other companies have evolved or they should at least have achieved consensus (i.e. a par with the evolutionary stage). The worst scenario occurs when corporate ethics values and principles are lagging behind the evolutionary stage in the marketplace. Svensson and Wood (2004b) explore the common grounds of proactive versus reactive business ethics and conclude that business ethics performance requires the ongoing re-connection with reality by corporations.

The application of content (i.e. ethics values and principles) may be the same or similar on some occasions, while it may be different or diverse in others. The context of application may take place within or across contexts. Two principal parameters of codes govern the timing of application. These parameters are the application of content and context of application, namely the degree of code prescription and the intensity of codification of the organization's ethics values and principles.

### A Typological Framework of Codes of Ethics

Based upon the potential outcomes of the application of content (i.e. same versus different) and the context of application (i.e. same versus different) a matrix of classification may be outlined (see Table 1). It serves as a descriptive typology to classify corporate codes of ethics and their ethics values and principles.

		Application of Content	
		Same	Different
Context of Application	Same	Local/National	International
	Different	Global	Glocal

**Table 1: A Typological Framework of Codes of Ethics.**

The content of corporate codes of ethics should evolve and should be adapted to the contextual changes that occur in the corporation's business environments. There is a selection of generic descriptive criteria for corporate codes of ethics. The code of ethics content, in conjunction with the reigning code of ethics context, provides a fundament to distinguish drivers of corporate codes of ethics. They may be derived from two principal dimensions, namely the application of content and the context of application. The dynamic features inherent and derived from these two dimensions (i.e. content and context) in corporate codes of ethics may be divided into a typology, all of which applies to both the corporation's ethics values and the ethics principles used in corporate codes of ethics. On the one hand, the context dimension may be divided into two sub-categories: same and different. On the other hand, the content dimension may also be divided into two sub-categories: same and different. Four generic types of corporate codes of ethics may be distinguished based upon these four sub-categories:

Local/National Standards of Business Conduct refers to the idea that the corporation uses the same code of ethics within the same contextual business environment (e.g. the industry and all suppliers/customers). It presumes that the corporate code of ethics is applicable and consistent within the same context. It also assumes that there are no essential or evident differences of the ethics values and the ethics principles in the corporation's contextual business environments at hand that would justify a different code of ethics.

International Standards of Business Conduct refers to the way that the corporation uses different adaptations of codes of ethics within the same contextual business environment (e.g. the industry or the marketplace in different countries). It presumes the need for an adaptation of the code of ethics (e.g. to customer or supplier criteria in each country's marketplace). It also assumes that the recognized differences between the ethics values and principles within the corporation's same contextual business environment to some extent require different or at the least modified codes of ethics.

Global Standards of Business Conduct refers to the idea that the corporation uses the same code of ethics across different contextual business environments (e.g. industries and marketplaces in different countries and continents). It presumes that the code of ethics is applicable and consistent across different contexts. Furthermore, it assumes that the ethics values and principles in the corporation's different contextual business environments do not require different codes of ethics.



Glocal Standards of Business Conduct refers to the contention that the corporation uses different codes of ethics across different contextual business environments (e.g. industries and marketplaces in different countries and continents). It presumes the need for the tailoring of the code of ethics to customer or supplier criteria. It also assumes that each contextual business environment is unique. Furthermore, each of these environments requires separate and close attention to the reigning ethics values and principles of that contextual business environment and that the code of ethics content to an extent requires continuous adaptation.

It is also important to remember that the timing of application of the use codes of ethics may not be foreseen or neglected in corporate business and market analysis of ethics values and principles.

### Empirical Illustration: The Case of McDonalds

McDonald's standards of business conduct may be described by using the dimensions: application of content, context of application and timing of application. The outcome of the content analysis is summarized in Figure 1.

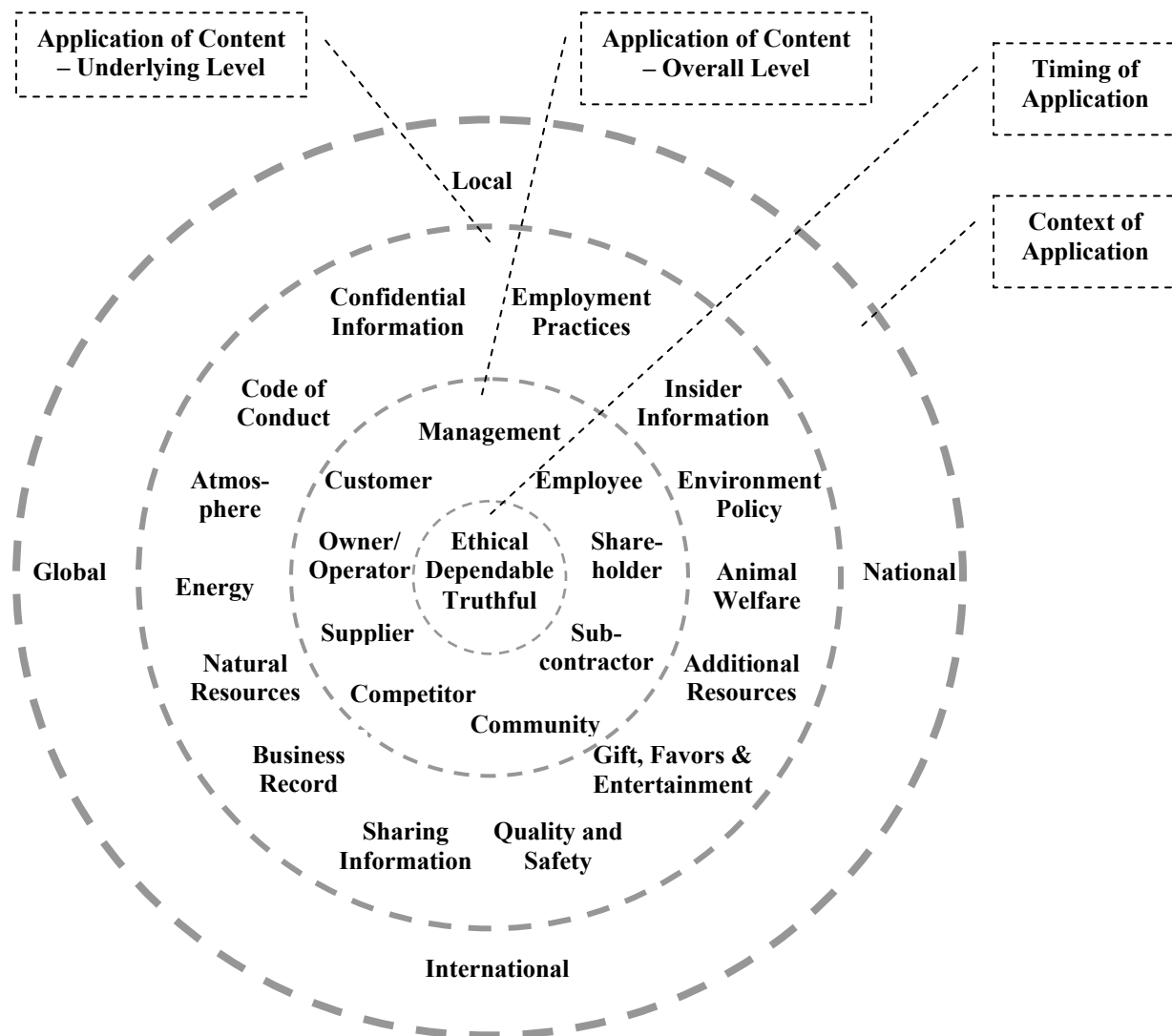


Figure 1: The McDonald's Applications of Code of Ethics.

### **Concluding Thoughts**

The case study of McDonald's has indicated the potential inappropriateness of the homogeneity of corporate codes of ethics across national and cultural business environments. This research has also indicated the importance of a flexible approach to corporate codes of ethics content for intercontinental corporations and their international or worldwide business operations. The diverse national and cultural contexts that corporations will encounter should be brought into consideration in the content of corporate codes of ethics, otherwise, the corporate codes of ethics may be considered to be meaningless and may not contribute to accomplish the corporation's ethics values and ethics principles on an operational, tactical and strategic level. The code may only become a kind of 'window dressing' on a strategic level that fails to connect with the reality in the corporation's business operations and business environments around the world. At worst, the inherent flaws of xenophobic corporate codes of ethics may create severe ethical dilemmas in the marketplace and society if they are used generically across cultures.

The contents of corporate codes of ethics are surrounded by the corporations' business operations and their different contextual business environments. The contexts surrounding these codes of ethics are highly dynamic. Therefore, it is important to be aware that corporate codes of ethics should be regarded as dynamic artifacts, instead of static ones. Cressey and Moore (1983), Mathews (1998), Lefebvre and Singh (1992) and Wood (2000) have studied the static content, whereas this study provides an initial and important insight into the dynamic features of corporate codes of ethics (i.e. context and content).

The world often bemoans 'business imperialism' from first world countries upon each other, but more so from first world countries upon developing nations. To foist one's ethical perspectives upon other cultures without regard for their historic, ethical perspectives is far worse, because it devalues the societal values and beliefs of these cultures. McDonald's appears to be cognizant of these needs to accommodate the values of others. Whilst it is expected that the cultural values of the home country of the company will be dominant, there is a distinct difference between dominant values and beliefs and dominating other's values and beliefs. A glocal approach to codes of ethics and the interpretation of these codes at a local level can only but assist to personalize the values inherent in the corporation's business values. Not only does the home country culture share its views with others, but a glocal approach allows the home country to grow richer in its views as a result of interaction with the beliefs and values of other cultures. A discussion of and a sharing of one's ethical values and beliefs across cultures can only but enhance the perspectives of all parties and one hopes enhance the business and social outcomes for all stakeholders.

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# **Consumer's Moral Sensitivity: *Building a Scale to Measure Moral Sensitivity of Consumers and Linking it to the Purchasing Involvement Construct***

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## **Abstract**

*In this study, we are trying to validate a scale for the construct of moral sensitivity. We relied on literature from different disciplines including: marketing, education, psychology, and philosophy in order to be able to find a clear definition for this construct. We also discuss the importance of moral sensitivity for a better understanding of the purchasing behavior of customers and we argue that it should be considered before approaching customers with any marketing activity. Structured equation modeling was used to validate the scale and OLS regression was used for checking the predictability of our model. The major findings of this research piece is that customers' morals do interfere in their purchasing decision and that moral sensitivity should be considered for predicting the purchasing involvement of current and prospective customers.*

## **Introduction**

Although consumers are the major participants in business and buyer/seller relationships, the research of consumer's ethics accounts for only 5% of the literature of marketing ethics and moral behavior (Vitell, Singhapakdi, and Thomas 2001, Fukukawa 2003, Vitell 2003). When we discuss consumer's ethics in this paper, we mean both of the cognitive development and the social learning aspects that affect the consumer's decision making process. In order to simplify the research process, we will adopt Ferrell, Gresham and Fraedrich's (1989) proposed synthesis model that will combine micro as well as macro constructs.

Consumer's moral sensitivity is among the neglected areas in research consumer ethics. The concept of moral sensitivity appeared previously in the literature of psychology for the purpose of training professionals (Rest 1984; Volker 1984; Bredemeier & Shields 1984; Myyry & Helkama 2002). Also, when it was discussed in marketing literature, it didn't, appropriately, address the underlying importance of understanding the deep ethical thoughts of customers and how these values and morals affect customer's decision making. One could not ignore the micro-macro dilemma discussed by McCarthy (1981, P. 11) that explains the fight between the self-interest and the interest of the society (Dixon 1982). A customer would usually care about his/her own interest but at the same time might agonize over the fact that the purchasing decision might be bad for the society as a whole (Dixon 1982). We feel that it would be interesting if we can develop a scale that could be used for understanding the moral sensitivity of customers toward making specific purchases when they are tied to an ethical dilemma. We believe that ethical decision making is not an easy process and it requires careful analyses.

Previous literature discussed customers' perception of marketing processes as unethical (Laczniak 1981, Andreasen 1982). Also, there were many discussions regarding customers' ethical evaluation of marketing campaigns relying on the type of products involved, especially products that involve social controversies (Laczniak 1981). Socially responsible customers will consider the consequences of their purchasing decisions. When consumers are faced with an ethical problem they need to be aware of its

existence and they must believe that their behavior is going to contribute to resolving this problem (Singhapakdi, Ansusorn and Scott J. Vitell 1990).

Based on that, it would be very essential for companies to be aware to customers' beliefs and cultural symbols, and consider them before launching any type of marketing activities because it may affect the customer's purchasing decision (Ringlod 1998; Hackley 1999). One of the best ways to save the company's reputation and ethical standards is to promote consumer interests with regards to the ethical standards (Fukukawa 2003). The customer's perceived view of the firm's unfairness is very essential since it could ruin the reputation of the firm (Fukukawa 2003). When customers think, based on their moral opinions, that a company is violating moral values, they tend to avoid purchasing products from that company and it becomes very hard to build a long term relationship with them (Baron 1999). In addition to that, customers could spread bad word of mouth about that company and they could ask for regulations and laws to ban its goods (Baron 1999). Eventually, companies need to tell their customers that they care about them and that they are trying to respect their values and beliefs.

In this paper we will be discussing the differences between morals and ethics. After that, we discuss, in detail, the construct of moral sensitivity and introduce four major dimensions that represent this construct. The main purpose of this paper was to develop a new scale to measure a construct of interest. We used structural equation modeling technique to develop a scale for measuring the construct of moral sensitivity and to assess the construct validation of it through assessing convergent validity, discriminant validity, and nomological validity. Finally, we will be investigating the predictability of our model by using multiple regression.

## **Literature Review and Hypotheses**

### ***Definitions from the Glossary of Ethics Terms***

It has been noticed in literature that morality and ethics are two different constructs, although they were known to be the same thing. In order to understand the difference between these two constructs, we need to include some definitions that can explain the two constructs better.

We found that Taylor's (1975) definition of ethics is one of the simplest ways of explaining the difference between the two terms: "ethics...inquiry into the nature and grounds of morality where the term morality is taken to mean moral judgments, standards, and rules of conduct." (Taylor 1975, p.1). Morals can be considered as the rules that help people in making decisions and being motivated to behave correctly (MacDonald 2002). Also, we can use morals as tools to judge other people and evaluate situations. In contrast, ethics are values that are engraved inside of us and we have the choice whether to use and impose it on other people or not. In other words, ethics are basically the values that we believe in and they become morals as soon as we impose them on others as part of the interaction process (MacDonald 2002).

Another simple distinction was mentioned in the Payton Papers' website: "*Ethics is the science of morals and morals are the practice of ethics*". One could be behaving morally without knowing the ethical aspect of the situation that he/she is facing. Morality is an aspect of a situation while thinking about that situation and how to behave is the ethical part of the decision making process. Ethics could be a cognitive process of evaluating situations and considering consequences of judgments and decisions while morals is a process of following the rules resulted in the cognitive process ([PaytonPapers.org](http://PaytonPapers.org) 2000).

### **Moral Development**

The theories of moral development have always suffered the lack of evaluation due to the difficulty of specific and consistent definitions (Lovecky 1997; Erwin 2000).

Lawrence Kohlberg could be considered the father of the moral development theories. He was a moral philosopher and his main interest was in the area of children's moral development. He built his famous stages of moral development based on the story of God and ancient Israel. In his book "Theories of

development”, W. C. Crain has discussed Kohlberg’s stages of moral reasoning and the following is a brief discussion of those stages:

- I) Premoral or Preconventional Stages: (self-interest) Stage 1: Punishment and Obedience: The basic idea behind it is that the physical consequences of any action are considered as determinants of its level of goodness or badness. Stage 2: Instrumental Exchange: You do to people what you expect them to do for you. It is like any exchange process in the market place.
- II) Conventional Morality: Stage 3: Interpersonal Conformity: People usually seek the approval of others. If you belong to a group, you direct your actions toward whatever pleases or helps the other members of that group. Stage 4: Law and Order: People are usually supposed to follow rules and orders of authority.
- III) Postconventional or Principled Morality: Stage 5: Prior Right and Social Contract: People protect their rights first and then they protect the society rights. Stage 6: Universal Ethical Principals: If a person can reach this stage, he will be able to act based on universal principles that imply the importance of human rights and equalities. (Cory (1986), and Crain (1985))

Kohlberg’s theory of moral development (1984) focuses on the process of decision making and how would a person reach a conclusion in a particular situation based on his/her judgment of what is considered fair (Lovecky 1997; Kohlberg 1984). The major criticisms to Kohlberg are based on the fact that he didn’t relate to individuals’ actions and their thoughts about what’s wrong and what’s right. Also, he has been criticized because of his model’s cognitive rigidity and his use of justice as the core of morality (Dierchx, Roelens, & Gastmans). That’s when Hunt and Vitell step in and fill in the gaps of moral development process. Hunt and Vitell (1986) argued that ethical judgments and intentions of customers should be used as predictors of their behavior in a situation with an ethical dilemma. They discussed two types of evaluations: deontological which focuses on the consumers’ actions and teleological which focuses on the consequences of these actions (Hunt and Vitell 1986, Vitell, 2003). Sometimes consumers would consider both types of evaluations in order to make their ethical decisions (Hunt and Vitell 1986, Vitell 2003).

### **Moral Decision Making**

Rest (1984) identified four important components of moral behavior that have been used in the literature: 1) moral sensitivity, 2) moral judgment, 3) moral motivation, and 4) moral character (Myry & Helkama 2002). Moral Judgment has been discussed in the literature heavily while moral sensitivity didn’t get the same luck (Myry & Helkama 2002). Nevertheless, Kohlberg’s model, in its simplest forms, can be highly related to the decision making process. People with different moral reasoning levels tend to use morals to evaluate a situation and take a decision with different degrees. These different degrees of reliance on morals in the decision making process is what I want to measure in my study. Mudrack (2003) has argued that the reasons for making a decision are more important than the decision itself. When someone makes a decision he will be automatically trying to increase his benefits or rewards and at the same time avoiding any type of physical or emotional punishment. This agrees with the first two stages of Kohlberg’s model (Mudrack 2003).

One of the proposed models in the literature is Jones (1999) conceptualization of the construct of moral intensity and identified six dimensions that represent this construct: 1) magnitude of consequences, 2) social consensus, 3) probability effect, 4) temporal immediacy, 5) proximity, and 6) concentration effect (Singhapakdi, et al. 1996; Jones 1999). Singhapakdi et al. (1996) developed a scale that represents these dimensions of the moral intensity construct (Singhapakdi et al. 1999). They were able to identify two factors to capture the effect of the previous six dimensions: 1) perceived potential harm and 2) perceived

social pressure (Singhapakdi et al. 1996; Singhapakdi et al. 1999). We believe that this construct shares some similarities with the concept of moral sensitivity which is represented by this paper.

Kohlberg (1969) argued that individuals will respond differently to similar situations with an ethical center based on their stages of cognitive moral development (Ferrell, Gresham and Fraedrich 1989). Ferrell and Gresham (1985) introduced a framework that showed that interaction effect between type of ethical situation and other factors including the characteristics of the individual and the chance to engage in an unethical behavior. Some of the individual characteristics include: education, values and intentions (Ferrell, Gresham and Fraedrich 1989). On the same token, many people have a number of protected values that they are not willing to sacrifice for the sake of gaining economic benefits (Baron & Spranca 1997; Baron 1999). That's why these people refrain from participating in a purchasing process that could lead into violating their protected values. They might also pay extra money for other products that do not conflict with personal values and morals (Baron 1999). This cognitive effort that they go through is manifested by their level of involvement in the purchasing process. We will refer to the variation in the reliance on morality as the moral sensitivity of a person. Particularly, we are interested in the consumer's moral sensitivity and its relation to his/her purchasing decisions. We anticipate that the degree of the affective involvement in the purchasing decision is affected by the degree of moral sensitivity. The following are more explanations of the concepts that we are using in our study.

***Moral Sensitivity:*** Is one of the major aspects of moral decision making. Rest (1984) argued that when a person realized that his/her specific behavior could affect other people negatively, this person will be considered as a morally sensitive one. In addition, Bredemeier and Shields (1984) discussed other aspects of moral sensitivity when they defined three factors that could affect it: 1) contextual factors: which are factors in the environment that influence behavior, 2) personal competency factors: which are cognitive and affective factors variables that influence moral behavior, and 3) ego processing factors which represent coordination between psychological processes affecting the moral behavior (Erwin 2000).

Sometimes people behave immorally just because they are not sensitive to the moral aspect of this particular situation (MacDonald 2002). Some people will find it difficult to see the moral aspect of a particular situation because they are not aware of its moral nature and/or their beliefs do not categorize that particular situation as one that raises a moral dilemma. Of course, people differ in the way they set their priorities in life. For example, some people would respect morals and principles and defend them on the expense of financial gains.

We believe that the following variables can be considered as dimensions for the construct of moral sensitivity. Those dimensions were discussed in the literature separately and in different occasions. We decided to choose these particular dimensions based on their logical links to the construct of our interest.

***Moral Awareness:*** We can describe it as moral knowing or moral understanding (Woodstock 1990). People tend to know and understand morals with practice because it becomes like a skill that they develop over time. Being aware of the moral situation is an important factor that affects the person's moral judgments. Among those judgments is the decision to purchase a certain product which could have ethical or unethical attributes. When the customer is aware of the ethical problem associated with his decision process, he will start to become more involved with the purchasing process and try to look for solutions and alternatives in order to resolve the ethical problem (Hunt and Vitell 1986). Consumers will use their beliefs in order to determine the rightness or the wrongness of the behavior or the decision that they are going to choose.

This leads to our first hypothesis:

**H1:** Customers who are aware of the moral aspects of the situations/problems that they face tend to be more involved in the purchasing process.

**Cognitive Development:** We live in a dynamic world and people, at one point of time, may choose to alter some aspects of their behavior to adapt to and participate in the world's continuous changes. Some factors can lead a person to change his/her behavior are: to become a better person, to be accepted socially, to fit in a certain group of people or certain society, to follow a new belief, etc. As we can see, morals play an important role in guiding people through those behavioral changes and the reason that follows is the simple definition of morals as our guide in deciding what's wrong and what's right (Woodstock 1990). One could argue that there are some societies that blindly follow their principles without understanding them appropriately, but the cultural differences are not discussed in this paper and we assume that we are talking about free societies where people feel free to choose their own principles and behave according to them. Social agreements are among the important factors that shape the consumer's ethical decision making. In the consumer ethics research we care about the cognitive approaches that are used for understanding moral judgments and internal reasoning (i.e. Kohlberg's model 1969) (Fukukawa 2003). Although, it was argued in the literature that the social learning approach helps in investigating the influence of external factors on moral judgments as well (Fukukawa 2003). In addition, we should not neglect the fact that consumers consider what bad or good consequences would result from their decisions (Hunt and Vitell 1986). All of these factors force the customer to become more involved in the purchasing decision since he/she has to consider the other external and social aspect of this decision.

**H2:** Customers who don't usually change their morals and principles tend to be affectively involved in the purchasing process.

**Moral Commitment:** Having principles and rules does not mean that people will behave according to their morals most of the time unless they choose to commit themselves to those moral principles, and we stress again that those morals are chosen freely (Gray 1996). People can become creative and imaginative in practicing their commitment to moral principles because they don't see this commitment as an obligation or a burden (Gray 1996). Some times that type of commitment comes from religious beliefs. The power of religion on cultures comes from its social authority. This authority by itself can force people to follow certain rules and to try not breaking them even for the sake of gaining other benefits (Mittelstaedt 2002).

Based on that, we can see the differences between people when it comes to their values and their principles. These differences in beliefs will also affect the level of the customers' involvement in the purchasing process.

**H3:** Customers who are committed to their morals and principles tend to have more affective purchasing involvement.

**Recognition of Social Principles:** Many people tend to care about their self image and how people look at them. When it comes to taking a moral decision, discussing the situation (or moral question) with other people, maybe professional, becomes important because people do not want to carry the responsibility and guilt of taking this decision alone (MacDonald 2002). As a participant in the market exchange process, consumers tend to have some concerns about their purchasing decisions (Shaw & Shiu 2002). There are three determinants of the ethical judgments: 1) the consumer's motivation to make the judgment and whether it was because he is expecting any benefit from it or he is just being passive, 2) the legal aspects of the situation, and 3) the degree of harm that could be resulted from his/her judgment (Vitell 1997). We want our actions to be justified and to be reasonable to others.

We were trying to follow Lovecky (1997) definition of a person with moral reasoning as a person who values moral decisions and always thinks of the greatest good for people (Lovecky 1997, p.91). Also, empathy and compassion would receive smaller weights compared to justice in the process of moral decision making (Kohlberg 1984, Lovecky 1997). Customers try to avoid the regret of purchasing a



product by predicting the affect of that decision on their image of people and their self-recognition. One could argue that all of this cognitive effort will tend to increase the customers' involvement in the purchasing process.

**H4:** Customers who care about how they feel about themselves and how other people think of them tend to be more involved in the purchasing process.

We are measuring the construct of moral sensitivity through the previous four dimensions: moral awareness, moral commitment, cognitive development, and recognition of social principles. Please refer to appendix A.

## **Methodology**

### **Scale Development**

Based on the previous literature review, We have decided to measure the construct of Moral Sensitivity through four dimensions: 1) awareness of the moral issue, 2) commitment to one's morals, 3) self and social recognition, and 4) cognitive development. To represent these dimensions, we generated 26 items (7-point Likert scale). We had more items at the initial stages of our study (more than 7 items per dimension) and we used peer and expert reviews to decide on the items that should be retained. Some of our items needed to be reverse-coded. It was very important to maintain face validity and clarity of items in order to make it easier for subjects to understand our survey. For the purpose of assessing nomological validity of the moral sensitivity construct we had to choose a construct that has been measured previously (reliable). We have chosen the 7-point Likert scale of purchasing involvement (affective) developed by Ratchford (1987) and administered by Putrevu and Lord (1994). This scale contains three items and it measures the degree to which customers consider the purchasing decision as being influenced by one's feelings. Please refer to the entire questionnaire in appendix B.

### **Subjects**

We used 200 questionnaires in undergraduate business classes and 166 of the questionnaires were completed. Students were promised to receive extra credits for their participation in our study. In addition, students were asked to answer questions about the process of decision-making based on the provided scenario. We needed to come up with a scenario that could raise a moral dilemma. Among the issues that were discussed in previous literature is the dilemma of child labor in poor countries. The whole debate was that children need to work in these countries (under poor and unhealthy conditions) in order to obtain basic life needs. We wanted to use a scenario that could trigger affective and cognitive principles and moral standards at the same time.

Please refer to the consent form and the questionnaire in appendix B.

## **Results**

In our study, we used the structural equation modeling method to conduct Confirmatory Factor Analyses. As discussed earlier, we have hypothesized the representation of our items to the moral sensitivity construct.

### **Measurement Model for the Construct of Moral Sensitivity**

We started with the construct of moral sensitivity because we wanted to make sure that the items we have generated are appropriately presenting the construct's dimensions. In addition, we needed to prove that our model fits the data collected. To assess unidimensionality, convergent validity, and construct validity, we had to depend on different criteria. Going through LISREL outputs we had to check: 1) LISREL estimates to make sure that the parameters are positive and significant, 2) the goodness of fit index to check our model's fit, 3) summary statistics of standardized residuals to assess unidimensionality and convergent validity, 4) modification indices to assess convergent validity, and 5) completely standardized solutions to check the factor loadings. We depended on these criteria to determine whether an item should

be dropped. The items that were supposed to measure the dimension of cognitive development had very low factor loadings and they were loading highly on other dimensions. In addition, the same items had negative parameters' estimates. Based on that, we decided to drop that dimension and keep the other three. After we dropped the cognitive development dimension, our chi-square dropped significantly and our p-value was higher than before (it was zero initially). Some other items were dropped as well because the previous criteria were consistent in pointing out that those items were problematic ones (problems with unidimensionality). Most of the dropped items were the same ones that had to be reverse-coded. We expected the reverse coded items to have low loadings because of the negative form of the question that could trigger biased response. Should you need to refer to LISREL outputs for this stage, please check those outputs attached to our paper. The 10 remaining items have provided us with an adequate fit of our model to the data. Please refer to appendices C and D. Overall; we can say that my model is reasonably fitting the data based on: a) non-significant chi-square value (50.23), b) goodness of fit index of .94, and c) adjusted goodness of fit index of .91.

To assess convergent validity we relied on the factor loadings. Please refer to appendix C. We are comfortable with the values that we had and we think that they could be considered significant since almost all of them exceed 0.5. Hence, we assessed convergent validity successfully. We did my best not to lose the face validity of our items as a price for better convergent validity.

We used the average variance extracted method (AVE) to assess discriminant validity. Based on the values listed in appendix E, we can say that the remaining three dimensions are different from each other but they still measure the construct of moral sensitivity.

### **The Measurement Model for Moral Sensitivity and Purchasing Involvement**

In this stage, we had to add purchasing involvement to our model. Putrevu and Lord reported a coefficient alpha of 0.72 for that scale but there was not enough evidence for a strong validity. Going through the same steps, we had to assess convergent validity and discriminant validity of our items in the presence of the new dimension. We found out that one of the new items has a very low loading on the purchasing involvement dimension and we decided to drop that item. As shown in appendices C and D, we can see that we have enough evidence for convergent validity (significant factor loadings) and discriminant validity ( $AVE > .5$  and  $> \phi^2$ ). The four dimensions in this model are distinct.

### **Reliability**

We checked for the reliability of each of our dimensions using SPSS. As shown in appendix F, we do have high reliability (more than 0.70) and we can say that the generated items are measuring what they are supposed to measure.

### **The Structural Model**

As we pointed out in our hypotheses, purchasing involvement is positively influenced by the four dimensions of the moral sensitivity construct. Dropping one of the dimensions does not mean that our hypothesis doesn't hold. Rather, we think that with better measurement and better representation of the items we could confirm its positive impact on the purchasing involvement construct. In this model, purchasing involvement is the dependent variable and the three remaining dimensions are independent variables. Appendix H has a figure that explains the relationships between the variables of this model. By looking at LISREL estimates ( $\text{GAMMA } \gamma$ ) we can confirm the positive relationship between purchasing involvement and both awareness and commitment (Significant t-values). The hypothesized positive relationship between purchasing involvement and self/social recognition was not supported (significant negative t-value = -2.47). Please refer to appendix G. Using different items in the future to measure the dimension of self and social recognition could confirm our hypothesis about the positive relationship between this dimension and purchasing involvement. The correlations between the independent variables ( $\Phi$ ) were significant. LISREL outputs are attached to this paper for further explanations. We maintained

an acceptable chi-square value with high goodness of fit index at  $p = 0.0051$ . Please refer to appendix D. As a result, we can say that we have a reasonable nomological validity to support our hypotheses.

### **Checking the predictability of the model**

We used multiple regression in order to check for the predictability of the model that we have proposed earlier. We saved the factor scores of the factors that we have retained earlier into a regression equation using SPSS. Then, we ran multiple regression with purchasing involvement being the dependent variable and moral commitment, awareness, and recognition of social principles being the independent variables. In addition, we checked for the assumptions of multiple regression. From the normal probability plot (appendix J), we can see that we have a normal distribution. Also, the assumptions of linearity and equal variance were met in our model (appendix L) and we assumed the assumption of the independence of error-terms. As we expected, the three selected factors (dimensions) of moral sensitivity could significantly predict the purchasing intention of customers (appendix I). For summary statistics and R-square values, please refer to Appendix I.

### **Discussion and Limitations**

The ethical problems in marketing have been growing over the past decades. Part of the ethical problems concerns the customers themselves and there are big differences between consumer ethics and marketers' ethics (Vitell 1997). Customers usually have several ways of dealing with ethical concerns and dilemmas and eventually those ways affect customers' purchasing behavior (Shaw & Shiu 2000). In our study we were trying to develop a scale to measure the construct of moral sensitivity of customers. We wanted to link the construct of moral sensitivity to the customers' purchasing involvement. We found that there is indeed a significant relationship between the two constructs. A customer, who puts a lot of cognitive effort and social concerns into his decision, will tend to be more involved in the purchasing process. Although we ended up deleting many of our items, we can still say that we have reasonable and reliable items to measure the construct of interest. Using a three-items scale to assess the nomological validity didn't help much in showing the hypothesized relationships. Furthermore, dropping an entire dimension affected the other items in our scale and maybe because of that we needed to delete more items to reach satisfactory values of chi-square and GFI. Embedding some of the dropped items in other dimensions may lead to a better model especially if those items were loading highly on the other latent variables. We used this approach with items from the cognitive development dimension but it didn't improve our model and we considered it as additional evidence that those items were not suitable for our model. In addition, we understand that our scenario might not be the best one to use due the affect of cultural and religion background of the respondents. We knew that what might be acceptable for young Americans is not necessarily acceptable for other students who are from less developed parts of the world or for students with different religious beliefs. Those differences were discussed in many interesting cross-cultural investigations (USA, Australia, Middle East, Asia, London, GCC countries, etc...) regarding the issue of consumer ethics and moral judgments in different parts of the world (Vitell 2003, Swaidan et al 2004). Other studies considered gender and age differences. As an example, some of these studies showed that younger consumers tend to be less ethical than the older ones (Vitell, Lumpkin, and Rawwas 1991).

The predictability of our model was not very high as we expected but it is significant. We think that maybe with more support from the literature, we could define more dimensions for measuring moral sensitivity.

### **Suggestions for Future Research**

Our study was very broad and it didn't include any effects of different ages, different cultures/religions and determinants of ethical beliefs and attitudes. One could not ignore the important role that religion plays in shaping the moral beliefs of people. This role becomes more important when companies try to expand business internationally (Mittelstaedt 2002). The effect of different religions in different parts of

the world could be very essential in the purchasing process (Mittelstaedt 2002). We suggest future focus on the religion effects on the customers' responses to marketing messages.

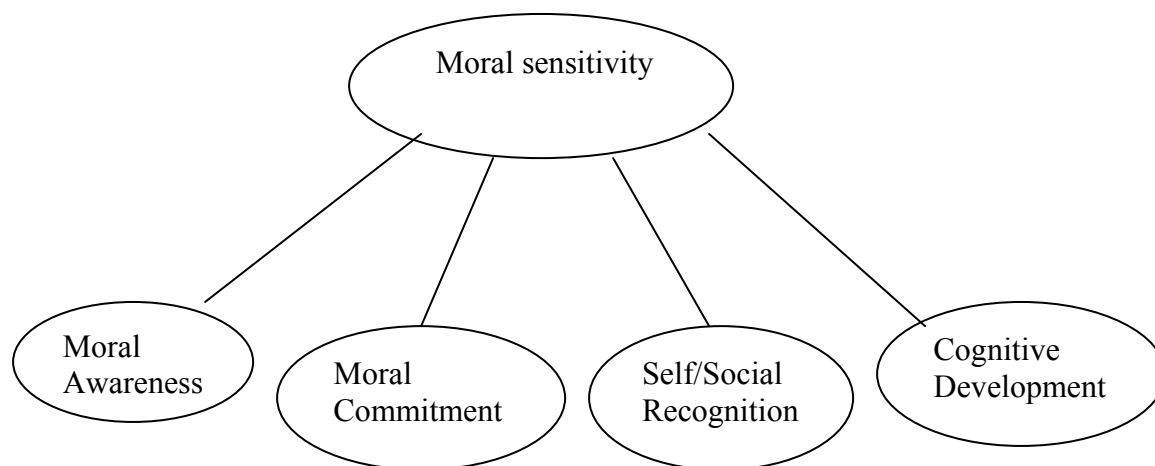
Also, in the field of marketing, researchers may want to investigate whether consumers are willing to pay more prices to get products with more ethical attributes. In addition, further research is needed to measure the cognitive development dimension. We suggest the use of different items to represent and measure this dimension and investigate its influence on the purchasing involvement. Also, checking for gender effects and exploring its influence on customers' moral decision making could be a good topic for future research.

In conclusion we can say that consumers now are more concerned with the impacts of their decisions on the society and/or the environment. It is important for companies not to forget that their social responsibility and to understand the ethical and moral concerns of their customers.

It is also critical to understand the degree to which consumers are affectively involved in the purchasing process. Customers have morals and values that they want to protect and they use them for evaluating purchasing situations. Companies must consider this aspect before designing or launching any marketing activity.

## Appendix A

Moral Sensitivity Construct with Four Dimensions



## Appendix B

### Questionnaire

**PLEASE SIGN AND RETURN WITH THE SURVEY.**

#### Consent Form

I understand that this research involves Customer Decision Making.

I will be provided with information regarding buying sweaters and then will be asked to respond to questions regarding how I make a decision. This task will take me on average 10 minutes to complete. I have the opportunity to telephone the researcher with any questions that I may have.

No discomfort is anticipated except for possible boredom with the task.

The major benefits I will receive from participation in this research are increased knowledge of Consumer Decision Making and increased familiarity with marketing research methods.

I understand that my answers will be held strictly confidential. Responses will only be presented in aggregate form.

This research is under the supervision of Dr. Susan Kleiser. Dr. Kleiser's office is room 629 in the Business Building at the University of Texas at Arlington. Her phone number is (817) 272-2228. Please feel free to contact Dr. Kleiser if you have any questions.

I hereby consent to participate in this research  
and understand the above procedure.

Signature \_\_\_\_\_

\_\_\_\_\_ Date

Thank you for participating in our research project. In the next few pages you will be asked to answer some questions regarding the following scenario. Your response will be held in the strictest confidence and will not be associated with your information.

*Your favorite clothing store introduced a new line of, hand-made, Cashmere Sweaters and you've heard in the news that this particular line of sweaters was made in one of the third world countries. You've also heard that in such countries they let young children make these sweaters and they pay them less than the minimum wage. You went to that store and you really liked these fine Cashmere sweaters.*

**(I)** *Given the above, please answer the following questions on a scale from 1 to 7*

<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Somewhat Disagree</i>	<i>Neural</i>	<i>Somewhat Agree</i>	<i>Agree</i>	<i>Strongly Agree</i>
1	2	3	4	5	6	7

- 1) \_\_\_\_ I know that by buying the cashmere sweaters I will be raising a moral issue
- 2) \_\_\_\_ I think that my family will be disappointed if I purchase the sweaters
- 3) \_\_\_\_ I will purchase one of the sweaters just because I like it (r)
- 4) \_\_\_\_ Purchasing the sweaters does not contradict my personal principles (r )
- 5) \_\_\_\_ I am comfortable telling my family that I am going to purchase one of those sweaters. (r)
- 6) \_\_\_\_ I know the principle that I will be breaking when I buy one of those sweaters
- 7) \_\_\_\_ Before purchasing any product, I try to make sure that it follows my personal principles
- 8) \_\_\_\_ When I take any decision, I give my morals and principles high priority
- 9) \_\_\_\_ Even if I think that purchasing one of the sweaters is morally wrong, I will still buy it (r )
- 10) \_\_\_\_ I don't care if buying a product is morally right or wrong (r )
- 11) \_\_\_\_ I base all my decisions on my moral judgments
- 12) \_\_\_\_ I behave morally most of the time
- 13) \_\_\_\_ I believe that it is my responsibility to make sure that buying a product is morally right

<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Somewhat Disagree</i>	<i>Neural</i>	<i>Somewhat Agree</i>	<i>Agree</i>	<i>Strongly Agree</i>
1	2	3	4	5	6	7

- 14)\_\_\_\_ I will feel good when I purchase one of those sweaters ( r )
- 15)\_\_\_\_ I will be socially comfortable by buying one of those sweaters ( r )
- 16)\_\_\_\_ I will feel guilty when I buy one of those sweaters
- 17)\_\_\_\_ I will feel ashamed if I buy one of those sweaters
- 18)\_\_\_\_ I will buy one of those sweaters because they match my personal style ( r )
- 19)\_\_\_\_ I care about what people think of me when I buy one of those sweaters
- 20)\_\_\_\_ I strongly believe in the principles that my family believe in
- 21)\_\_\_\_ While growing up, I developed my own morals
- 22)\_\_\_\_ My personal morals are somewhat different than what my parents taught me
- 23)\_\_\_\_ When I live with people for a long time, I adapt to some of their principles
- 24)\_\_\_\_ I am going to teach my children the same principles that my parents taught me
- 25)\_\_\_\_ I believe that morals can change over time
- 26)\_\_\_\_ Buying one of the sweaters follows my own principles

**(II)** *On a scale from 1 to 7, please indicate your opinion about the purchasing decision making process in general*

- 27)\_\_\_\_ Purchasing Decisions express one's personality
- 28)\_\_\_\_ Purchasing Decisions are based on a lot of feeling
- 29)\_\_\_\_ Purchasing Decisions are based on looks, taste, touch, smell, or sounds

That completes our research. Thank you for your time and cooperation

**Note:** *Any item followed by (r) was reverse coded*

## Appendix C

### Final Moral Sensitivity Scale Items and Factor Loadings

	<b><u>Loading</u></b>
<b><u>Awareness</u></b>	
I think that my family will be disappointed if I purchase the sweaters	0.70
I will purchase one of the sweaters just because I like it	0.81
Purchasing the sweaters does not contradict my personal principles	0.72
I am comfortable telling my family that I am going to purchase one of those sweaters.	0.90
<b><u>Commitment</u></b>	
Before purchasing any product, I try to make sure that it follows my personal principles	0.81
When I take any decision, I give my morals and principles high priority	0.48
I base all my decisions on my moral judgments	0.59
I believe that it is my responsibility to make sure that buying a product is morally right	0.83
<b><u>Self-Recognition</u></b>	
I will feel guilty when I buy one of those sweaters	0.90
I will feel ashamed if I buy one of those sweaters	0.96
<b><u>Purchasing Involvement</u></b>	
Purchasing Decisions express one's personality	0.75
Purchasing Decisions are based on a lot of feeling	0.76

## Appendix D

### Assessment of Fit

#### **Measurement Model for Moral Sensitivity**

Chi-Square (32 Degrees of freedom)	50.23 (P = 0.021)
Goodness of Fit Index (GFI)	0.94
Adjusted Goodness of Fit Index (AGFI)	0.91
Root Mean Square Residual (RMR)	0.14
Root Mean Square Error (RMSEA)	0.055



### **Structure Equation Model (Moral Sensitivity and Purchasing Involvement)**

Chi-Square (48 Degrees of freedom)	76.91 (P = 0.0051)
Goodness of Fit Index (GFI)	0.93
Adjusted Goodness of Fit Index (AGFI)	0.89
Root Mean Square Residual (RMR)	0.15
RMSEA	0.058

### **Appendix E**

#### Discriminant Validity

<b><u>Average Variance Extracted</u></b>	<b><u><math>\Phi^2</math></u></b>
Awareness * Commitment 0.6239      0.48	0.194
Awareness * Self-Recognition 0.6239      0.865	0.504
Commitment * Self-Recognition 0.48          0.865	0.1521
Awareness * Purchasing Involvement 0.6239      0.57	0.0441
Commitment * Purchasing Involvement 0.48          0.57	0.1296
Self-Recognition * Purchasing Involvement 0.865          0.57	0.0

### **Appendix F**

#### **Reliability**

#### **Coefficient Alpha**

Awareness	0.8637
Commitment	0.7807
Self-Recognition	0.9269
Purchasing Involvement	0.7259

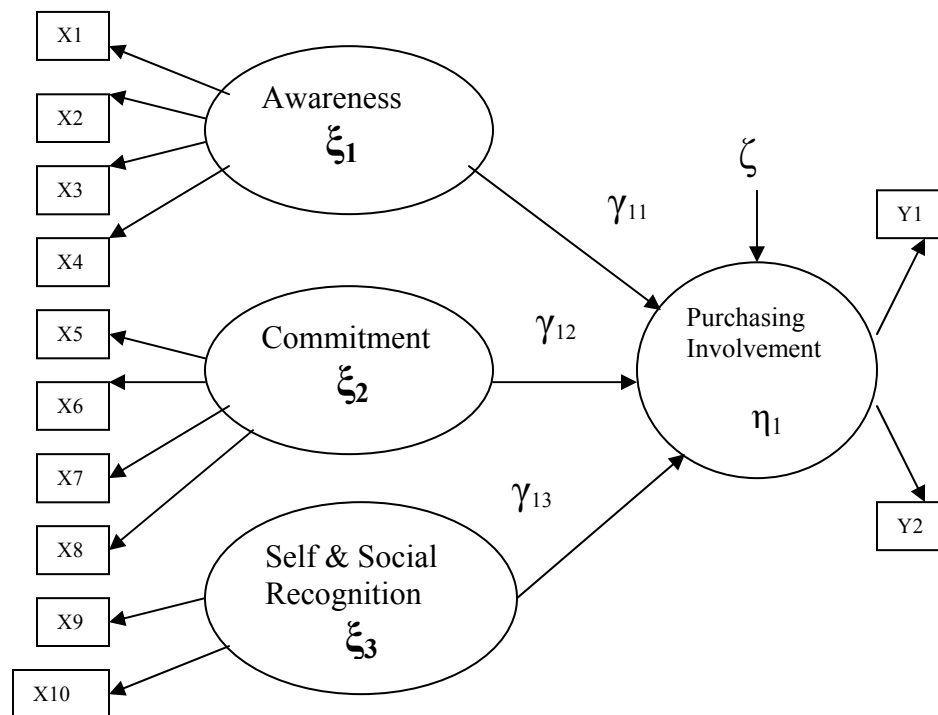
### **Appendix G**

Nomological Validity (P-value < 0.05)

<b><u>Parameter</u></b>	<b><u>Standardized Solution</u></b>
$\gamma_{11}$	0.31
$\gamma_{12}$	0.37
$\gamma_{13}$	-0.36

## Appendix H

### Final model after running SEM



## Appendix I

### Summary of the model's statistics after running multiple regression

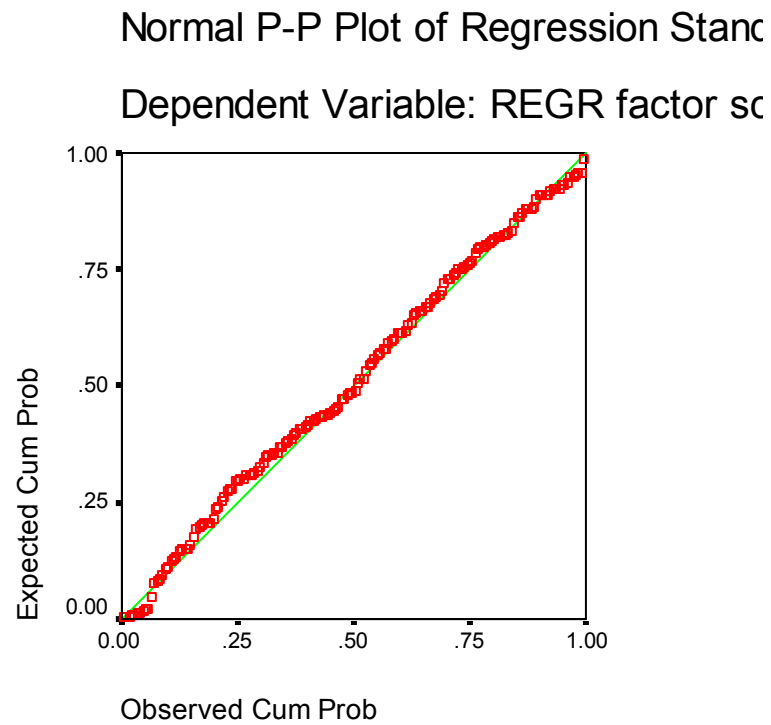
Factor	Beta	Sig.
Awareness	0.182	0.014
Commitment	0.284	0
Self and social recognition	-0.134	0.07

R <sup>2</sup>	Adjusted-R <sup>2</sup>	F	Sig.
0.131	0.115	8.175	0

## Appendix J

### Graphs for the assumption checks

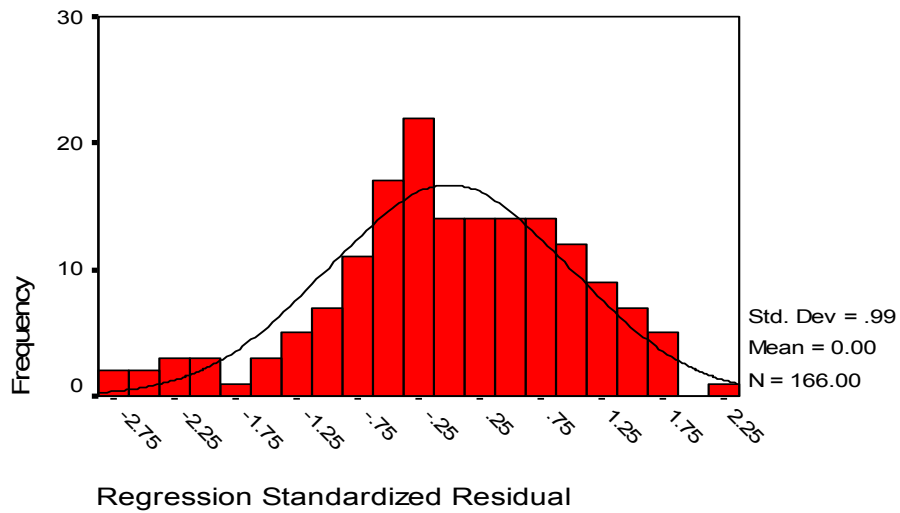
#### Linearity



#### Normality

## Histogram

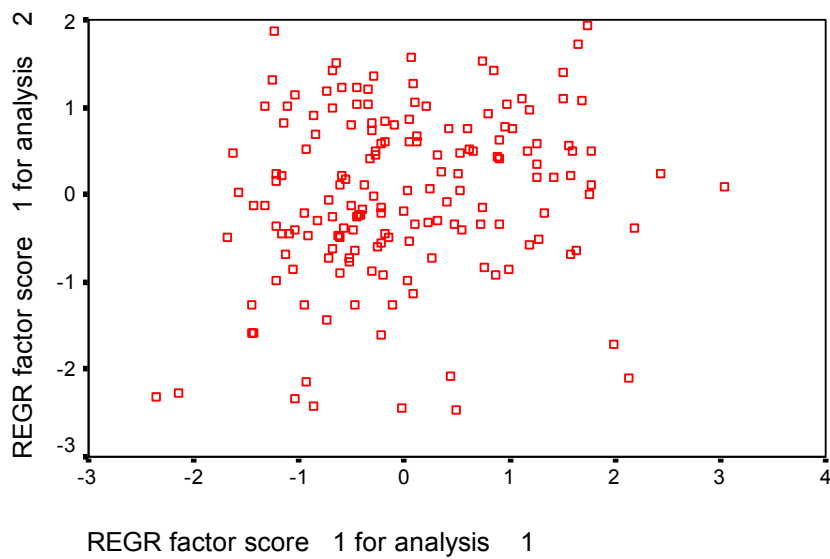
Dependent Variable: REGR factor score 1 fo



Equal variance

## Partial Regression Plot

Dependent Variable: REGR factor score 1 fo



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#### **Acknowledgements**

Dr. Susan Kleiser, Marketing  
 Dr. Wendy Casper, Management  
 The University of Texas at Arlington

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# Compulsive Buying and Credit Card Use Among Young Adults

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Rubens da Costa Santos, Fundação Getúlio Vargas

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## Abstract

*The objective of this article is to analyze aspects of compulsive buying behavior among young adults. Bibliographical and document research studies as well as a survey with Brazilian university students were conducted. The instrument of data collection was based on Faber and O'Guinn (1992) and Roberts and Jones (2001) scales of which 408 questionnaires were considered for analysis. Results suggest that young adults who have propensity for compulsive buying are heavy credit card users.*

## Introduction

The debating of compulsive buying on young adults' behavior is not yet consolidated. Studies, such as those indicated by O'Guinn and Faber (1989), D'Astous, Maltais and Roberge (1990) and Schlosser et al. (1994) show that this group has high propensity to develop an uncontrollable urge to spend. People with this profile are at risk of taking this bad habit developed during adolescence throughout their lifetime. The use of credit cards, due to the convenience that it provides when shopping can affect young consumers' behavior.

Faber and O'Guinn (1992) and O'Guinn and Faber (1989) found estimates that compulsive buying affects between 1.1% to 5.9% of the USA population. In spite of be considered a "global phenomenon" (Kwak, Zinkhan, and Crask 2003, 161), the literature provides little background in relation to the occurrence of this kind of behavior in other countries. This paper advances our knowledge by looking at a different culture and how it may be similar/ different to the USA, where most of the research has been conducted. Therefore, the overall objective of this study is to analyze aspects of compulsive buying behavior among young adults in Brazil, considering credit card use.

As regards to specific objectives, using the Faber and O'Guinn (1992) scale, we sought to identify: (i) the score of young adults classified as compulsive buyers, (ii) minimum and maximum levels of compulsivity in the behavior of surveyed young adults, and (iii) the groups with high and low propensity to compulsive buying. Using Roberts and Jones (2001) scale, we intend to assess the intensity in credit card use by the surveyed young adults. Finally, as a result of the analysis of the two mentioned scales, we intend to assess the behavior related to credit card use of young adults who have more propensity to compulsivity, including those classified as compulsive buyers. Both scales are explained in the research method topic.

## THE CONCEPT OF COMPULSIVE BUYING

One behavior is considered compulsive when it derives from compelled and impelled impulses, becoming inappropriate or harmful to an individual (Ullman and Krasner 1969). Impulse takes on the nature of compulsion when it becomes a powerful urge which is irresistible (Rook 1987) and can occur with consumers whose feelings are out of control (Woodruffe-Burton, Eccles, and Elliott 2002). Based on a study of consumption impulse formation, Dholakia (2000) states that the existence of explicit rules acts as an impulse control strategy, guiding and controlling behaviors associated to addiction or to compulsive consumption. McElroy, Phillips and Keck (1994b) argue that compulsive buying has been almost



exclusively understood as an impulse-control disorder and that “has both cognitive and behavioural components, each potentially causing impairment” (Black 2001, 18).

Compulsive buying has been subject for research studies in the field of psychiatry, psychology and marketing. This topic was originally described by psychiatry in the early 1900s by Kraepelin (1915) and Bleuler (1924). Kraepelin (1915) defined it as a pathological impulse and Bleuler (1924) as a reactive impulse. Despite seminal studies on the theme conducted in the beginning of the 20th century, “it was not until the late 1980’s that compulsive buying began to receive much attention” (Magee 1994, 590). In marketing, specifically in the consumer behavior area, the preliminary studies focusing on this topic emerged around the 1980s (Faber and O’Guinn 1988; Moschis and Churchill 1978; O’Guinn and Faber 1989; Valence, D’Astous, and Fortier 1988), approximately 60 years after a clinical approach to the theme was presented.

McElroy, Phillips and Keck (1994b) define compulsive buying as the uncontrollable, markedly distressing, time-consuming and/or resulting in family, social, vocational, and/or financial difficulties. Overall, it is possible to define it as “chronic, repetitive purchasing that becomes a primary response to negative events or feelings” (O’Guinn and Faber 1989, 155) – definition adopted in this article. Compulsive buying behavior manifests itself in different levels of intensity, in which its maximum level is characterized by addicted buyers. Regarding this issue, Edwards (1993) suggests that the characterization of buying behavior lies on a continuum that includes normal impulsive consumer behavior at one extreme and deviant addictive behavior at the other.

### **The Compulsive Buyer Behavior**

Frost et al. (1998) consider compulsive buying as an obsessive-compulsive behavior which in turn, can be associated to other disorders such as alcoholism (Glatt and Cook 1987; Valence, D’Astous, and Fortier 1988), kleptomania (Mc Elroy et al. 1991), gambling (Schlosser et al. 1994) and eating disorders (Faber et al. 1995). However, such behavior was not included in the last issue of DSM – Diagnostic and Statistical Manual of Mental Disorders, American Psychiatric Association, 1994 –, as Miltenberger et al. (2003) explain. Hence, it should be highlighted that “although some cases of uncontrolled buying can be described as a disorder, most buying impulses are normal” (Lejoyeux et al. 1996, 1525) and, for this reason, compulsive buying should be understood in all levels.

Faber and Christenson (1996) suggest that compulsive buying behavior is used as a compensatory response to a frustration or depression, as an attempt to manage mood and even overcome unhappiness. They comment that compulsive buyers try to counteract feelings of low self-esteem through the emotional lift and momentary euphoria provided by compulsive shopping. Likewise, negative emotions are experienced by this group the same way or even more frequent prior to than during the shopping experience. This means that “negative emotions, especially sadness, loneliness, anger, frustration, and irritation increase uncontrolled buyers’ propensity to buy” (Lejoyeux et al. 1996, 1526) and that generally the purchasing activity is associated to positive emotions: while buying the individual feels happy, powerful, competent, relaxed or superior (Rook 1987). However, the possession of the product is not capable of regulating some inner sense of emotional emptiness derived from negative feelings and can intensify it because the tension, temporarily mitigated by a purchase, is rapidly transferred to pangs of guilt (Christenson et al. 1994; Lejoyeux et al. 1996; Valence, D’Astous, and Fortier 1988).

Elliott’s research (1994) confirms that the tendency to addictive consumption is related to insecurities, childhood traumas, the fact the person feels uninteresting, depression and lack of emotional support in relationships. Scherhorn, Reish and Raab (1990) emphasize the low level of self-esteem and high level of depression in compulsive buyers. Corroborating this view, Edwards’ work (1993) showed that the compulsive buyer presents a higher level of anxiety than the non-compulsive buyer and that s/he makes purchases especially during stressful periods. Nataraajan and Goff (1991) explain that this can be a way

that shy or people preoccupied with their family let off their aggression. Faber and Christenson (1996) point out the desire for stimulation, the high propensity for fantasies of imagined wealth and the desire to be recognized as characteristics of these buyers who can be influenced by psychological, sociological and biochemical factors.

Roberts (1998) state that peer pressure, television viewing, frequency of shopping, as well as credit card use and its easy access can influence compulsive buyer's behavior. "Credit cards, cash machines, instant credit, home shopping networks, and advertising facilitate and incite the purchasing of items on impulse" (Lejoyeux et al. 1996, 1525), where culture, commercial environment, and advertising are socio-cultural factors that contribute to compulsive shopping (Valence, D'Astous, and Fortier 1988). It is noteworthy that "the compulsive group was shown to react more favorably than the other group to image-oriented ads" (D'Astous, Maltais, and Roberge, 1990, 306).

Bloch, Ridgeway and Dawson (1994) analyzed the impacts of shopping malls on consumer behavior and noticed that some negative influences are present. The shopping mall reinforces materialistic values by focusing in only one site the display of many products associated to "good life". In their reports, some consumers tell that they feel that products sometimes seem to be luring them, provoking buyers to take possession of the product (Rook 1987). For this reason, the shopping mall environment tends to promote relapses on susceptible compulsive buyers, the same way a casino does on a compulsive gambler (Block, Ridgeway, and Dawson 1994).

Shoham and Brencic (2003) advert that consumers' tendency to make unplanned purchases, and their tendency to buy products not on shopping lists, serve to predict compulsive tendencies. Gender is also pointed out as an antecedent of this behavior, where women are the main victims. This finding regarding gender is consistent with the works of D'Astous, Maltais and Roberge (1990), Faber and O'Guinn (1992), McElroy et al. (1994a), Black (1996), Woodruffe (1997), Hirschman and Stern (2001), and Woodruffe-Burton, Eccles and Elliott (2002).

Black (1996), Elliott, Eccles and Gournay (1996), Boedecker, Morgan and Stoltman (1999), and Roberts and Jones (2001) highlight indebtedness, personal bankruptcies, legal problems, personal stress, credit card debts, and relationship problems as frequent consequences of compulsive buying. Christenson et al. (1994) present some estimates regarding this issue: the aggravation leads to huge debt amounts (58.3%), failure to pay debts (41.7%), legal and financial consequences (8.3%), and criminal problems (8.3%).

### **The Compulsive Buyer and Credit Card Use**

Some research has emphasized the relationship between compulsive buyer and credit card use. Faber and O'Guinn (1988), for example, believe that some people with credit problems present buying patterns similar to compulsive buyers. The authors point out that when respondents referred to credit card usage, they naturally associated it with feelings of empowerment and importance (13.6%) and spending more than they could afford (27.3%).

Roberts (1998) believes that, when compared to cash, the credit card promotes spending: the money involved in credit card transactions is abstract or unreal, that is, intangible for the individual who ends up overspending. The compulsive buyer is more likely to own more credit cards than other consumers (Black 2001; Christenson et al. 1994; O'Guinn and Faber 1989). D'Astous (1990), in turn, argues: the fact that credit cards eliminate the immediate need for money to buy something likely accelerate the development of compulsive buying.

Emphasizing the young adult segment, Warwick and Mansfield (2000) surveyed 381 undergraduates and graduates, in order to check their knowledge regarding credit card use. Most of the respondents seemed to

ignore the interest rates charged by credit cards, and approximately half of the respondents were unaware of their own credit card limit.

There is evidence of the relationship between compulsive buying behavior among young adults and credit card use in a study conducted by Roberts and Jones (2001). Researchers sought to establish in a model the relationship among (i) compulsive buying, (ii) buyer's attitudes relating to money, and (iii) credit card use. College students' behavior was analyzed and it was concluded that the credit card acts as a mediating variable between buyer's attitudes and compulsive buying.

## RESEARCH METHOD

In order to complement the theoretical review, a survey was conducted with students who were credit card users during 2003 and 2004. As a matter of convenience, the empirical research collected information from a non-probabilistic sample in São Paulo City (Brazil). The questionnaires were administered in Business classrooms from different colleges. Of the 590 questionnaires answered, 408 were considered for analysis. The mean age of the sample was 23.6 years old, 165 or 40.4% were female and 243 or 59.6% were male.

The questionnaire consisted of two parts. The first part was based on Faber and O'Guinn (1992) scale, also known as "Diagnostic Screener for Compulsive Buying" (DSCB). The DSCB "is now considered an important tool by researchers in identifying and diagnosing compulsive buying" (Black 2001, 20), and since its development it has been utilized in different investigations (Faber and Christenson 1996; Faber et al. 1995; Kwak, Zinkhan, and Crask 2003; Lyi, Lee, and Kwak 1997a,b; Miltenberger et al. 2003; Rindfleisch, Burroughs, and Denton 1997; Roberts and Jones 2001; Roberts and Sepulveda 1999; Rook and Fisher 1995). The DSCB comprises 7 questions based on a Likert-type scale with 5 points. In question 1a, the respondent has to choose among the alternatives: strongly agree (1), somewhat agree (2), neither agree nor disagree (3), somewhat disagree (4) and strongly disagree (5). In questions 2a to 2f, the options are: very often (1), often (2), sometimes (3), rarely (4) and never (5). DSCB questions are described as follows (Faber and O'Guinn 1992):

- Q.1a) If you have any money left at the end of the pay period, I just have to spend it.
- Q.2a) Felt others would be horrified if they knew of my spending habits.
- Q.2b) Bought things even though I couldn't afford them.
- Q.2c) Wrote a check when I knew I didn't have enough money in the bank to cover it.
- Q.2d) Bought myself something in order to make myself feel better.
- Q.2f) Felt anxious or nervous on days I didn't go shopping.
- Q. 7) Made only the minimum payments on my credit card.

The answers (and respective scores) are calculated using the equation proposed by the DSCB:  $-9.69 + (Q.1a \times 0.33) + (Q.2a \times 0.34) + (Q.2b \times 0.50) + (Q.2c \times 0.47) + (Q.2d \times 0.33) + (Q.2e \times 0.38) + (Q.2f \times 0.31)$  (for more details regarding the use of the equation, please see Faber and O'Guinn 1992). A subject who scores less than -1.34 is classified as a compulsive buyer. The maximum score, namely, the highest level of compulsive buying that can be obtained in the DSCB is -7.03. Analogously, the minimum level of compulsive buying that can be obtained in the DSCB is 3.61.

This article also analyzes credit card use (second part of the questionnaire), based on Roberts and Jones (2001) scale. This scale consists of a series of 12 questions. The respondent should select his/her level of agreement with the sentences, choosing one of the following alternatives: strongly agree (1), somewhat agree (2), neither agree nor disagree (3), somewhat disagree (4) and strongly disagree (5). The items on credit card use are (Roberts and Jones 2001):

- Q.1) My credit cards are usually at their maximum credit limit.
- Q.2) I frequently use available credit on one credit to make a payment on another credit card.
- Q.3) I always pay off my credit cards at the end of each month. (R)
- Q.4) I worry how I will pay off my credit card debt.
- Q.5) I often make only the minimum payment on my credit card bills.
- Q.6) I am less concerned with the price of a product when I use a credit card.
- Q.7) I am more impulsive when I shop with credit cards.
- Q.8) I spend more when I use a credit card.
- Q.9) I am seldom delinquent in making payments on my credit cards. (R)
- Q.10) I rarely go over my available credit limit. (R)
- Q.11) I seldom take cash advances on my credit cards. (R)
- Q.12) I have too many credit cards.

Someone scoring high on this scale could be viewed as using credit cards irresponsibly; Q.3, Q.9, Q.10 and Q.11 were reverse (R) scored to reflect this coding scheme.

Considering the level of compulsive buying obtained by the respondents on Faber and O'Guinn (1992) scale, the sample was split into 4 parts (quartiles), each one containing 102 respondents with similar scores. Of the 408 questionnaires, the answers from the 102 young adults included in the quartile with a score closer to the compulsive buying limit was analyzed more carefully. In the group of these 102 young adults, 24 were identified as compulsive buyers, since they scored less than -1.34 on the scale.

Respondents' considerations over the use of credit card were analyzed in a comparative way. The results of the survey were analyzed and compared to analyses from bibliographical and document research studies, subsidizing the final considerations and parallels with literature.

## **RESULTS**

In this study, 408 answers from young students were analyzed as well as credit card users. Nonetheless, among them, more focused attention was given to the 102 young adults who belonged to the group that had the score closer to compulsivity limit, according to Faber and O'Guinn (1992) scale, where the 24 students classified as compulsive buyers are included.

Figures 1 and 2 illustrate the sample distribution of compulsive buying behavior and the level of intensity in credit card use among college students.

**FIGURE 1**  
**Compulsive Buying Behavior Among College Students (Faber and O'Guinn 1992 scale)**

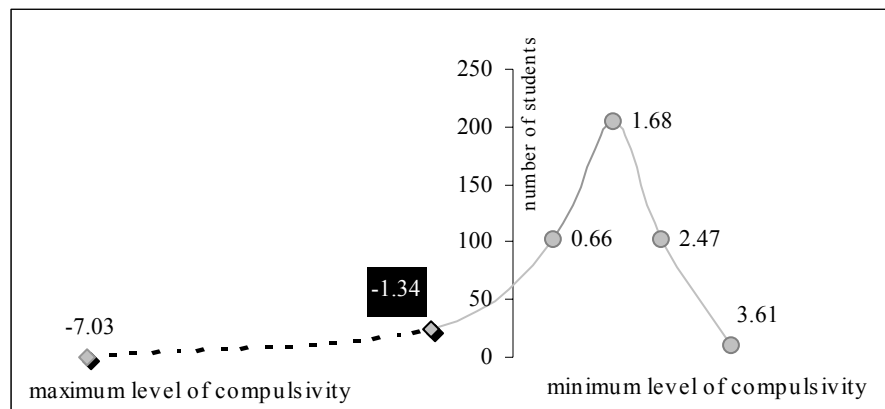


Figure 1 shows a high concentration of respondents on the right hand side of the normal curve, indicating that students' behavior is predominantly non-compulsive.

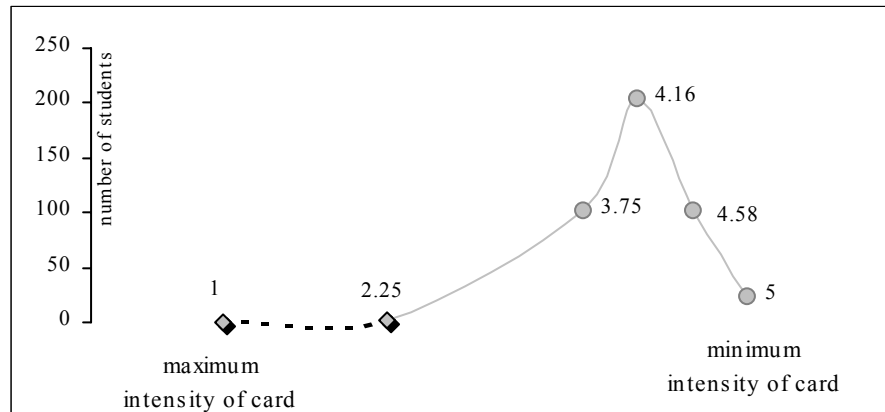
The -7.03 value corresponds to the extreme compulsive buying behavior, and 3.61 corresponds to the lowest level of compulsive buying; the median found was 1.68. This means that the 1.68 score splits the sample into two equal parts and that 204 respondents are in the range of 0.66 to 2.47. Young adults with less propensity for compulsive buying are in the 2.47 quartile (ranging from 2.47 to 3.61), totaling 102 students.

Eleven students scored 3.61, namely, the lowest level of compulsive buying on the scale. College students that are found in the 0.66 quartile (ranging from 0.66 to -7.03) present the highest indications of compulsive buying, totaling 102 people. Young adults classified as compulsive buyers, consequently who scored less than -1.34, are found in this quartile.

Compulsive behavior was identified in twenty four students with the following scores: -1.35, -1.38, -1.39, -1.42, -1.49, -1.55, -1.56 (this one with three students), -1.59, -1.67, -1.93, -1.95, -1.97, -2.05, -2.55, -2.66, -2.69, -2.72, -2.81, -2.86, -3.52, -3.61 and -4.35.

Roberts and Jones (2001) scale is based on a Likert scale, where 1 represents the highest level in credit card use and 5 the lowest. In their investigation, the authors utilized the average to assess results obtained (despite being an ordinal scale), finding a 2.4 average. In the present investigation, a 4.11 average was found, which means that in comparison to the North-American student sample, Brazilian students show a less intense and more controlled use in credit cards. It is noteworthy that, comparing to North-American reality, Brazilian culture on credit card is in relative infancy, since this service is still in its emergent stage. In Brazil, not all commercial establishments are structurally organized to accept credit cards and only recently people are having access to it.

Figure 2 shows results from the research and indicates a predominance of students that use credit card responsibly and even sparingly. Of the total 408 respondents, twenty three scored 5, disclosing the lowest level of intensity in card use. These participants are practically not affected by the benefits this instrument provides when shopping. None of the respondents scored 1, which refers to the maximum level of intensity of credit card use; the score that corresponds to the highest level of the sample is 2.25, obtained by a young consumer whose behavior is more compulsive-oriented (ranging from 0.66 to -7.03 in Figure 1). The median found was 4.16, that splits the sample into two equal parts, where the 3.75 quartile (ranging from 3.75 to 1) refers to the group that are heavy credit card users.

**FIGURE 2****Level of intensity in credit card use by college students (Roberts and Jones 2001 scale)**

Some parallels among the results presented in Figures 1 and 2 merit to be highlighted. Of the 102 students that are in the 0.66 quartile of graphic 1 (Faber and O'Guinn 1992 scale), 61 are also in the 3.75 quartile of graphic 2 (Roberts and Jones 2001 scale). This means that 61 of the 102 young adults who have more propensity for compulsive buying belong to the group that are heavy credit card users. This observation reinforces the researchers' (Black 2001; Christenson et al. 1994; D'Astous 1990; Faber and O'Guinn 1988; O'Guinn and Faber 1989; Roberts 1998; Roberts and Jones 2001) idea that associate compulsive buying to heavy use of credit cards. Analogously, it was noted that 19 of the 24 compulsive buyers are heavy credit card users (they are in the 3.74 quartile in Figure 2), where one of the compulsive students declared to own 4 cards and other three declared to own 3 cards. Further information is shown on Table 1.

**TABLE 1****Parallel among college students' buying behavior regarding compulsive buying**

	Students whose behavior is not compulsive-oriented (3 quartiles)	Students whose behavior is more compulsive-oriented (1 quartile)	Students classified as compulsive buyers*
Surveyed young adults	306 (75% of a total of 408 young adults)	102 (25% of a total of 408 young adults)	24 (5.88% of a total of 408 young adults)
Gender (Female)	107	58	12
Gender (Male)	199	44	12
Average age (years)	24.12	22.37	21.50
Average number of credit cards per capita	1.280	1.509	1.708
Pay their own credit card bill	201	81	22
Co-pay card debt with parents	71	7	1
Parents pay credit card debt	34	14	1
Young adults that are heavy credit card users	36	61	19

\* Sub-sample of previous column

## FINAL CONSIDERATIONS

The credit card has become popular in numerous segments of the population, and consequently, bringing about changes in the behavior of individuals that so far didn't have access to this service. It is noted that, at the same time that credit card expands, there is an increasing number of debtors and indebted people, namely, people who buy more than they can afford. The uncontrollable use of credit cards has been pointed out as a problem of young people who in order to revenge on the lack of parental care, go for an expensive shopping spree (Lejoyeux et al. 1996) or due to their inexperience, are easily lured and end up with mounting credit card debts.

The credit card, as Roberts and Jones (2001) conclude, act as mediator between compulsive buying and buyer's attitudes. This article's survey reinforces the authors' argument, since it is possible to note that young people with scores closer to the level of compulsive buying are, in majority, the ones that declare being heavy credit card users.

The credit card provides a higher level of comfort in shopping. It is possible that young people with a compulsive shopping profile will buy without taking into account the economic or utilitarian value of their purchase. They probably use shopping and spending to try to feel better and to reduce anxiety as O'Guinn and Faber (1989), Edwards (1993), Faber and Christenson (1996), Lejoyeux et al. (1996) and Woodruffe (1997) note. Perhaps these young people have found in the shopping activity, along with credit card use, a way to mask their difficulties.

The organizations that are related to this problem, such as credit card issuers, the card industry that benefits from them, banks and other consumer protection and defense agencies, as well as educators, family and users themselves, should discuss responsibilities of all parties involved. Indeed, many or every link in the chain play relevant and specific roles in guiding and counseling all participants, either intermediary or final users.

The results of this exploratory research enable some recommendations to be made in order to stimulate reflection upon this issue and the responsibility of every link in the chain. We do not intend to have the solution of the issue that already gave rise to numerous debates, but rather bring to surface social controversy involving entrepreneurs, families and credit card users. Hence, we believe that each one of these agents and institutions should design communication activities, in order to increase awareness of users regarding the responsible use of credit card, presenting the numerous advantages that they provide and warning about associated risks and situations researched in this study. Furthermore, these agents can promote in an integrated way, credit card education programs, control policies and counseling services targeted at credit card users who present typical symptoms of compulsive levels in all levels.

As recommendations for future research studies on this topic, we suggest the development of investigations of institutions so as to continually assess their posture in the face of compulsive buying. Additionally, it would be interesting to promote a better understanding of the impact of cultural factors on the compulsive buyer. Finally, research studies based on probabilistic sampling would be welcome so as to extend the initial contributions on this study.

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# Incentives for Growth, 1005 and 2005

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## Abstract

*This paper is a comparative analysis of the causes of the rapid economic development in Western Europe in the 11<sup>th</sup> and 12<sup>th</sup> centuries and the conditions promoting successful economic growth in the transition and developing world of today. While some technological factors facilitating growth today did not exist in the middle ages, many of the conditions for growth are the same in both period., Social, political, and cultural institutional barriers that interfere with positive individual incentives needed to be overcome in both periods.*

## Introduction

This paper presents a relatively small portion of a monograph length piece entitled “An inquiry into the causes of rapid economic development in Western Europe, 1000 to 1200”. The reader may rightly feel shorted by this partial glimpse, but given the focus of this group and the time available, I hope you will gain some insights

The approach of the monograph was to investigate a large number of hypothesized causes of rapid growth to see which might be rejected and which supported by the available evidence. Obviously, this is not a new question for medieval historians and economic historians. The time period of 1000 or 1050 to 1300 or 1347 was a period of rapid population, economic, social, political, technological and cultural growth in Western Europe. We have chosen to focus on the first two hundred years because therein must lie the causes of such a prosperous period.

At the CHARM history conference, I presented a paper based on the monograph that highlighted the impacts of trade on economic development. For this audience I want to relate this work on the 11<sup>th</sup> and 12<sup>th</sup> centuries to my work on transition economies that I have previously discussed at this conference. Therefore, I am going to skip all of the historical description and cut right to the conclusions. Then the paper will focus on a comparison of the conditions for successful economic development in this middle ages period and in the present period.

Edward Carr (1961, p. 87) said, “The study of history is a study of causes.” But then later in the same book he says causality is a matter of interpretation and therefore inevitably bound up with value judgment. History must serve the present, and so, too, must our view of the causes of historical events. For the purposes of this summary, causes are identified as sufficient, necessary and facilitating. Facilitating conditions are catalysts, i.e., they increase the growth rate, but the process may well have proceeded without them. Of course, some of the hypothesized causes we have identified factors that were effects, rather than causes of growth, and factors that had no positive impact on growth.

## Findings

A listing of the hypothesized causes for rapid development derived from the literature that were considered in our study and our conclusions appear in table 1.

**Table 1. Summary of Findings of Hypothesized Causes**

<u>Sufficient</u>	<u>Necessary</u>	<u>Facilitating</u>	<u>Not A Cause</u>
			Artistic Culture
			Guilds
			Hanse
		Education	
		The Church	
		Charlemagne	
		Vikings*	
		Muslim Trade	
		Byzantium	
		Weather	
	Agricultural Production		
	Population Growth		
		Technology	
		Urbanization; Trade fairs	
		Opening trade routes in Europe	
		Feudal system	
	Individual freedom		
		Stable communal government	
	Italian cities		
	International trade		
		Efficient transaction instruments	
			Money & banking systems
			Federalism
			War
	Peace		
		*In Scandinavia only	

In this summary the findings are separated into sufficient, necessary, and facilitating causes along with those that were not a cause at all. There are a number of things that merit mention in this table. First, note that there is not one cause sufficient to have stimulated the rapid growth in our period of interest. Multiple and interrelated events were necessary. Second, the table is static and thus cannot reflect the dynamics that lie behind a more interesting set of causal relationships. It is these dynamic paths that will really provide insights into the causes of this growth. The more informative story needs to be told as follows.

Agricultural output increased creating surplus food stock in most years. This growth in agricultural production came about through land clearing that allowed increasing returns from labor. Technological advances in farming facilitated an increase in labor productivity. However, it played a minor role compared to the increased labor supply. The increased labor supply permitted the land clearing. This increase in labor supply stems from the reduced need to defend oneself and one's neighbors from raiders

and other warfare. There was a need for fewer knights and citizen soldiers as well as more time to tend the fields rather than hiding from enemies. The people realized there were benefits to rearing large families who could engage in activities that raised the standard of living for the family and for the community. *Peace needs to be viewed as a necessary condition for economic development.*

This increase in population and foodstuffs led to a supply sufficient to increase a division of labor which led to increased productivity and even more agricultural surplus. Specialization took the form of activities other than those required for farming and housekeeping. It led to specialization in trade and crafts. This degree of specialization would probably not have occurred if slavery were the method of acquiring labor. The freedom of the individual to move to an urban area, develop a craft or trade, or become a traveling merchant would not have been possible under indentured servitude. To summarize these last two paragraphs: *increased population → increasing returns → land clearing → agricultural surplus → division of labor → increased productivity → more surplus.*

The habitation of the tradesmen and craftsmen in urban areas rather than on the demesne, in itself, led to an increase in productivity and efficiency. Thus urbanization is a facilitating result of this process. Perhaps a more important facilitating factor, institutionalized by Charlemagne, in this dynamic process was the feudal system itself. It was an effective social and economic organizational form on the demesne, and it was flexible enough to allow for the formation of urban areas, trade fairs, the opening of trade within Western Europe. *It allowed for degrees of individual freedom and thus led to the development of a true middle class.*

One characteristic of the demesne organization in the countryside and successful urban governance was *governance with a manageable span of control*. This becomes particularly clear in the Italian cities. While there were varying levels of popular participative government among these cities, governance was stable and manageable in scope. The evolution of the feudal governance system to the manorial system beginning in the 11<sup>th</sup> century permitted a more efficient and manageable governance in the countryside. “The classic manor persisted as long as the initial condition of chaos, abundant land, differential military endowments, and scarce labor prevailed.” (North and Thomas 1973, p. 21) Except for small duchies such as Flanders, viable federal governments did not come into being until many centuries later. *The role of international trade, conducted in greatest volume by the Italian cities, was probably a necessary ingredient for growth rather than just facilitating.*

Without certain raw materials and skills from the east, Western Europe may have developed during these two centuries, but the growth would not have been as great or accomplished so much. So, the causal path now becomes: *increased population → increasing returns → land clearing → agricultural surplus → division of labor → increased productivity → more surplus → markets and trade → urbanization.*

Other facilitating factors during this period were favorable weather conditions, the availability of labor to pursue religious vocations and the growth of religious orders, more educated people, and an increase in cultural achievements. Some of these advances had their roots in the Carolingian period. In addition, it is important to give the Byzantine Empire credit for preserving Greek and Roman knowledge, enriching it with Muslim knowledge, and transmitting it through the Italian cities right up to the end of the 12<sup>th</sup> century. Note, we are concluding that none of these factors were exogenous factors that led to some kind of quick-start trigger of rapid growth. They are either facilitating factors or the results of the economic growth.

Another such factor is an *efficient body of enforceable commercial law*. The demand for trade caused merchants to develop The Law Merchant, or more accurately to improve upon Muslim and Roman commercial law. Indeed, I considered developing this topic for presentation at this conference. Increasing transaction efficiency is a topic of interest to macromarketing scholars. These developments were the result of growth that certainly increased the rate of growth. It can be classified as a facilitating condition. While one could argue, as North and Thomas did, that it is a necessary factor particularly for international trade, the fact that monetary systems were so weak during our period refutes commercial law as a

necessary factor. Another way to express this conclusion is that the resources for growth, in this case labor and land, had to precede efficiencies in exchange of goods.

There were some positive effects of Viking raiding for Scandinavia, and the Crusades, but surely Europe would have been better off without war. War cannot be listed as a cause of growth. Peace, on the other hand, increased the productivity of labor and the worth of children. Peace, not war, is a necessary condition for economic development. Most of the economic writing on this subject places the emphasis on population growth for rapid growth. The contribution offered here is that it was peace and the ability to clear land that triggered this increase in birth rates.

### **Learning from History**

Are there lessons for today's world to be learned from this period of growth in the middle ages? The author has been studying transition economies in the 1980's and 90's in order to identify those ingredients necessary for a successful transition to prosperity in the modern world. In this process, we have previously presented a set of "precondition" we believe to be necessary for successful transition to a healthy level of development. A comparison of that list with the list of necessary and facilitating conditions in table 1 is useful. This comparison is summarized in table 2.

The last six items in the 11<sup>th</sup> century column are all exogenous factors important only for historical purposes. The last factor in the 20<sup>th</sup> century column is based on an exogenous technology not available in the middle ages. Perhaps of more interest are the two primary causes of 11<sup>th</sup> century growth, population growth and agricultural production. In the present day, we are more interested in population control and unequal distribution of an adequate worldwide food supply. However, we only have to go back to the 19<sup>th</sup> century to observe these same two factors of growth in the western United States. In particular, the "manifest destiny" migration of US farmers into the Oregon territory during the 1840 insured that the Northwest would become part of the United States and a very developed part of our country.

The only other factor without a counterpart in the other period is the monetary and banking system. It is not that money and banking systems would not have been useful in the middle ages; it is that trade was able to invent ways to function without them. In the modern world, doing without efficient money and banking systems would severely cripple trade flows and economic growth. All the other factors have counterparts in both periods.

The centrality of trade as a driver of economic growth in the middle ages reinforces the arguments of today for continuing our efforts to promote globalization and the reduction in trade barriers – as well as the positive impact the California-Oregon coastal trade had on Oregon prosperity in the 19<sup>th</sup> century. Public policies promoting exports out-weigh policies to protect domestic industries by limited imports. Also, the improvement in transportation infrastructure and efficiency in logistics is an important facilitator of growth in both periods.

The development of efficient transaction instruments in The Law Merchant certainly facilitated the necessary condition of international trade. While we find it less important than peace, North and Thomas were certainly correct in emphasizing its importance. The comparative analysis simply points out how much more detailed these transactional institutional factors have become in the modern economy.

Political reforms also emerge as high priority factors for the promotion of growth, albeit with a slightly different emphasis. First in both periods, world peace is a paramount condition for development and growth. Second, stable and efficient government at local, national, and international levels was key in preventing social and cultural barriers to growth from developing.

Applying this requirement to the globalization debate of today, what we see, in really all countries both developed and undeveloped, is globalization does not lead to obvious win-win results. In a soon to be published book, Douglas North says that institutions must provide a reduction in uncertainty. He believes some institutions reinforce non-rational beliefs, such as fear of specialization of knowledge and

impersonal exchanges, which increase personal uncertainty and thus provide negative incentives for growth. One may not have to accept this whole argument in order to see that what we have not done is to find institutional arrangements for reducing the uncertainty including short and intermediate social and economic disruptions caused by globalization and international trade.

Such institutional arrangements are inexorably entwined with the social and cultural factors associated with individual freedom. Individual freedom is a necessary condition shown in both tables. Elements of it are in the evolution of the feudal system, in trade fairs and urbanization in Italy and Western Europe, and in the expansion of educational opportunities as well. All these phenomena provided incentives for entrepreneurship and the development of a non-hereditary middle class. In his book on “the elusive quest for growth,” William Easterly (2001) places incentives for individual human behaviors as his key necessary condition for economic development in today’s undeveloped world. Our analysis of the 11<sup>th</sup> and 12<sup>th</sup> centuries certainly supports this conclusion. Can we transform these rather simple middle ages lessons into more complex nuances for the 21<sup>st</sup> century?

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**Table 2. Comparison of 11/12<sup>TH</sup> and 20<sup>TH</sup> Century Conditions for Growth**

<u>11/12<sup>th</sup> Century</u>	<u>20<sup>th</sup> Century</u>
Agricultural Production (N)	
Population Growth (N)	
Trade fairs (F) Italian cities (N) Technology (F) International trade (N)	<b>Trade Reforms:</b> reduce trade barriers encourage exports encourage FDI and inflows of technology and human capital
Efficient transaction instruments (F)  Individual freedom (N)	<b>Institutional Reforms:</b> legal system commercial code protection of property rights intellectual property bankruptcy laws establishment of legal persons worker and employee rights
	<b>Marketing and business services:</b> information systems public accounting insurance advertising electronics payments systems
Feudal system (F)	<b>Privatization:</b> of state enterprises, monopolies and trusts
Peace (N) Stable communal government (F)	<b>Political Reforms:</b> law & order reforms inside and outside government government efficiency reforms
Opening trade routes in Europe (F)	<b>Logistical Infrastructure:</b> investments in improvement of port, airport, road and rail infrastructure
Education (F)	<b>Education and training systems</b>
	<b>Banking System Reforms:</b> independent central bank regulation of bank operations to ensure transparency and sound lending practices separation of bank from enterprise management
	<b>Communication Infrastructure:</b> privatization, deregulation and foreign investment into telecommunication
The Church (F)	
Charlemagne (F)	
Vikings (F)	
Muslim Trade (F)	
Byzantium (F)	
Weather(F)	

Source of Col. 2: Carman and Dominguez, 2001 (N) Necessary (F) Facilitating



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# The Impact of Trade Globalization on Quality of Life

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## Abstract

*The purpose of the paper is to develop a conceptual model to explain the impact of trade globalization (i.e., the free flow of goods and services in the form of imports and exports) on a country's quality of life (QOL). In contrast to many scholars in marketing, business, and economics, we maintain that the QOL impact of trade globalization is both positive and negative. In this paper, we show the complex mediating effects between trade globalization and QOL.*

## Introduction

There has been much discussion on the topic of globalization of the world economy (e.g., Held et al. 1999; Levitt 1983; Sirgy et al 2004; Yip 1989). Globalization reflects a state of affairs in which a country becomes more interconnected with the rest of the world (e.g., Bordo 2002; Levitt 1983). The drivers of globalization include elimination of trade barriers and free flow of products and services across countries (e.g., Hill 1997; Levitt 1983; Yip 1989).

Some argue that trade globalization has a *negative* impact on quality of life (QOL). They argue that trade globalization eliminates many jobs, especially in the manufacturing sector. For example, it has been argued that net loss of jobs under NAFTA between 1993 and 2000 in the US was 766,030 (Scott 2001). "Hyper-globalists" argue that globalization is creating a new epoch of human history in which nation-states and governments, in general, are powerless to improve the QOL of their citizens (e.g., Ohmae 1995; Petras 1999; Soros 2000). They claim that global capitalism is now a great threat to the "open society." Thus, there are many who paint a gloomy picture for a truly global world.

In contrast, many others argue that trade globalization has a *positive* influence on QOL (e.g., Thorbecke and Eigen-Zucchi 2002). These pro-globalists view trade liberalization and increased market integration as an opportunity to increase productivity and wages, thus improving the QOL of workers (Zoellick 2001). For example, it has been argued that US exports to NAFTA support 2.6 million new jobs (*Council of Economic Advisors* 2002). It also has been argued that the negative impact of globalization, such as elimination of manufacturing jobs, has been dramatically overstated (Thorbecke and Eigen-Zucchi 2002). Only about 10-20% of manufacturing job losses in the United States is due to plant relocation to other countries (Fligstein 2001). The decline in the manufacturing industry is not caused by globalization; it is mainly driven by technological changes (Krugman 1996) and productivity changes (Rhodes 2004).

## The Purpose of the Paper

*Globalization*, in general, refers to the free flow of goods and services, people, capital, and information among countries (Bordo 2002; Held, et al 1999; Levitt 1983; Petras 1999). In a previous, we analyzed the effects of overall globalization on QOL (Sirgy et al 2004). In contrast, our focus in this paper is on *trade globalization*, i.e., the free flow of goods and services in the form of imports and exports. We do not attempt to conceptualize the QOL impact of other forms of globalization such as the free flow of people,

capital, and information. We make an attempt to conceptualize the QOL impact of imports and exports of goods and services. Furthermore, in the context of trade globalization, we strictly focus on imports and exports, not other market entry methods such as international manufacturing operations, international sales subsidiaries, international strategic alliances as in joint ventures and licensing, etc. These international business market entry methods are the beyond the scope of our study. Although this model does include intrafirm exporting and importing, provided that transfer pricing is at “arms-length” as required by most governments. To reiterate, we focus on developing a conceptual model to capture the QOL impact of trade globalization in the form of imports and exports of goods and services. Despite much controversy, we have a limited understanding regarding *how* imports and exports affect QOL. The literature lacks specific guidelines on how to measure trade globalization of a country (e.g., Held, McGrew, Goldblatt, and Perraton 1999; Petras 1999).

The purpose of this paper is to develop a conceptual model describing possible impacts of trade globalization on the QOL of a country. In other words, we show how trade globalization can create positive and negative QOL effects (immediate and future effects).

### **How Does Trade Globalization Affect the QOL?**

Our conceptual model is shown in figures 1-4. As shown in the figures, we show how imports and exports impact the QOL of a country through economic, consumer, social, and health well-being of the country residents. Specifically, we show the positive and short-term (immediate) impact of a country’s exports on the QOL of the country’s residents (see Figure 1).

The short-term (immediate) effects refers to the QOL effects within three years while the long-term (future) effects means QOL effects that occur after more than three years. The long-term effects take a longer time as the mediators requires structural changes (e.g., increase in industry competitiveness) or reflects reactions from the exchange partner countries (e.g., trade retaliations).

We show the negative impact long-term (or future) impact of a country’s exports on the QOL of the country’s residents in Figure 2. The positive long-term (future) influence of a country’s imports is shown in Figure 3. The negative short-term (immediate) influence of a country’s imports is shown in Figure 4. We then develop specific theoretical propositions articulating and explaining the links shown in figures 1-4.

Refer to Figures 1-4 on pages 165-168.

### **The QOL Impact of a Country’s Exports**

In regard to the QOL implications of increased exports, we posit that the effects are both *positive* and *negative* and are both *short-and long-term*. The positive short-term influence of a country’s exports on the QOL of the exporting country is shown in Figure 1. The negative long-term influence of a country’s exports on the QOL of the exporting country is shown in Figure 2.

**The Positive Impact of Exports on Economic Well Being:** A country’s exports serve to enhance the economic well being of the country’s residents by creating more jobs in the exporting sector (Figure 1). Exports contribute to economic growth (Jaffee 1985) and increase purchasing power of the exporting country (Dornbusch et al. 1998; Mullen 1993; Thorbecke and Eigen-Zucchi 2002). This assertion is consistent with neoclassical trade theory that predicts free trade results in positive economic growth for both parties. According to the comparative advantage theory of international trade, both importers and exporters benefit from trade by specializing in production of goods and services they have comparative advantages over other countries (Bradley 1995, pp. 36-37; Keegan 1995, pp. 378-381). That is, trading countries obtain needed foreign currency through free trade by specializing in the production of

commodities needed by other countries. Specialization should reflect abundant resources in specific industrial sectors. For example, countries that have abundant oil resources specialize in the oil industry and export oil to other countries in exchange for foreign currency.

New jobs created by export activities provide workers with greater job opportunities and increased income of workers in the exporting country. Evidence shows that exporters tend to be relatively more efficient and pay higher wages than non-exporters (*Council of Economic Advisors* 2002). Increases in job opportunities, disposable income, and standard of living all contribute to increases in economic well being (Dornbusch et al. 1998).

**The Positive Impact of Exports on Consumer Well Being:** Increases in exports also serve to enhance consumer well being (Figure 1). Exports provide workers with more job opportunities, higher income, and a higher standard of living (Jaffee 1985; Thorbecke and Eigen-Zucchi 2002). Higher income and more job opportunities generated by exports contribute to satisfaction of basic consumption needs (Mullen 1993). Greater purchasing power from higher levels of disposable income allows consumers to purchase goods and services to meet not only their basic needs but also their higher-order needs. This demand for non-necessity items serves to provide the necessary market incentives to supply these goods and services, thus further enhancing consumer well being. Furthermore, we argue that increases in exports has a positive short-term (immediate) influence on consumer well being of country residents mediated through increases in public sector spending, which is used to upgrade the country's infrastructure and government services. This comes about as a direct result of increases in tax revenues, which in turn are positively affected by increases in jobs.

**The Positive Impact of Exports on Social and Health Well Being:** Export sales increase corporate profits and personal income through job creation, resulting in increased tax revenues. Tax revenues are used to provide a variety of public services, from transportation and healthcare to recreation and culture. These public services impact the QOL of the country's residents by enhancing their social and health well being (see Figure 1).

Increased tax revenues (e.g., increased corporate income tax and personal income tax) can be used to provide better public services in the areas of education, healthcare, public safety, leisure, among others. Government spending in these areas enhances social and health well being by providing needed public services (Easton 2001). In contrast, government budget cuts due to reduced tax revenues adversely affect social and health well being (Henderson 2001). Thus, one can argue that increased tax revenues helps government increase spending on public sector services. Enhanced public services should significantly affect social and health well being (Peterson and Malhotra 1997).

**The Negative Impact of Exports on Economic Well Being:** Figure 2 depicts the negative long-term (future) impact of a country's exports on the QOL of the country's residents. Exports adversely affect competing firms in the countries of import. Thus, competing firms lose sales and profits, causing them to lay off employees. Decreases in sales of competing firms in the importing countries do not contribute only to increases in unemployment but also to decreases in tax revenues. High unemployment in the importing countries perhaps causes workers in those countries to feel resentment toward the country of export. Decreased sales and profits of competing firms also may result in feelings of resentment by the business community in the importing countries. Reduced tax revenue also may cause government officials in the countries of import to feel resentment against the exporting country (cf. Scheve and Slaughter 2001). For example, Latin American agriculture workers resent imports of subsidized US agriculture products, and this resentment is holding up expanded free trade agreements such as FTAA. Mexican farmers rail against the more efficient, albeit heavily subsidized, North American agribusinesses. Of course, trade retaliation is likely to occur when export volume reaches a high threshold at later stages of the relationship. In the early stages of a trade relationship, imports are less likely to

provoke resentment from the importing country. Resentment builds up over time with continuous and increasing levels of imports.

Because workers and labor unions and the business community are all negatively affected by imports, they may take retaliatory measures in the form of consumer boycotts and buy-domestic campaigns (Mullen 1993; Sternquist and Phillips 1991). Research has shown that buy-domestic campaigns are prevalent in countries in which residents express a high level of concern about job losses, empathy towards displaced workers, and feelings of patriotism (Granzin and Olsen 1995). Furthermore, reacting to feelings of anger and resentment of displaced workers, the business community as well as the governments of the importing countries may retaliate against the country of exports by imposing high tariffs, quotas, and/or other non-tariff barriers.

These retaliatory measures are likely to affect the QOL of the country's residents. Specifically, the country's economic well being is likely to be adversely affected by the importing countries' retaliatory measures by the eventual decrease of exports, which in turn would cause loss of jobs and tax revenues.

**The Negative Impact of Exports on Consumer Well Being:** Increases in exports also may have a negative future impact on the well being of consumers in the exporting country (see Figure 2). We previously argued that exports might cause the unemployment rate to jump in the importing countries. High unemployment and low sales of competing firms in the countries of import breed feelings of resentment among workers and the business community. Faced with feelings of resentment and pressure from displaced workers and the business community (plus loss of tax revenues), governments of the import countries are pressured to adopt protectionist trade policies (cf. Baldwin and Magee 2000; Kletzer 2001). It should be noted that trade retaliations typically occur when the volume of exports reaches a high level.

The anger with imports is not just felt in developing countries. The *Christian Science Monitor* (2003) reports a survey of Americans, where 45% believe that "free trade" is: "good"; 34% said it was "bad." In the same survey, only 16% stated that free trade creates more jobs than it loses, while 53% said that it loses more jobs than it creates.

Increased trade and non-tariff barriers in the importing countries also serve to reduce consumer well being of the exporting country, because consumers in the exporting country eventually suffer from declining foreign income. The lack of that income hurts consumers because they cannot use that income to purchase needed goods and services. The lack of income takes away from market incentives to provide goods and services in high demand. Furthermore, reduced personal income results in fewer tax revenues, which in turn affect consumer well being through reduced quality and access to public sector services (cf. Scheve and Slaughter 2001). In addition, in an effort to focus on the export market, exporters may reduce the quantity of the exported goods to local consumers. Product scarcity in the local market may cause domestic prices to increase, which in turn may reduce consumer well being.

**The Negative Impact of Exports on Social and Health Well Being:** As we argued previously, increases in exports may lead to high unemployment rates and decreased sales in foreign markets, which may generate feelings of resentment against the country of export. Feelings of resentment among workers, the business community, and government of the country of import may lead to trade retaliations, buy domestic campaigns, and import boycotts, which in turn are likely to adversely affect exports. Decreased sales and loss of jobs resulting from shrinking of export markets should reduce tax revenues of the exporting country, which in turn should lead to cuts in spending on social and health programs (cf. Henderson 2002). That is, an increase in exports may have a negative influence on social and health well being of residents of the exporting country through a complex process involving feelings of resentment of workers, the business community, and governments of the foreign markets (see Figure 2). In other words,

both loss of jobs (and the reduced income resulting from job loss) and reduced tax revenues (resulting from both job loss, reduced personal income, and reduced export sales) have a significant and adverse effect on the social and health well being of the country's residents. For example, Southside Virginia has been hard hit by the loss of import sensitive textile jobs and this has decimated the local tax base creating a host of social and health problems among Southside residents (Chittum and Allen 2002).

Furthermore, to compete effectively in foreign markets, exporters often are forced to restructure by laying-off current high-wage workers or implementing pay cuts, and/or recruiting a new low-wage labor force. Doing so reduces tax revenues and in turn public spending, which reduces social well being.

### **The QOL Impact of a Country's Imports**

In regard to the QOL effects related to the increased inflows of goods and services (imports), we surmise that the QOL effects are also both *positive in both the short and long run* and *negative in the short run* (see Figures 3 and 4).

**The Positive Impact of Imports on Economic Well Being:** The positive influence of a country's imports on the QOL of the country's residents is shown in Figure 3. Increased imports serve to enhance the country residents' economic well being (cf. Campbell 1981; Thorbecke and Eigen-Zucchi 2002). This comes about as a direct function of increases in personal income and job opportunities.

Increases in imports are likely to have a positive immediate influence on the economic well being of the country's residents, because imports increase jobs in the distribution sector, especially in import-related industries. Distribution firms benefit from increased business opportunities and create jobs. For example, Galuszka and Kranz (2002) reported that distribution facilities have fueled port-related employment during the past two decades. Specifically, the number of port-related jobs has nearly tripled in this time period. Most of that growth came from the proliferation of distribution facilities (cf. Chase and Pascall 1999; Galuszka and Kranz 2002; Witherspoon 1996). Furthermore, it is well known that countries (e.g., Belgium, Singapore) and cities (e.g. Hong Kong, Miami) with extensive logistics-based jobs benefit from import distribution.

In addition, increases in imports expose domestic firms to the discipline of open competition and motivate them to increase their worker productivity and market competitiveness (Zoellick 2001). Increase in imports also facilitates the transfer of technology, which in turn increases the overall competitiveness of domestic firms. Increases in the overall competitiveness of domestic firms, in turn, contribute to the economic well being of the country's residents through increased jobs, wages, and tax revenues (cf. Kletzer 2001; Lane 1991; Samli 1985). For example, Mexican Maquiladoras have successfully adopted new technologies, such as lean manufacturing, in order to compete in world markets (Axtman 2003).

**The Positive Impact of Imports on Consumer Well Being:** We surmise that increases in imports may have a positive immediate influence on the consumer well being of the residents of the importing country (see Figure 3). Imported goods usually find a market in the home country because these goods often have a competitive advantage compared to domestic goods. Imported goods enhance consumer well being of a country because they provide consumers with greater access to high quality products, more choices, and reduced prices (e.g., Granzin and Olsen 1995; Mullen 1993; Scheve and Slaughter 2001).

In addition, imports from other countries motivate domestic producers to work harder to improve their product quality and price competitiveness (Scheve and Slaughter 2001). In time, domestic producers work harder to provide domestic consumers with more quality goods at lower prices. For example, increases in imports have been a boon in both prices and product selection for India's fast-growing middle class (Constable and Lakshmi 2001).

**The Positive Impact of Imports on Social and Health Well Being:** We believe that increases in imports play a role in enhancing the social and health well being of residents of the importing country. This may occur through the mediating effect of increases in tax revenues and enhanced public services (see Figure 3). Increases in sales of imported goods and creation of import-related jobs in the importing country provide tax revenues. Increases in imports also induce domestic competitors to be more efficient and competitive. Faced with import competition, domestic firms make every effort to increase sales (e.g., develop new technologies, enhance worker productivity, etc.). This healthy competition, the high level of firm performance, and worker productivity translate into higher tax revenues. Increased tax revenues in the importing country contribute to an increase in government public spending and enhance the level of public services in such areas as health care, education, public safety, leisure, etc. Government spending on these areas is important for social and health well being (cf. Easton 2001).

**The Negative Impact of Imports on Economic Well Being:** Figure 4 shows the negative influence of a country's imports on the importing country's well being. Increased imports provide consumers in the importing country with greater access to high quality and low priced products. This, of course, reflects increased consumer well being of the country's residents; however, this may come at the expense of decreased economic, social, and health being. Increased imports may result in decreased sales of comparable domestic products. Domestic firms react by laying off workers to maintain an acceptable level of profitability (Granzin and Olsen 1995). Job loss is a major driver for a lower economic well being (Lane 1991).

During the 21-year period from 1979 to 1999, 6.4 million U.S. workers were displaced as a result of imports in industries such as electric machinery, apparel, toys, motor vehicles, non-electric machinery and blast furnaces (US Department of Labor 2001b). It is not just developed nations that face job displacement due to cheap imports. For example, Mexico lost 256,000 jobs in two years due factories moving to China (Mireles 2002).

The risk of job loss is usually high in industries with high trade deficits. More balanced-trade industries tend to have a lower level of job losses (Kletzer 2001). Kletzer estimates that although about 65 percent of displaced workers (displaced as a direct result of imports) can be re-employed; however, they are likely to suffer an income loss averaging 13 percent. Displaced workers who are older, less educated, and less skilled are likely to suffer an income loss averaging 30 percent or more. Therefore, increases in imports should adversely affect the country residents' economic well being because imports contribute to job layoffs in competing domestic firms.

A case in point regarding the costs and benefits of imports is Martinsville, Virginia. In the early 1900s, furniture manufacturing from New England replaced chewing-tobacco factories as major employers. An abundant supply of lumber and good railroad connections helped with this "new" industry. In the 1990s and early 2000s, much furniture supply in the United States started coming from China. However, Martinsville furniture firms including Hooker furniture, receive, inventory, and distribute this furniture from China. So, the impact of Chinese furniture manufacturing has a negative impact on furniture manufacturing workers and a positive impact on warehouse and distribution workers (based on "Virginia City Seeks 'something else'," *The Washington Times*, 20 April 2004).

**The Mixed Impact of Imports on Consumer Well Being:** Increased imports provide consumers in the importing country with greater access to high quality and low priced products. This, of course, reflects increased consumer well being of the country's residents. However, increases in imports can have a negative influence on the well being of consumers in the target country. Imports often result in high unemployment and decreased sales of competing domestic firms in the importing country. As a result, the spending power of consumers in the importing country decreases. That is, reduced disposable income among consumers in the importing country will negatively influence the well being of consumers (Mullen

1993). In addition, reduction in tax revenues from the domestic companies in the importing country should negatively affect consumer well being. Reduction in tax revenues in the importing country forces the importing country's government to reduce spending on public programs, some directly related to consumer well being such as consumer protection, consumer safety, quality assurance, among others (cf. Scheve and Slaughter 2001).

**The Negative Influence of Imports on Social and Health Well Being:** Increased imports can have a negative influence on social and health well being of the importer's country residents. This may occur through the mediation effects of reduced tax revenues and deteriorated public services in the importing country (Granzin and Olsen 1995). Slow sales of domestic firms and high unemployment rates in the importing country mean decreased tax revenues. Decreased tax revenues result in reduction of public spending and deterioration of public services (Henderson 2002). The outcome is decreased social and health well being of the residents of the importing country (see Figure 4).

### **Conclusion**

One can argue that the rules governing economic globalization have been created through trade agreements, international law, and institutions dominated by industrialized countries. Examples of these rules include dropping tariffs, eliminating capital controls, enforcing intellectual property rights, privatizing public services, and weakening regulations that protect labor, health and safety, and the environment (*Unitarian Universalist Association of Congregations* 2003). It is time to study the effect of trade globalization in a comprehensive manner. The findings of such studies should allow international bodies such as the World Trade Organization and the United Nations to revisit public policies related to international trade and re-examine those trade agreements generated by the industrialized countries. Based on objective, unbiased QOL assessment of international trade, public policy can be effectively formulated in ways to maximize the positive impact of a country's QOL while minimizing the negative impact of the country's QOL.

We hope that our proposed model may stimulate a program of research in this area. We hope that future studies will test the many theoretical propositions of the model, develop valid and reliable measures involving its various constructs, and expand the model to identify conditions (legal, economic, political, etc.) that can help account for variations in positive and negative QOL impacts of trade globalization.=

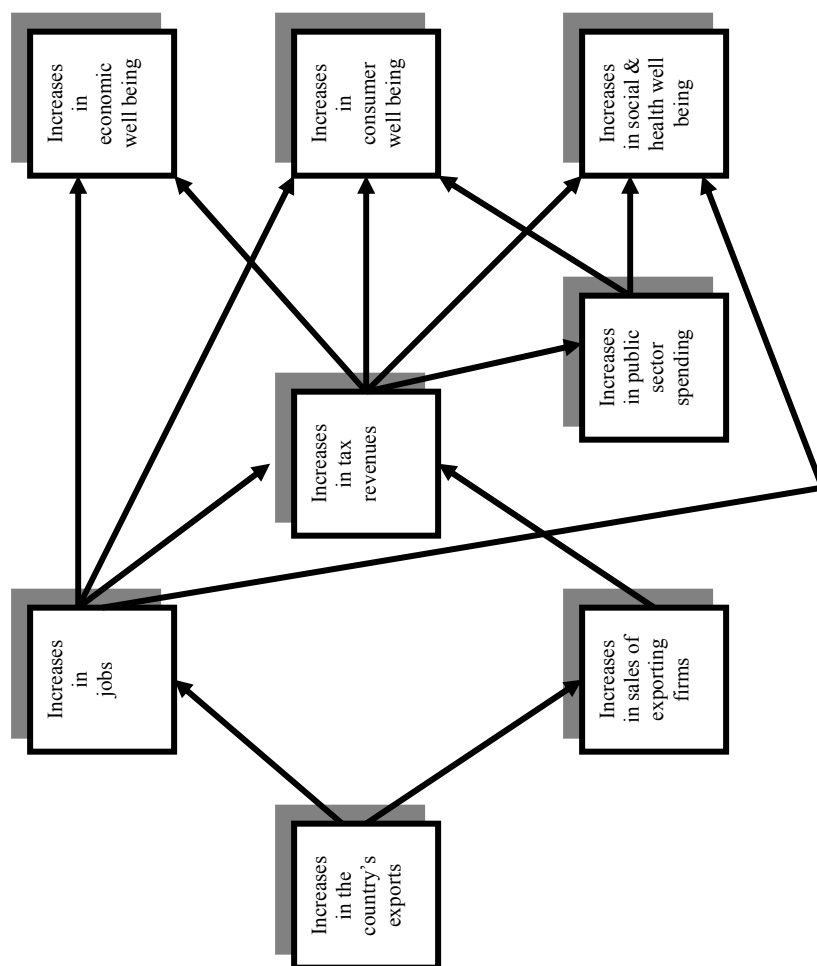
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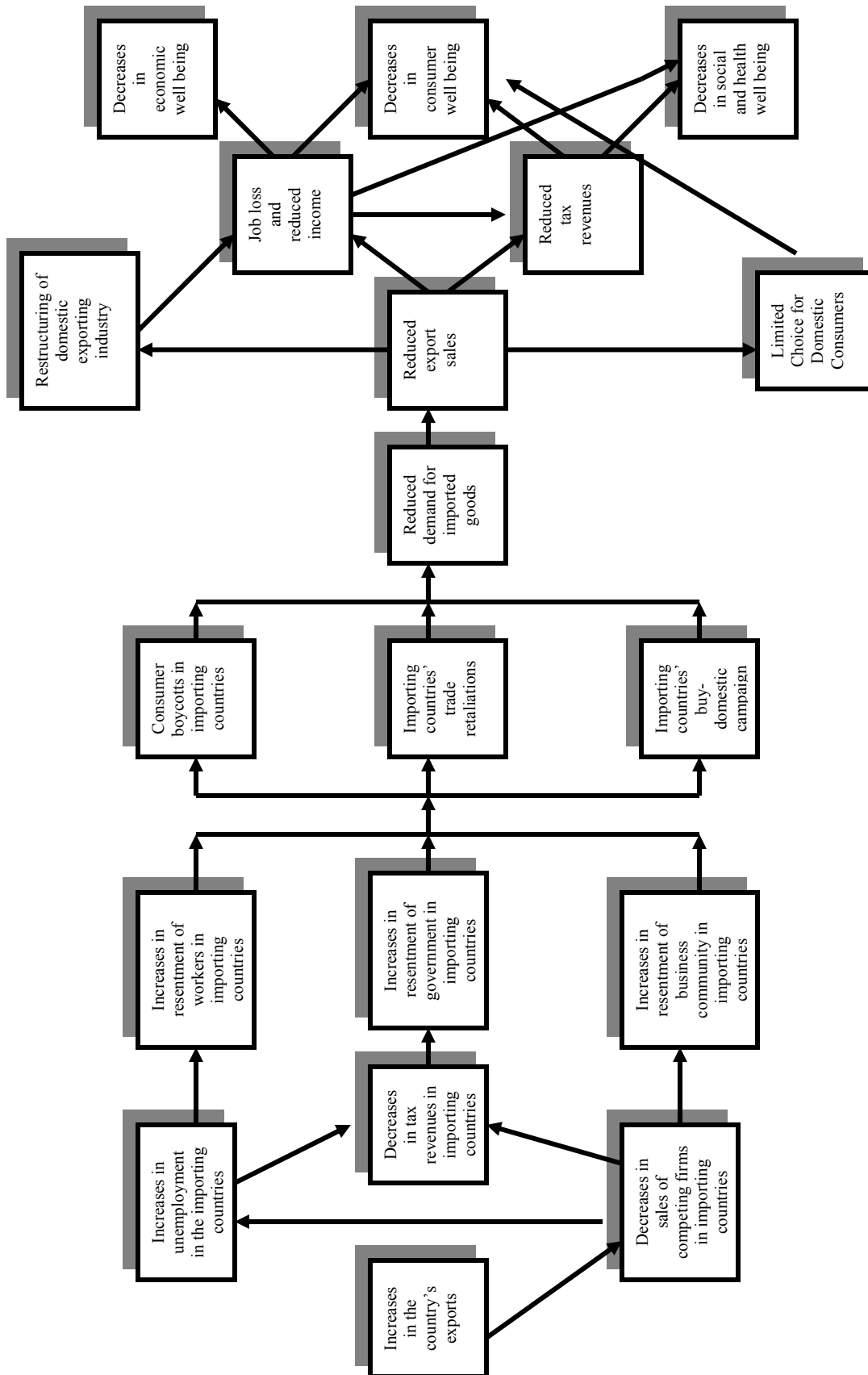


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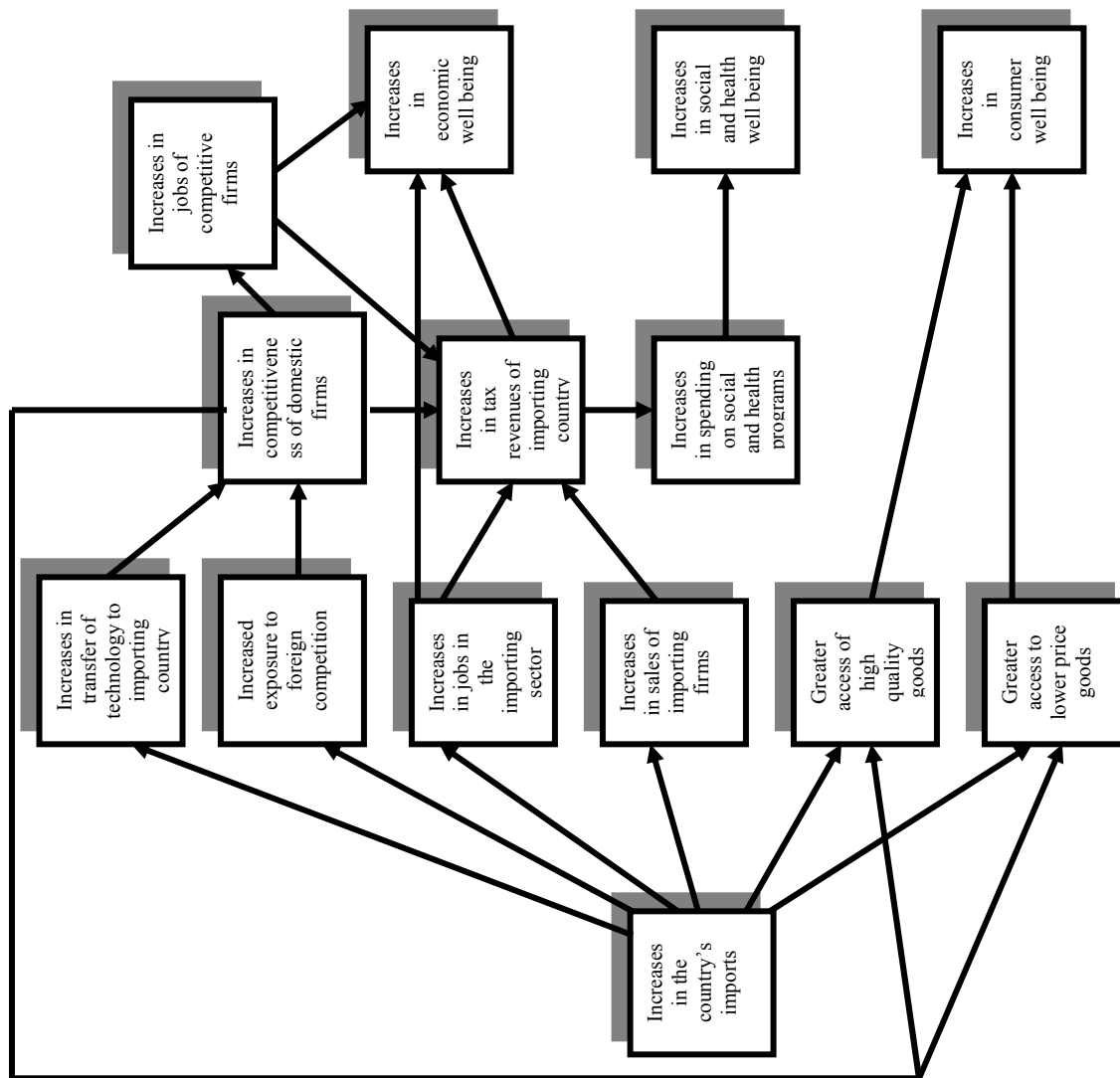
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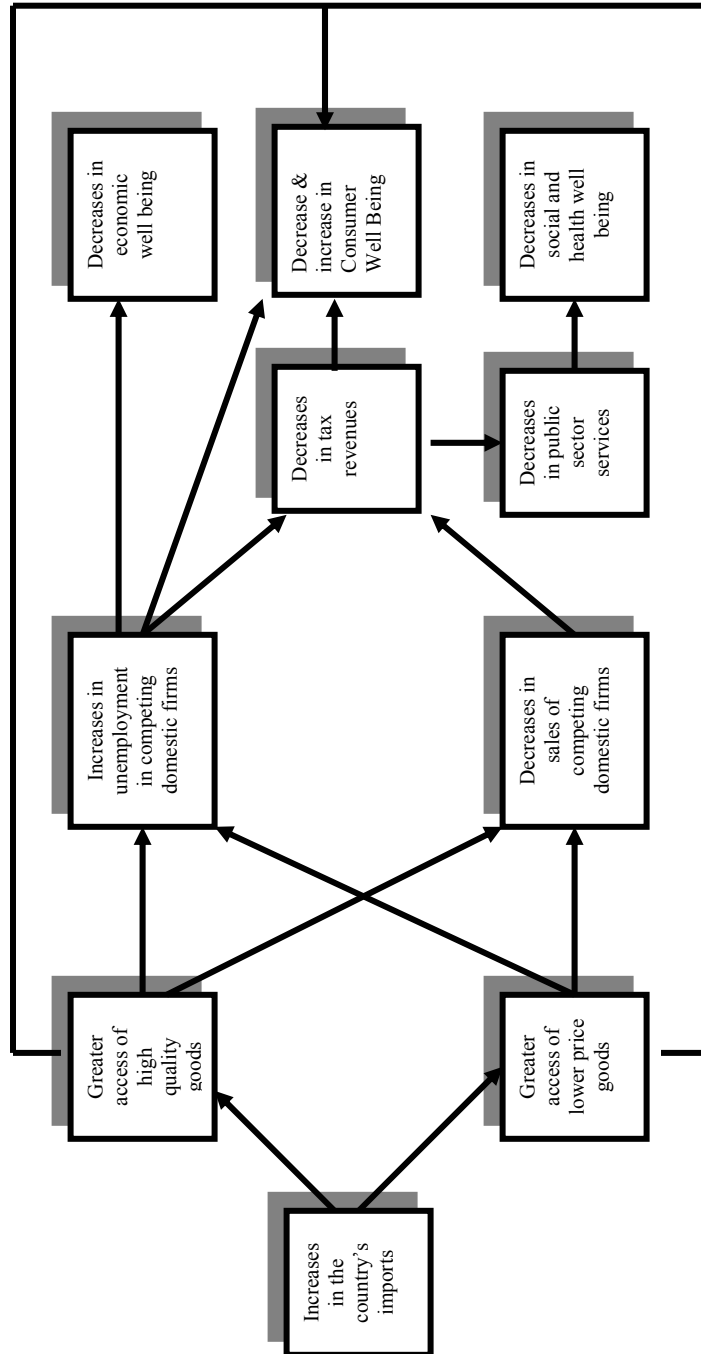
**FIGURE 1: The Positive Short-term (Immediate) Impact of Exports on the QOL of the Country's Residents**



**FIGURE 2: The Negative Long-term (Future) Impact of Exports on the QOL of the Country's Residents**



**FIGURE 3: The Positive Short- and Long-run Impact of Imports on the QOL of the Country's Residents**



**FIGURE 4: The Negative Short-term (Immediate) Impact of Imports on the QOL of the Country's Residents**

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# Publication Patterns in Journals Dedicated to Issues of Marketing and Society: *Benchmarking and Analysis*

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## Abstract

*The purpose of this paper is to examine the nature and distribution of scholars engaged in knowledge production in journals focusing on marketing and society, broadly defined. Who is interested in issues of marketing and society? Where are they from? How does this compare to patterns of scholarship in recognized journals in marketing? The answers to these questions have implications for how sub-disciplines like Macromarketing can position themselves for future growth.*

## Introduction

Globally there has been an increasing interest in understanding academic research productivity (Easton and Easton 2003; Polonsky et al. 2003). In many instances this work has focused on which individuals and institutions are the most productive in “top” journals (Bakir et al. 2000; Helm et al. 2003), within given regions (Cheng et al. 2003) or within specific sub-disciplines of marketing (Henthorne et al. 1998; Zinkhan and Leigh 1999). To date, however, there has been no broad-based examination of scholarship devoted to questions of the interface between marketing and society.

While marketing and society scholars are likely to be disinclined to participate in the “numbers” game of journal publication, there are practical reasons that, collectively, we understand who is and is not engaged in research topics of interest similar to our own, especially in regards to publishing in journals that are established to promote these issues. Research performance measures are indeed important, for individuals and institutions (Cheng et al. 2003; Williams and Van Dyke 2004b), because they affect performance evaluations, promotion and tenure decisions, and in some cases allocation of resources within and between academic institutions (HEFC 2004; The Education Commission 2004). In an increasingly “measure and manage” environment, research interests and outlets (especially among young, untenured scholars) cannot help but be affected by the reality of journal analyses. In this environment, a sub-discipline that cannot show how it “stacks up” will be hard pressed to attract the best efforts of scholars worldwide and thus inhibit the growth and dissemination of research in the specific area.

Consistent with Wilkie and Moore’s (2003) call for greater coordination among marketing and society-minded scholars, an understanding of who publishes within journals targeting this sub-discipline is an important first step in developing strategies for enhancing interest and participation in meetings, conferences and journals devoted to research on the impact of society on marketing, and the impact of marketing on society.

To this end, the purpose of this paper is to examine the geographic nature and distribution of scholars engaged in knowledge production in the journals focusing in the area of marketing and society, broadly defined. Where are they from? How does this compare to patterns of

scholarship in “leading” journals in marketing? The answers to these questions have implications for how sub-disciplines like Macromarketing can position themselves for future growth, as well as serve to better promote the fact that this is a vibrant international area of interest supported in established journals as well as in more specialized journals that are the focus of this research topic.

## Method

The authorship of five years of articles (1999-2003) was examined by institutional nationality, across three sets of journals- “A,” “B” and “Social.” The groupings used relied on those identified by Polonsky and Whitelaw (2004a & b) who undertook a study of how the “average” US academic views marketing journals on four dimensions- prestige, contribution to theory, contribution to practice and contribution to teaching. Within their study Polonsky and Whitelaw identified 20 journals that their sample was most familiar with, i.e., able to evaluate, and these then formed the basis of their work in regards to develop rankings of these journals (6-A, 11-C and 3-C, discussed further in Table One). This set of journals was selected for use because it covered a cross section of marketing-focused journals and focused on US marketing academics perceptions. Polonsky and Whitelaw (2004a) also identified that these 20 journals had for the most part been included in previous ranking studies (Hawes and Keiller 2002; Hult et al 1997; Mort et al 2004; Polonsky et al 1999; Theoharakis and Hirst 2002).

The added benefit to using Polonsky and Whitelaw’s set of journals is that their multi-dimensional nature allowed journals to be “clustered” using the four evaluative criteria (Polonsky and Whitelaw 2004b), which is also presented in Table One. In this way their groupings allows the research presented in this paper to examine performance across clusters of journals, which reflect broad groups used in regards to evaluation of performance. For example, the tenure expectations of new faculty are specified in “A’s and B’s” rather than in terms of specific journals (DocSig 2004). This allows for a more straightforward comparison among institutions in terms of research productivity, allowing for differences in specialization and mission.

It might be suggested that using US-based definitions of “top” journals or associated clusters could be problematic. However, evidence exists that these serve as global norms for research quality. For example, Mort et al. (1994) found that journal rankings by Australian/New Zealand scholars did not significantly differ from journals ranked by US academics. Additionally, Polonsky and Whitelaw (2003) found that perceptions of US and Asia-Pacific academics of the four underlying dimensions of journal quality did not differ significantly. As such, we feel comfortable using these clusters as general indicators of journal quality.

In addition, data were collected for the same time period (1999-2003) for journals whose mission statements identify issues of marketing and society as their primary focus. Additionally, these journals reflect the breadth of “marketing and society” issues identified by Wilkie and Moore (2003). Included for analysis were the *Journal of Macromarketing*, the *Journal of Public Policy and Marketing*, the *Journal of Consumer Affairs*, the *Journal of Non-Profit and Public Sector Marketing*, the *International Journal of Non-Profit and Voluntary Sector Marketing*, and *Social Marketing Quarterly*. (Because complete records for *SMQ* were not available for this time period, it is included in descriptive, but not analytic, analyses). We do of course recognize that other journals, including those identified in the “top 20” also publish works related to marketing society issues. For example the *Journal of Marketing* has published a number of works (such as Lichtenstein et al 2004 and Andrews et al 2004) that could have also been published in more focused social-oriented journals. The examining of social issues within boarder journal is an issue that could be considered in future research.



## Data

The data was collected by reviewing all articles published in 26 journals between 1999-2003. All author's institutions of affiliation were identified and then tabulated in two ways. First, the number of authors from each institution was counted. Thus if there were four co-authors each authors' institution was allocated a "1." If more than one author was affiliated with the same institution, this institution would have been credited multiple times and when an individual listed more than one affiliation their "score" was split between institutions. Second, the data was tabulated to reflect the contribution of each author to the article (i.e. relative articles authored), with a sum of 1.00 points allocated between all contributors' institutions.

These two sets of publication data were aggregated for each institution across the cluster of journals. These data were then aggregated by nationality of institutions. Across the 25 journals there were 3,414 articles, including 929 A articles, 1,861 B articles and 557 Social articles (i.e. in the social journals). There were scholars from 27, 57 and 23 countries, respectively who authored these works (See Table 3).

## Findings

Table Two summarizes the relative contributions of relative articles authored, the number of represented institutions, and the number of authors for each country, for each of the six socially oriented journals. Consultants and industry or government employees are recorded, but not by country. Across the six journals (in this case the partial data from *Social Marketing Quarterly* were included), authors from 23 countries are represented, and the patterns of participation vary among the journals. During the period 1999-2003, the *Journal of Macromarketing* had the largest number of countries represented (14), followed by the *Journal of Consumer Affairs* (11), though it had the fewest authors or articles of all the journals (excluding *Social Marketing Quarterly*, for which the records are incomplete). This suggests that among journals with a social orientation, the *Journal of Macromarketing* has the most diverse contribution base in terms of nations contributing.

These findings raise the question, how do publication rates among marketing journals with a "social" orientation compare to more traditional marketing journals? We expected that given the global interest in this area and global scope of journals, we would find more national diversity of publishing (and by extension, interest) in social marketing journals than in A- or B- level journals. Table Three summarizes numbers of institutions, authorships and % of authorships across countries for A-Level, B-Level and "social" marketing journals (the latter excluding *SMQ*). Empty squares indicate no publications for this country in the category. During the period 1999-2003, A-level journals published articles by authors from 27 countries, while B-level journals published articles from authors in 51 countries. These numbers reflect the fact that a broader number of interests and topics are reflected in a broader spectrum of journals (e.g., consumer behavior, research methods, econometric modeling, services, advertising, and/or strategy, in addition to issues of marketing and society). The relatively small number of countries represented across sub-disciplines among A-level journals, compared to B-'s, might indicate that A publishing is more "exclusive". Further examination of this issue (not included here) indicates that not only are the vast majority of A-level authors from research focused US universities.

While social marketing journals appear to have some broadness in coverage, it appears that, compared to A-'s and B-'s, social marketing as reflected in these publications, is the purview of the Anglo world (US, UK, Australia and Canada). In short, "Marketing and Society" is of worldwide interest, but "worldwide" should not be interpreted to mean "global." Combined,

these results suggest differences in participation patterns, but alone leave open the question of the dispersion of authorships across and within countries. What can we say about the distribution of authors of articles on marketing and society, compared to A-level and B-level journals?

To address this question, we calculated a Herfindahl-Hirschman Index (HHI) for each journal class, by institutions, authorships and number of relative articles authored, at the country level. The HHI is used in a variety of contexts to measure industrial concentration. It expresses concentration by taking into account both the distribution and proportions of factors (higher numbers indicate higher concentrations). It asks if we drew two authors at random, what is the likelihood that they would be from the same country? Answers depend both on the number of countries and the relative authorship across those countries. As we might expect, not only are relatively few countries represented in the A-level journals, even fewer are repeatedly represented. The most globally diverse journals appear to be the B's, at least among those we examined. "Social" marketing journals are more concentrated than B's, although it does need to be remembered that there are in fact twice the number of journals represented (11- B as compared to 5- social oriented) and there are also 3 times as many papers in B journals. Thus the diversity of B journals publishing would be less surprising.

In examining the HHI for authorships to institutions there are large differences for A-'s and B-'s across nationalities (see Table Four). There are however, similarities in regards to US based contributions to A- journals based on the number of institutions contributing and for B-journals based on authorship issues. As such it would appear that there is a reasonable "spread" in institutions as authors of socially focused work. This would suggest that discourse within the marketing and society journals reflects a conversation, rather than a lecture.

**Table Four:**  
**Herfindahl-Hirschman Indices for Number of Institutions, Number of Authorships and Relative Articles Authored and Number of Authorships, by Journal Class**

<b>Journal Class</b>	<b>Number of Institutions</b>	<b>Number of Authors</b>	<b>Relative Articles Authored</b>
A – Level	0.4351	0.6419	0.6753
B – Level	0.2733	0.4095	0.4155
Social Journals	0.4211	0.4738	0.4728

## Conclusions

The results suggest that there is global appeal for research into marketing and society, as evidenced by publishing the recognized journals focusing on these topics (e.g., Andrews et al 2004 and Lichtenstein et al 2004), as well as the diversity of authors and countries represented in the focused marketing and society journals. This has important implications for the development of the discipline. One could infer that as publishing in specialized socially focused journals increases, it would be gaining prestige within institutions where the authors are based. As such it may be moving from a "niche" topic of interest to a more widely accepted one. The increasing numbers of works in "traditional" journals having a social focus would further support this. While this would seem to be positive it is possible that the dispersion of interest has

unintended consequences, the most important being that there is possibly less need for the focused or specialized journals. While it might be beneficial to move social oriented works in to the main stream, thus moving beyond “preaching to the converted,” it could also be that the emphasize of works are shifting as they appear in more generalist journals. While, Shugan (2003) calls for a valuing of all research and research outlets, it is unclear how institutions and colleagues perceive these works.

The results of this preliminary examination are of course positive in terms of the spread of interest of research into social types of issues. More research might be undertaken to examine the underlying motivation of such research. Is this because of the growing importance of the issue or underlying psychological motivations of researchers? Is it because individuals’ perceive this area of research to be one that is “easier” to examine, because of consumers intrinsic interest and the fact that the industry has not been “over researched”?

The global spread of interest is important and may present different opportunities. There may be more globally comparative works. Such research allows for an examination of generalisability of issues and approaches, but also allows for sharing global experiences that enhance research and practice. If the global examination of issues were to be a fragmentation rather than focusing, diverse research may preclude synergies in being developed.

For research communities, such as the Macromarketing Society, this analysis should raise questions (and concerns) about where its resources (conferences, proceedings, journals, library presence, membership) should be concentrated. Where should we meet in the future? What topics should we address at meetings and in special issues of *JMM*? We defer to the discussion of the conference to address these and related issues. As with most research, this work possible raises more questions than it answers.

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**Table One**  
**Journal Criteria Scores and Rankings**  
(Adapted from Polonsky and Whitelaw 2004a & 2004b)

<b>JOURNAL</b>	Prestige Score	Theory Score	Practice Score	Teaching Score	Cluster
Journal of Marketing Research	6.52	6.35	5.09	4.08	A
Journal of Marketing	6.52	6.17	5.47	4.59	A
Journal of Consumer Research	6.58	6.45	4.34	4.13	A
Journal of the Academy of Marketing Science	5.52	5.41	4.67	3.91	A
Journal of Retailing	5.59	5.32	5.14	4.07	A
Advance in Consumer Research	4.26	4.69	2.85	3.04	C
Journal of Advertising Research	4.86	4.66	5.06	4.14	B
Journal of Advertising	5.24	5.06	4.76	3.92	B
Psychology & Marketing	4.57	4.59	3.82	3.30	B
Journal of Consumer Psychology	5.26	5.26	4.02	3.55	B
Marketing Science	6.24	6.05	4.98	4.00	A
Marketing Letters	4.68	4.49	4.10	3.44	B
Journal of Public Policy & Marketing	5.20	4.80	4.85	4.03	B
European Journal of Marketing	4.13	4.10	4.23	3.33	B
Industrial Marketing Management	4.42	3.95	4.71	4.08	B
Journal of Marketing Education	4.11	3.74	3.61	5.39	B
Academy of Marketing Science Review	3.16	3.55	2.84	2.08	C
Journal of Personal Selling & Sales Management	4.43	4.43	4.86	4.09	B
Journal of Consumer Marketing	3.69	3.71	3.66	2.94	C
International Journal of Research in Marketing	4.79	4.82	4.18	3.68	B

**Table Two:  
Publications in Social Marketing Journals, by Country**

<b>JOURNAL  COUNTRY</b>	<b>Journal of Public Policy and Marketing  Relative- Authorship # of Institutions # of Authors</b>	<b>Journal of Non Profit and Public Sector Marketing  Relative Authorship # Institutions # of Authors</b>	<b>International Journal of Nonprofit and Voluntary Sector Marketing  Relative Authorship # Institutions # of Authors</b>	<b>Journal of Consumer Affairs  Relative Authorship # Institutions # of Authors</b>	<b>Social Marketing Quarterly  Relative Authorship # Institutions # of Authors</b>	<b>Journal of Macromarketing  Relative Authorship # Institutions # of Authors</b>	<b>TOTALS</b>
<b>TOTAL</b>	127 93 271 21.5	102 95 191 2.9	147 76 234 51.5	86 85 190 5.7	36 18 52 17.6	59 59 82 1.5	557 426 1020 100.7
<b>CONSULTANTS &amp; INDUSTRY</b>	30	7	63	13	26	2	141
<b>Australia</b>		10.9 9 29	10.8 10 26		1 1 2	4.5 6 7	27.2 26 64
<b>Canada</b>	4 5 11	1.5 3 3	7.3 7 16	2 3 3	.5 1 1	3.8 5 7	19.1 24 41
<b>Denmark</b>						1 1 1	1 1 1
<b>Finland</b>			1 1 1				1 1 1
<b>France</b>	.5 1 2		1 1 2			1 1 1	2.5 3 5
<b>Germany</b>		1 1 1				1 1 1	2.67 3 4

Table Two, continued

JOURNAL	JOURNAL of Public Policy and Marketing	JOURNAL of Non Profit and Public Sector Marketing	International Journal of Nonprofit and Voluntary Sector Marketing	JOURNAL of Consumer Affairs	Social Marketing Quarterly	JOURNAL of Macromarketing	TOTALS
COUNTRY	Relative Authorship # of Institutions # of Authors	Relative Authorship # of Institutions # of Authors	Relative Authorship # of Institutions # of Authors	Relative Authorship # of Institutions # of Authors	Relative Authorship # of Institutions # of Authors	Relative Authorship # of Institutions # of Authors	
HK				2.25 3 6		.5 1 1	2.75 4 7
Ireland			2 2 3			1.5 2 2	3.5 4 5
Israel						.33 1 1	.33 1 1
Japan						1 1 1	1 1 1
Malta		2.33 1 4					2.33 1 4
Netherlands		1 1 1	1 1 1			2 1 2	4 3 4
New Zealand	1.5 2 3		2 1 4	1.33 2 2			4.83 5 9
Poland				.14 1 1			.14 1 1

Table Two, continued

<b>JOURNAL</b>	<b>Journal of Public Policy and Marketing</b> Relative Authorship # of Institutions # of Authors	<b>Journal of Non Profit and Public Sector Marketing</b> Relative Authorship # of Institutions # of Authors	<b>International Journal of Nonprofit and Voluntary Sector Marketing</b> Relative Authorship # of Institutions # of Authors	<b>Journal of Consumer Affairs</b> Relative Authorship # of Institutions # of Authors	<b>Social Marketing Quarterly</b> Relative Authorship # of Institutions # of Authors	<b>Journal of Macromarketing</b> Relative Authorship # of Institutions # of Authors	<b>TOTALS</b>
<b>COUNTRY</b>							
South Africa		.5 1 2		1 1 1			1.5 2 3
Singapore	1.17 1 4			1 1 2			2.17 1 6
Korea				.5 1 1		.25 1 1	.75 2 2
Spain		3 4 9	1 1 3				4 5 12
Thailand						1 1 3	1 1 3
Taiwan				.5 2 1.5			.5 2 1.5
United Arab Emirates		1 1 1					1 1 1
United Kingdom	1.17 2 3	5.2 5 9	51.3 34 89	.33 1 1	3.25 1 4	6.5 9 8.5	67.75 52 114.5
USA	97.5 82 218	72.5 69 125	18.7 18 28	70.9 69 156	13.2 14 19	32.5 28 43.5	305.3 280 589.5



**Table Three:**  
**Publications in A-Level, B-Level and Social Marketing Journals, by Country**

Country	A-Level		Marketing		Journals		B-Level		Marketing		Journals		Social		Marketing		Journals	
	# Institutions	# Authors	Relative Articles Authored	# Institutions	# Authors	Relative Articles Authored	# Institutions	# Authors	Relative Articles Authored	# Institutions	# Authors	Relative Articles Authored	# Institutions	# Authors	Relative Articles Authored	# Institutions	# Authors	Relative Articles Authored
Consultants		65	25.07		223	121.3		223	121.3		115	83.09		115	83.09		115	83.09
Africa	1	1	.25	2	2	.83		2	.83									
Argentina				1	1	1		1	1									
Australia	11	32	16.83	29	162.50	85.98		162.50	85.98		62	26.23		62	26.23		62	26.23
Austria	1	1	.25	5	8	4.32		8	4.32									
Bahamas				1	2	1		2	1									
Belgium	5	14	5.12	8	17	7.16		17	7.16									
Bosnia				1	1	.83		1	.83									
Brazil	2	2	.5	2	2	.4		2	.4									
Canada	16	49.50	22.84	28	100	48.59		100	48.59		40	18.63		40	18.63		40	18.63
Chile				1	1	.33		1	.33									
China	1	2	.58	5	7	2.66		7	2.66									
Columbia				1	1	.25		1	.25									
Croatia				1	1	.5		1	.5									
Cyprus	2	3	.83															
Czech Rep.				1	1	.5		1	.5									
Denmark	2	5	1.12	7	23	11.63		23	11.63		1	1		1	1		1	1
Egypt																		
Europe				1	1	.5		1	.5									
Fiji																		
Finland				9	24	13.4		24	13.4		1	1		1	1		1	1
France	4	27.5	13.67	20	48.5	23.52		48.5	23.52		5	2.5		5	2.5		5	2.5
Germany	9	19	8.75	18	30	12.78		30	12.78		4	2.66		4	2.66		4	2.66
Greece				6	15	8.82		15	8.82									
Hong Kong	4	30	15.83	6	67	30.02		67	30.02		7	2.75		7	2.75		7	2.75
Hungary				2	2	1.17		2	1.17									
India	2	1.5	.58	3	4	2.08		4	2.08									
Ireland				8	20	11.66		20	11.66		5	3.5		5	3.5		5	3.5
Israel	3	20	7.82	5	11	5.15		11	5.15		1	.33		1	.33		1	.33
Italy				3	3	1.5		3	1.5									



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# Thought and Comment on Future Scenarios for Macromarketing

Panel

Mark Peterson, University of Texas at Arlington  
Sandy Grossbart, University of Nebraska-Lincoln  
William Kilbroune, Clemson University

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## Abstract

*From his recent experience as Program Director for the 30th Annual Macromarketing Conference, Mark Peterson will share his thoughts on an opportunity for repositioning macromarketing after 30 years. The opportunity is to develop a focus on synthesis and strategic issues in the current post-9/11, globalizing world. Such a focus would help enable scholars to engage enlightened leaders of nations, transnational organizations, NGOs and companies on broad topics, such as sustainable development.*

*Sandy Grossbart will give comment. Bill Kilbourne will share his ideas.*

The following is from “How I Learned to Think Horizontally” by Thomas P. M. Barnett (Barnett 2004).

“During my eight years in Washington, Hank Gaffney and I did a lot of research together and coauthored a number of significant reports, and most of the big ideas I have hatched over my career either began in or were intimately shaped by my time with him. But what Hank really taught me was how to think horizontally. By that I mean thinking broadly across subject matters versus drilling down deep into a particular subject, which I call vertical thinking. In both the Pentagon and Washington in general, the system of debates awards points almost exclusively to those who think vertically, because intense subject-matter expertise allows you to poke holes in everyone else’s thinking.”

“Inside the Beltway, vertical thinkers are expert at telling why something will never succeed, and little else. Horizontal thinkers tend to be the exact opposite. They often argue by analogy and are quick to borrow concepts from other fields. They are usually synergists, meaning they combine disparate concepts in new and unusual combinations. For example, in my PhD dissertation I borrowed from the field of interpersonal psychology to explain how the relative “weakling” Romania stood up to Soviet bullying tactics within the Warsaw Treaty Organization, ultimately achieving a certain degree of foreign policy independence.”

“The most important advantage of horizontal thinking is the ability to see a future unfolding in realistic stages, never becoming too invested in any one particular pathway. Most of what passes for strategic planning in the Pentagon involves the acquisition (or buying) of future technologies in the form of weapons systems and platforms (e.g. ships, aircraft, and tanks). Within those narrow confines most vertical thinkers do well. But these same vertical thinkers are incapable of making similar forecasts about the messy world lying outside the Pentagon. Here their tendency to define the future as straight-line projections of current trends consistently betrays them, because you can never mechanistically extrapolate tomorrow from today.”

Barnett, Thomas P. M. 2004. *The Pentagon’s New Map: War and Peace in the Twenty-First Century*, New York: G. P. Putnam’s Sons, 112-113.

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# Macro-micro Linking Using System Dynamics Modeling: *A Preliminary Examination of Eco-Labeling Effects for Farmed Shrimp*

Steven P. Arquitt, University of Queensland, Australia  
T. Bettina Cornwell, University of Queensland, Australia

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## Abstract

*Eco-labeling has been heralded as a market based approach useful in addressing environmental issues. While a growing number of eco-labeling projects are found in nations around the world, most of the analysis of the effectiveness of these programs is historical and thus limited in usefulness for policy. Moreover, models examining eco-labeling effects tend to be focused either on the environmental impacts or the consumer adoption of eco-labeled goods and services and do not attempt to link consumer behavior to environmental impact. The current paper offers a somewhat different approach by using system dynamics modeling to capture both consumer adoption and environmental conservation for a case example of farmed shrimp. Policy analysis conducted via simulations suggests that public service announcements can at least lessen the degradation of the natural environment typically impacted in shrimp farming.*

## Introduction

The potential value of eco-labeling schemes in supporting sustainable or at least environmentally friendly behavior has received considerable researcher attention across a number of disciplines including economics (Bjørner, Hansen and Russell 2004; Moon et al. 2002; Teisl, Roe and Hicks 2002), consumer policy (Reisch 2001; Thøgersen 2000), and tourism (Kozak and Nield 2004). Eco-labeling has been defined as “a practice of providing information to consumers about a product which is characterized by improved environmental performance and efficiency compared with similar products” (Basu, Chau and Gote 2003). Eco-labeling programs have been called a “market based approach” to address environmental issues (Wessells, Johnston and Donath 1999). Eco-labeling takes three forms (Reisch 2001) (1) self-declaration labels by individual companies, (2) labels established by industry associations for their member’s products, and (3) labels established independent of market agents—private or state run certification bodies. The case example utilized in the current paper is a potential private not-for-profit certification program for farmed shrimp available to all international growers.

## The Argument for a System Dynamics Approach

Recently Cornwell and Drennan (2004) argued that consumer behavior research, especially research regarding the environment, could benefit from micro-macro linking. This linkage is described by Gerstein (1987) as “how to create theoretical concepts that translate or map variables at the individual level into variables characterizing social systems, and visa versa” (p. 86). Moreover, Cornwell and Drennan nominate a system dynamics approach as a potentially valuable method in this regard. Citing the work of Meadows (1982), they argue that system dynamics helps address problems that share core elements such as: (1) policy resistance, (2) drift to low performance, and (3) addiction or dependency. Many environmentally oriented consumer behaviors such as recycling include these core elements. For example, consumer inducements and encouragements to recycle have been studied in many countries, but arguably this behavior is policy resistant and drifts to low levels of recycling after campaigns conclude.

Another reason for the suggested use of system dynamics in this area is that it could provide more timely guidance to managers and policy decision makers regarding the usefulness of green marketing programs

and public policy. Perhaps the most convincing empirical paper to date exploring the potential of a national eco-labeling system, the Nordic Swan in Denmark (Bjørner et al. 2004) utilizes data from 1997 to 2001 and was published a short three years following data collection. While an important work, and a potential source of information to the type of modeling suggested here, it is at the time of availability, historical. Sterman (2000) is a strong advocate of the systems approach to guiding decision making and policy formulation. With regard to managers, Paich and Sterman (1993) argue that mental models of dynamic environments are generally poor; “Specifically, people do not account well for feedback loops, time delays, accumulation processes and nonlinearities (p. 1454). Evidence of the consumer’s inability to understand complex issues of sustainability has also been noted; in particular their inability to recognize the role of consumer demand (Connolly and Prothero 2003) is disturbing given its importance to environmental conservation.

Perhaps the most important argument of any for the use of system dynamics modeling in this context is its ability to consider dynamic complexity inherent in eco-labeling. Current examinations of the effects of eco-labeling programs necessarily take one piece of the picture at a time. For example, Swallow and Sedjo (2000) consider a wood demand model that focuses on feedback regarding price in a market economy. In their model, consumer communication effects are not detailed. In contrast, Thøgersen provides a very detailed conceptual model of how consumers will pay attention to eco-labels and form the decision to purchase eco-labeled products. Naturally, their model does not consider the more macro oriented economic effects of aggregated individual consumer decisions. These types of studies can, however, be melded at some level of aggregation in an overall model. Moreover, this model could also include the environmental impact of the eco-labeling scheme. This is essentially what is proposed in the current paper, a multi-sector model that would allow overall assessment of eco-labeling effects for world shrimp farming. We have selected shrimp farming as our case study because presently there is considerable international interest in eco-labeling for farmed shrimp<sup>1</sup>. The purpose of this model is to understand how eco-labeling schemes might be designed to yield positive economic, environmental and consumer outcomes. The following section provides some background detail on world shrimp farming.

### **Shrimp aquaculture and the environment**

Growing international demand for shrimp and stagnating catches of wild shrimp in the early 1980s created an opportunity for the development of export orientated shrimp aquaculture industries (Csavas 1995). Countries with climate and natural resources suitable for shrimp farming, particularly in Asia and Latin America, seized on the opportunity, transforming vast stretches of coastline into shrimp farms. Growth in the sector has been spectacular over the past two decades. In 1982 shrimp aquaculture (also known as shrimp farming) accounted for only about 5% of world shrimp supply, by 1994 this figure had risen to 30% (Flaherty et al. 1999). Some experts estimate that aquaculture now accounts for 50 percent of world shrimp supply (Rosenberry 2004). Globally, farmer earnings from shrimp farming were estimated at over US\$6 billion in 1996 with retail value three times that amount (Flaherty et al. 1999). In Thailand, one of the world’s largest exporters of farmed shrimp, the industry generated over US\$1.7 billion in export earnings in 1996 (Flaherty et al. 1999). In addition to providing social benefits of employment creation and foreign exchange earnings, many believed that shrimp aquaculture would take pressure off over-fished wild shrimp stocks and offer an environmentally benign alternative to destructive practices of the shrimp capture industry.

Despite the apparently bright picture of growth and export earnings at the global scale, the shrimp farming industry has exhibited an extremely instable pattern of development strongly associated with ecological damage and social disruption. In the early 1980s the industry grew rapidly in Taiwan and China only to suffer dramatic production crashes within a few years. Similar patterns can be observed for The Philippines, Indonesia, and India. These boom and busts have been observed both at the national scale and within countries. In Thailand, for example, the national production figures have remained high but mask a series of boom and busts in which the industry has developed rapidly in one region only to

crash and migrate to another (Huitric et al. 2002). The production crashes have left trails of abandoned shrimp ponds and depleted natural resources, in particular coastal mangroves, and have caused social damage through loss of employment in shrimp farming and related side industries.

The form of shrimp farming examined here is known as “brackish water” shrimp farming. Several species are farmed but all are marine species requiring salt water. For this reason shrimp farms are typically found along coastal margins, often on the shores of estuaries and embayments lined or formerly lined with mangrove forests. “Mangrove” refers to a tropical coastal ecosystem type that is alternately inundated and exposed by tides and dominated by species of salt tolerant trees. Mangroves are the dominant ecosystem type found in most shrimp farming areas and serve as an important resource base for shrimp production by maintaining water quality through assimilation of nutrients and pollutants (Rönnbäck 1999). Mangroves are an essential resource base for numerous other industries, including capture shrimp fisheries, and provide a host of ecosystem services important to biodiversity and rural incomes (Ashton et al. 2003).

### System Dynamics Model

We have developed a simulation model using the methods of system dynamics to investigate how an eco-labelling policy might lessen the adverse environmental impacts of the shrimp aquaculture industry. System dynamics posits that the behavior of a system is a function of its internal feedback structure. The feedback structure consists of interconnected feedback loops that are either reinforcing (also known as positive) or balancing (also known as negative). Reinforcing loops cause growth or collapse. Balancing loops are goal seeking and act to stabilize the system. Thus the behavior of a system is determined by the interaction of reinforcing and balancing feedback loops and information delays and non-linear relationships embedded within the loops. For an extensive description of system dynamics see Sterman (2000)<sup>2</sup>.

The model is divided into eight interacting sectors. Figure 1 shows the sectors and linkages between sectors. The points below sketch the key characteristics of each sector.

- The *Consumer Sector* describes the transition of potential adopters (consumers) of eco-certified shrimp to adopters. The transition is influenced by the price for eco-certified shrimp relative to the price for non-certified shrimp. The sector considers the aggregate world population consumers of farmed shrimp. This sector is described in more detail following this overview.
- The *Non-certified Demand* and *Eco-certified Demand Sectors* describe how world-wide demand for eco-certified and non-certified shrimp responds to shifts in consumption preferences and changes in price for the two categories of shrimp. The structure of the sectors is based on the generic commodity demand structure described by Sterman (2000). Demand adjusts after an adjustment lag to an indicated level that is a function of the ratio of price to a constant reference price and reference demand. Reference demand is the population of consumers multiplied by the per capita consumption of shrimp at the reference price.
- The *Non-certified Price-setting* and *Eco-certified Price-setting Sectors* describe how inventory levels and production costs determine prices. Prices are adjusted by inventory holders to maintain inventories at desired levels (Meadows 1970). Prices are also adjusted toward expected production costs (Sterman 2000).
- The *Non-certified Shrimp Production* and *Eco-certified Shrimp Production Sectors* describes farmer’s decision rules pertaining to expansion or contraction of production. Production is a function of the total area under shrimp farms and farming intensity. Farm area expands or contracts in response to expected profitability which is the ratio of long run expected price minus expected fixed and variable costs divided by long run expected price (Sterman 2000). Intensity adjusts to an indicated level which is a function of the expected mark-up ratio, the ratio of short run expected price to expected variable costs (Sterman 2000). A supply chain is used to capture

delays involved with planning and constructing new farms. Non-certified shrimp farms are assumed to be non-sustainable and are continuously abandoned and replaced with new farms. A fraction (fifty percent) of non-certified shrimp farms are assumed to be initiated within mangrove areas. Thus the abandonment and replacement of shrimp farms mimics the sequential exploitation of mangroves described by Huitric et al (2002). Eco-certified farms are assumed to be sustainable and not detrimental to mangroves. This would of course be a policy parameter of the eco-certification program.

- The *Environmental Impact Sector* models the effect of non-certified shrimp aquaculture on environmental resources. The stock of mangrove erodes through clearance as construction of non-certified farms is initiated. In the present model mangroves are modelled as a non-renewable resource, i.e., with no regeneration. In reality mangrove regeneration on lands formerly occupied by shrimp farms is very low due to soil contamination from farm waste and hydrologic alterations. The initial value in the model for the mangrove stock is a gross estimate of worldwide mangrove under potential threat of exploitation by shrimp farmers. Our intention is to demonstrate the process of shrimp farm induced mangrove deforestation rather than predicting actual loss rates.

Given space limitations, only the consumer sector will be explained in further detail.

### Consumer Behavior Sector

A simplified diagram of the causal structure of the Consumer Behavior Sector is shown in Figure 2. The normal diagramming conventions of system dynamics are followed. The rectangles represent state variables. State variables change only through inflows or outflows which are indicated by thick arrows with “valves.” Information linkages are indicated by unidirectional arrows. In the model, Potential Adopters represents the population of consumers that makes their shrimp purchasing decision only on the basis of price and availability. In contrast, Adopters buy only eco-certified shrimp and exhibit willingness to pay (WTP) a premium for eco-certified shrimp. WTP premiums are measured in a number of eco-labelling and environmentally friendly behaviors (see Bjørner et al. 2004 and Schwepker and Cornwell 1991 respectively). Both categories are found in shrimp consumers world-wide. The structure of the sector is based on the well known Bass Diffusion Model (Bass 1969). The system dynamics interpretation of the Bass model is that the population of adopters grows through a reinforcing feedback loop representing the increasing influence of word-of-mouth as the population of adopters increases. Eventually a balancing feedback slows adoption as the population of potential adopters is depleted. The interaction of the two loops causes the population of adopters to exhibit an s-shaped pattern through time (Paich and Sterman 1993).

In the current model, word-of-mouth communication is termed, Social Pressure. Eco-labelled shrimp, rather than creating a “buzz” of excitement as a new durable product might, create a discussion of environmental responsibility. As the population of Adopters increases, the contact rate with Adopters will increase, exerting increasing social pressure to buy eco-friendly shrimp (Social Pressure Loop, R1). As the pool of Potential Adopters is depleted the adoption rate slows (Saturation loop, B). In the original Bass Model adoption through advertising was modelled as the population of potential adopters multiplied by an exogenous fractional rate representing advertising effectiveness. Given that we assume that the certification body is an international non-profit organization public service announcements (PSAs) rather than advertising are utilized. Clearly this is only a difference in terms from the original model. The Bass model has been widely used to model the adoption of consumer durables. For application to the differentiated eco-labelled shrimp within the shrimp commodity system we have made several extensions:

- A flow representing erosion of the adopter population back to potential adopters has been added.
- The variables representing effectiveness of public service announcements (PSA) and social pressure to adopt are now influenced by the eco-certified shrimp price relative to the non-certified price. We assume that the effectiveness of PSA and social pressure to adopt will diminish if the price of eco-labelled shrimp exceeds the adopters’ WTP premium.

- A reinforcing feedback has been put in place that reduces the erosion of adopters as the population of adopters increases (Social-norm building loop, R2).

### **Model simulation**

The model was developed with STELLA Research version 7.2. The simulation time horizon is 50 years, a period long enough for the full dynamic patterns to unfold. The base simulation is shown in Figure 3. The variables of interest are: (1) Eco-certified shrimp production, (2) Non-certified shrimp production, (3) the population of adopters, (4) the population of potential adopters, and (5) the mangrove stock. With the exception of the Environmental Impact Sector the model is initialized in equilibrium, i.e., all the state variables remain constant with inflows and outflows adding to zero. Setting the stocks in equilibrium is usual practice in system dynamics and allows observation of the behavior inherent in the system structure when the initial equilibrium is disturbed (Sterman 2000). The mangrove stock decays from year zero because it is being continuously consumed by the replacement of abandoned shrimp farms in the Non-certified Sector.

At year five the system is “disturbed” by the implementation of public service announcements regarding the non-profit’s eco-certification and the potential conservation of mangroves. This causes Potential Adopters to flow to Adopters based on a fractional rate representing PSA effectiveness. As adopters accumulate the reinforcing feedback of social pressure accelerates the adoption rate. The population of adopters grows, increasing the demand for eco-certified shrimp. The increase in demand drives up the price for eco-certified shrimp (price not shown in diagram). However, the price influence is overcome by the development of a social-norm to remain Adopters as the population of Adopters and the contact rate among Adopters increases. Production of eco-certified shrimp increases and displaces non-certified production the population of Potential Adopters falls. The production time paths exhibit patterns of dampening oscillation typical of commodities (Meadows 1970). By the end of the simulation almost all production is eco-certified and the mangrove stock is no longer being consumed (compare to mangrove stock in Figure 4 which shows continuous decay of mangrove when there is no increase in demand for eco-certification). The objectives of the eco-certification policy are achieved in this simulation, although admittedly only lessening the negative environmental impact in the near term.

### **Sensitivity Analyses**

A parameter with important policy implications is the effectiveness of PSAs. Figures 5 and 6 compare simulations of the population of Adopters and of Mangroves respectively under a range of values for PSA effectiveness. For both figures PSA effectiveness is set at zero (time path 1), 0.01 (time path 2), 0.05 (time path 3), 0.1 (time path 4) and is held constant. Figure 7 shows simulation of the adopter population and mangrove stock under a one time pulse PSA effectiveness set to 0.10. This fractional rate suggests that 10% of Potential Adopters will become Adopters in a single year. This sort of large scale communication impact (presumably supported public discussion accounted for in the model) has president in the market for tuna and the use of dolphin safe labelling (see Teisl et al. 2002).

The simulations suggest that PSA programs are influential in initiating and speeding growth of adopters and in protecting mangrove resources. If an adequate pool of adopters can be facilitated through PSA, then reinforcing feedback through social pressure can exert itself more quickly. Figure 6 suggest that an intensive PSA program even for short duration can set into motion the feedback process of adopter population growth through social pressure. The simulations further suggest that a strong one time pulse may be more effective than a continual weaker PSA program.

### **Discussion**

Clearly, there are a number of limitations to any model of this magnitude. Of particular importance here is the fact that key parameter estimates are based on secondary sources (e.g., willingness to pay). This



however, need not remain the case. Experimental findings considering willingness to pay or potential effectiveness of a public service announcement could be easily incorporated in the model. The model's central value is as a learning tool. Policy entry points and areas needing additional empirical research are identified in process of model building and simulation. A potential pitfall of the approach is that simulation results might be construed or promoted as predictions. We emphasize that prediction is not our objective nor should it be the objective of any system dynamics study. Rather, simulation should be viewed as a test of hypothetical assumptions embedded in the model.

The contributions of this paper are found in three areas. First, the paper demonstrates the potential value of the systems approach in linking macro and micro effects in a single model and the related advantages of explicating specific parameters for a complex system. Also provided is a generic approach to modeling eco-labeling initiatives. As long as reasonable parameter estimates can be found, the eight sector model could be used to examine any number of eco-labeling schemes. Additionally, this model could easily be made country or region specific. Finally, the model offers findings specific to the case study. The well known value of a large pulse of advertising (or in this case, public service announcements) can be demonstrated for the case of eco-labeled shrimp. The conversion of Potential Adopters to Adopters might even be conservative since media coverage and possible special interest group activities are not included in the model. Public awareness at a level that influences the very nature of the industry (as was the case with dolphin safe tuna, Teisl et al 2002) is the kind of tipping point pattern hoped possible.

#### Notes

1. Presently an international program entitled "Shrimp farming and the environment" supported by the World Bank, World Wildlife Fund (WWF), Food and Agriculture Organization of the United Nations (FAO), and the Network of Aquaculture Centers of the Asia Pacific (NACA) is promoting eco-certification and eco-labeling for the global shrimp farming industry. For details refer to [www.enaca.org](http://www.enaca.org).
2. A reviewer of this manuscript asked us to explain how system dynamics differs from systems theory as generally defined in sociology. System dynamics was developed independently from systems theory as proposed by von Bertalanffy (1968). However, the two are closely related in the sense that both schools of thought focus on the arrangement of and relations between the elements of a system which together constitute a whole and which generate the behaviour of the system.

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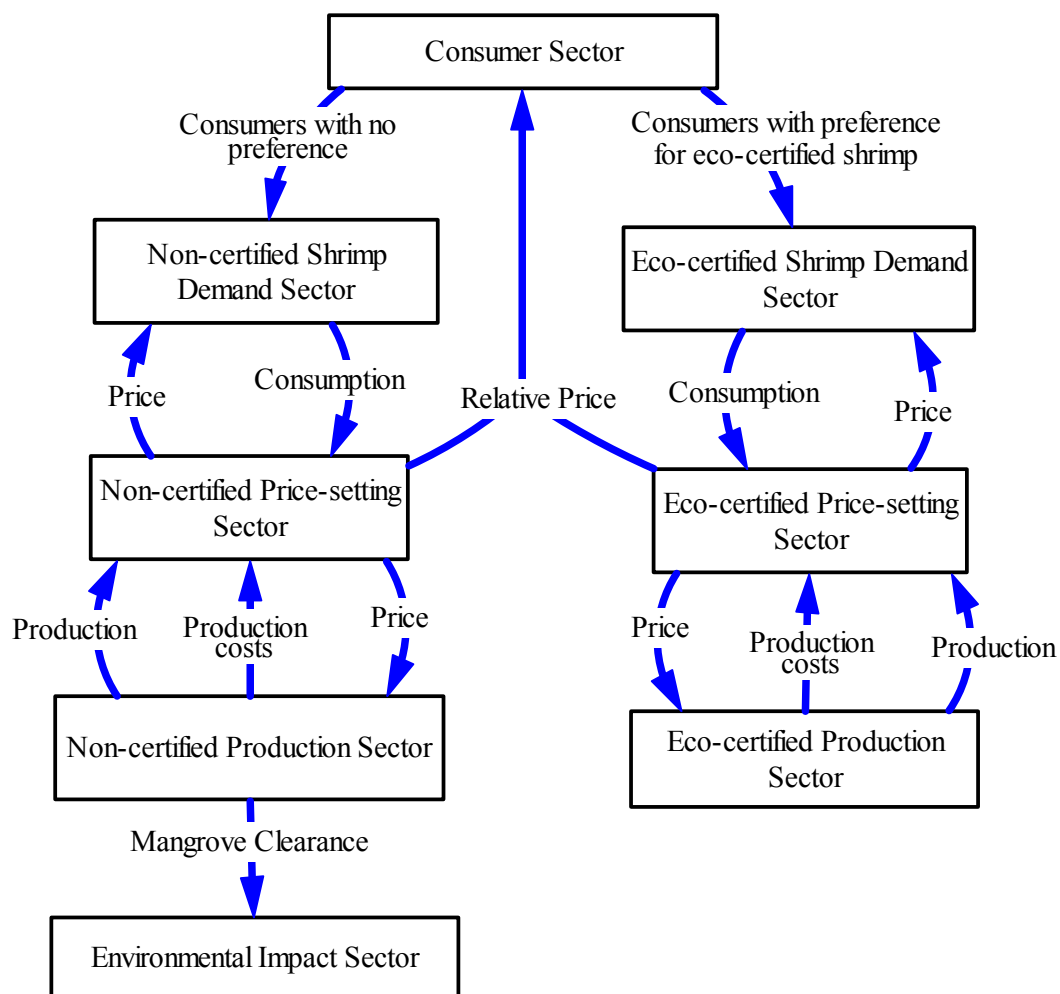
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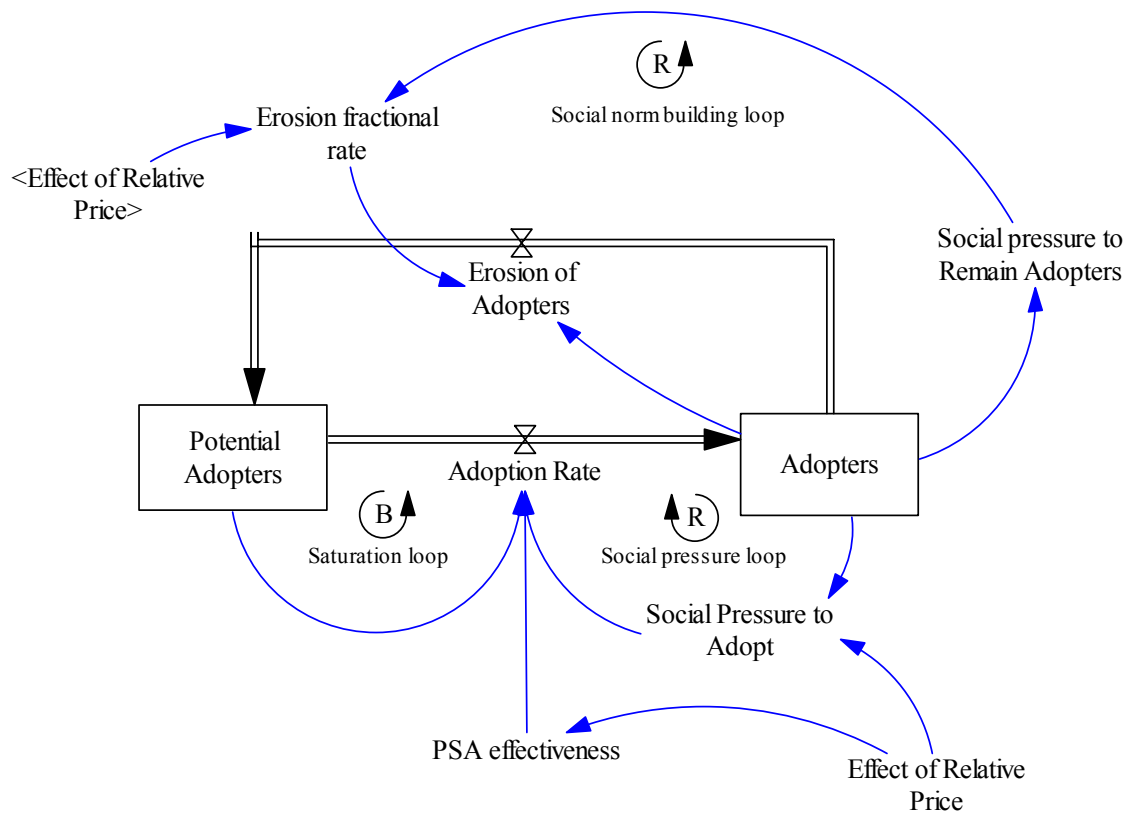
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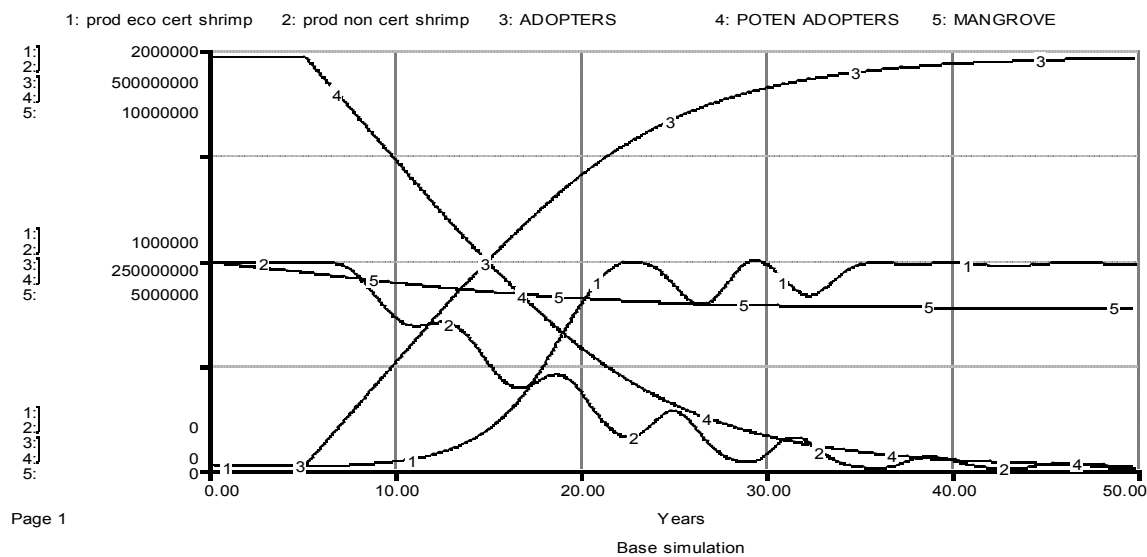
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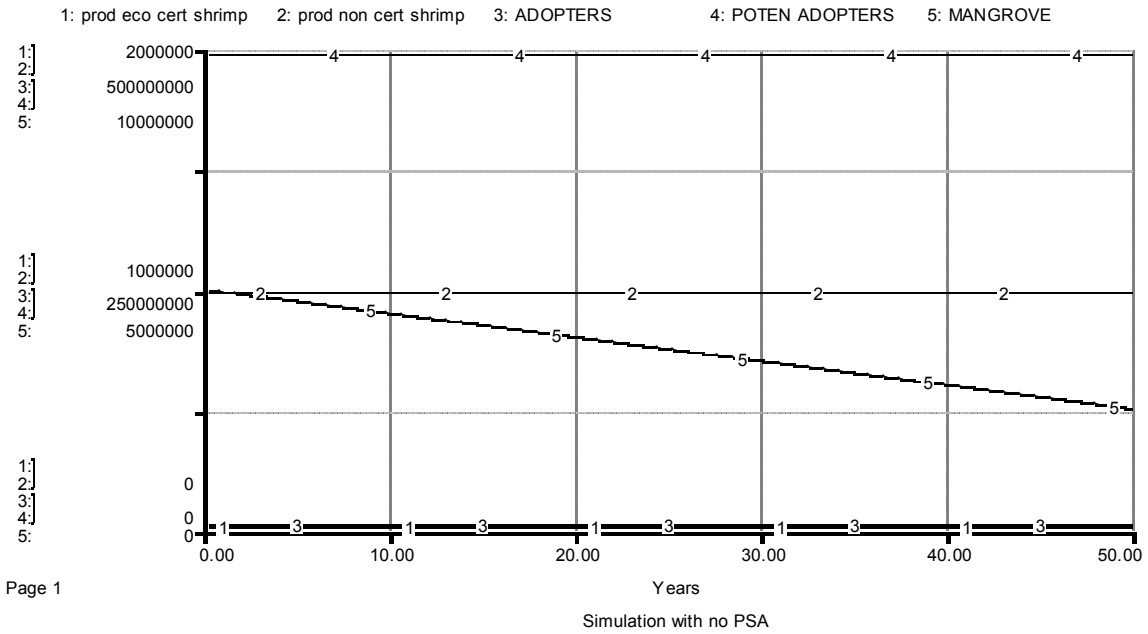
**Figure 1. Sector structure of model showing linkages between sectors.**



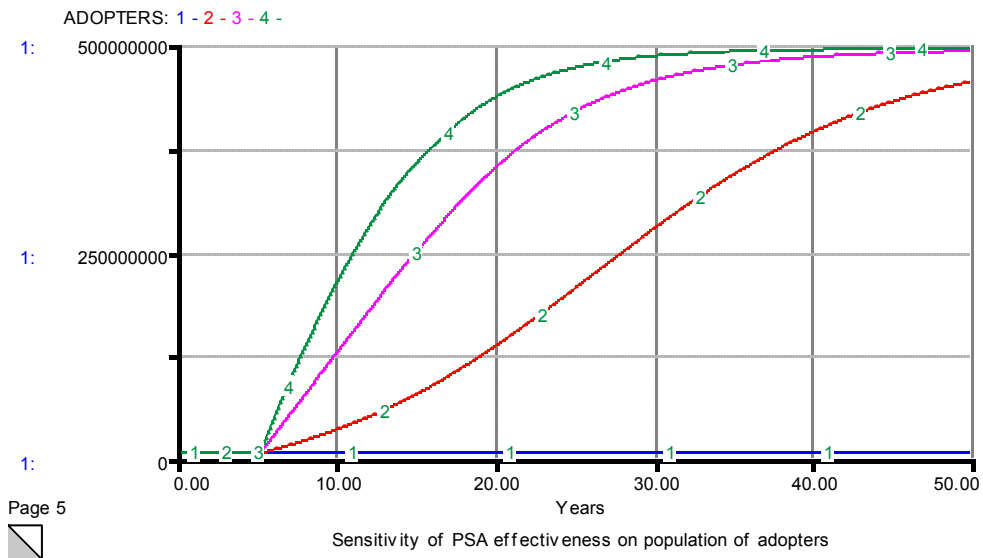
**Figure 2. Simplified Causal Structure of Consumer Behavior Sector.**



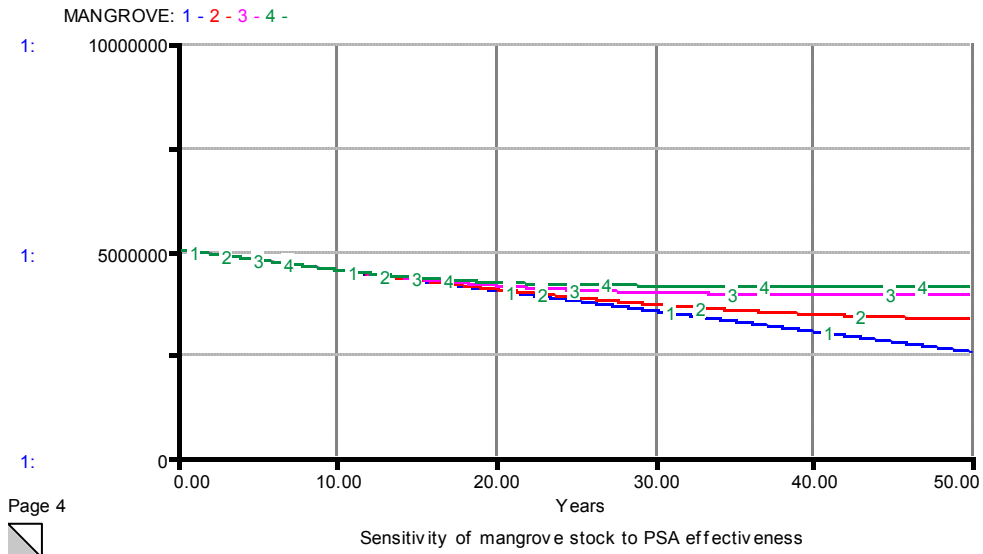
**Figure 3. Base simulation. 1= Production of eco-certified shrimp (tons), 2 = Production of non-certified shrimp, 3 = Population of Adopters, 4 = population of Potential Adopters, 5 = Mangrove stock (hectares).**



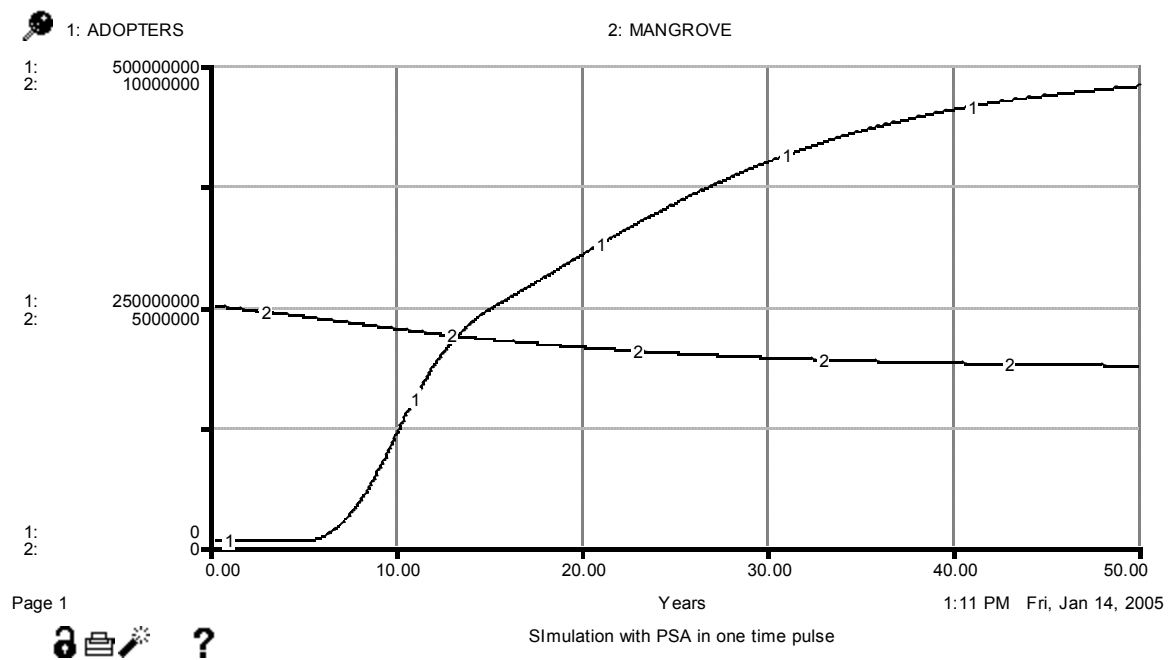
**Figure 4. Continuous decay of mangrove stock when there is no increase in adopters of eco-certified shrimp.**



**Figure 5. Sensitivity of the population of adopters of a range of values of PSA effectiveness.**



**Figure 6. Sensitivity of mangrove to a range of values of PSA effectiveness.**



**Figure 7. Simulation of population of adopters and mangrove with one time pulse of PSA.**

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# Globalization: For Better or Worse?

## The Effects of International Trade on the Economy, Physical Quality of Life and the Environment

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### Abstract

*A great debate has emerged on the world stage about globalization and its consequences for society. We examine the hotly debated question of globalization's effect on the economy, the environment and on the quality of the lives of ordinary people. Building on Mullen (1993, 1996) and Kilbourne's (2004) and analytical frameworks, this study examines the effects of international trade (exporting and importing) on the economy, physical quality of life and environmental pollutants. The multidimensional analysis uses time-lagged data from more than 100 countries and two-staged least square regression models. We consider direct, indirect, and total effects. The findings have practical implications for public policy officials and provide an alternative empirical explanation of effects of globalization on the economy, physical quality of life and the environment.*

### Introduction

In recent years we have seen heightened concern about the effects of globalization on ordinary people and their environment. Anti-globalization demonstrators have campaigned against free trade in Seattle, Davos, Cancun and Miami. They have consistently argued that an increase in international trade harms the environment and that the economic benefits of increased trade accrue to the benefit of multinational corporations and the international elite rather than ordinary citizens. Discussions over the benefits and costs of globalization have been of interest to public policy makers and managers for many years. Recently there has been a heightened interest among marketing academics in the role of marketing in globalization and in the effects of globalization, for better or worse. McDonagh and Schultz (2002) make the point that "Irrespective of conflicting sentiments about globalization, marketing – and its effects – are globally visible", (pg. 518). They point out that marketing academics ought to analyze strategic factors contributing to sustainable, positive outcomes for the general population (McDonagh and Schultz 2002). Further, the Journal of Macromarketing recently published a Special Issue (Vol. 24, No. 2, 2004) on the topic of globalization and its consequences. In that Special Issue Kilbourne (2004) argued that substantive freedoms, quality of life and an improved environment were precursors of economic development that led to globalization with its free markets and trade liberalization. Kilbourne sees this process as continuous with free markets and trade liberalization in turn leading to an improved quality of life (QOL), environment and substantive freedoms. Hill and Dhanda (2004) and Cornwell and Drennan (2004) also looked at the effects of globalization on the environment.

Shultz, Rahtz and Speece (2004) argue that globalization is inextricably linked to economic development and quality of life. As globalization becomes more important, trade flows are growing and production is shifting from developed countries to developing countries making people worry not only about their economic future but also about the environment. Interest groups and their more vocal protestors have heightened concern about the adverse effect of trade on the environment. This issue arose when the NAFTA (North American Free Trade Agreement) and Uruguay round of GATT negotiations took place.

The main concern of environmentalists was global warming brought on by air pollution. The World Trade Organization (WTO) seemed to strengthen the position of environmentalists against increased trade since the WTO rules do not aim at the enforcement of environmental laws. Situations like the Dolphin-Tuna case involving United States and Mexico is an example of the lack of enforcement of national environmental laws by the WTO. The United States banned imports of Mexican tuna because Mexico had not taken steps to reduce the number of Eastern Pacific Tropical dolphins killed each year due to tuna fishing. Mexico appealed the case to the WTO where the panel ruled in favor of Mexico's fisherman. As a result some environmentalists argue that the WTO is an environmentally hostile organization and increased trade under their auspices will likely harm the environment.

While some environmentalists argue that globalization worsens air pollution and harms the environment, economists and trade policy analysts believe that economic growth generates an improvement in the environment. Bhagwati (1993) and others argue that an increase in GDP results in a reduction of pollutants and an improved environment. Wealthier societies are more likely to implement environmental protections because they can afford the cost associated with implementation of environmental policies. Economic growth provides countries with the resources to improve human health and adopt new environmental technologies. If Maslows' hierarchy of needs is considered, we see that people in poverty are concerned about their survival rather than protecting the environment. However, when income rises, people become more concerned about higher order issues such as the quality of the natural environmental.

### **Purpose**

Stiglitz (2002) sees globalization as the diffusion of any process from its point of origin to points around the world. Others elaborate on globalization as a complex, multidimensional construct (Shultz, Rahtz and Speece 2004; Kilbourne 2004). Kilbourne, relying on Dicken 1998 and Jones 2000, defines globalization as "the process through which nation-states become more economically, financially and culturally integrated by the economic actions of transnational actors," (2004: p.123). Here we use a similar definition proffered by Shultz, Rahtz and Speece: Globalization is a process that "fundamentally is entrenched in the dynamic relationship(s) among societies, governments, markets, marketers and consumers throughout time," (2004: p. 169).

The purpose of this study is to empirically measure the effects of globalization vis-a-vi international trade (i.e., exporting and importing) on the economy, physical quality of life for individuals and the natural environment (i.e., environmental pollution). Most previous literature has only linked environmental pollution to economic growth without taking into consideration globalization variables such as international trade. This study is a first step toward assessing the relationship between globalization variables (exports, imports) on economic growth along with the environmental (i.e., pollution) and physical and quality of life.

### **Literature Review**

Debates over the costs and benefits of globalization have been of interest to societies, governments, markets, marketers and consumers and their respective interested parties (i.e., labor unions, economists, environmentalists, etc.). Opponents of globalization assert that it is characteristic of capitalism undermining the nation state and exploiting rather than benefiting people (Beck 2000). Globalization is also considered by some as a source of global injustice (Beck 2000; Cronin, 2003). According to globalization dissenters, it is a force that delays the demise of capitalism at home and harms innocent people living board (Bhagwati, 2002). Nader (1993) also noted that operating under the deceptive banner of "free" trade, multinational corporations are working hard to expand their control over the international economy and undo vital health, safety and environment protections won by the citizen movements across the globe in recent decades.



In contrast with anti-globalization “protestors”, there are many pro-globalization advocates. Traditional economic theories posit that globalization in the form of international trade benefits both parties by taking advantage of relatively scarce or abundant factors of production resulting in increased production for the benefits of all involved. Many scholars have found evidence against anti-globalization theories through systematic study of data. Ellis (2001) argued that the rise of global corporations has increased business efficiency, increased prosperity for many people, disseminated technology for many countries, and expanded consumption possibilities, knowledge and awareness of different cultures among countries.

Research by Harvard University has shown that between 1970 and 1990, the economies of poor countries with an open economy, grew by 4.5 per cent a year, while that of the autarkic nations stagnated at 0.7 per cent ([www.zenit.org](http://www.zenit.org)). Similarly, for countries that took the road to the globalization, their average annual growth rates accelerated from 1 per cent in the 1960s to 3 per cent in the 1970s, 4 per cent in the 1980s and 5 per cent in the 1990s. While rich countries’ rates showed growth of about 2 per cent in the 1990s, opponents of globalization saw their growth rate decline from 3 per cent in the 1970s to 1 percent in the 1980s and 1990s. Gardner (2000) stated that globalization is a powerful, dynamic, and complex phenomenon that we cannot stop or control but may be able to diminish its harmful effects and reinforce its benefits. Deliver (2003) showed that 90% of South Koreans and Kenyans, 88% of French and Ghanaians, 87% from the U.K., 84% from Bangladesh, 79% of Mexicans and 78% of Americans think that globalization is good for their own country.

### **Economic Development**

International economic development has been of special interest for many decades in the macromarketing literature (for a review see Wood and Vitell 1986) following the early work of Charles Slater (1968), Johan Arndt (1972), Bartels (1977) and Cundiff (1982) among others. Much of that very broad economic development literature points to the multidimensional aspects of economic development. Economic growth is central to the broader construct of development and is featured in most text books and macromarketing articles. Quality of life has also been widely discussed with dual focuses on the physical quality of human life and on higher order aspect of quality of life, especially the natural environment (c.f., Lazer 1987). More recently, Kilbourne (2004) added substantive freedoms as an important additional dimension for macromarketers to consider. We briefly discuss the first three dimensions of economic development leaving the construct of substantive freedom as the subject of future research.

### **Economic Growth**

Most economists, marketers and text books, consider GDP or GDP per capita as indicators of economic output. Taken cross-sectionally across nations, these data can be used to study the causes and effects of economic growth. Many scholars including sociologists (i.e., Bollen 1979, Sofranko et al. 1975) and macromarketers (Mullen et al. 2001) argue that this measure may be distorted by foreign exchange markets or the lack thereof (i.e, short term currency fluctuations or government interference). Consistent with established practice (Mullen 1993, 1996), we use GDP per capita and with energy consumption per capita as multiple measures of a country’s economic level.

### **Quality of Life (QOL)**

There are many different views about the nature of quality of life. Quality of Life has been defined as “the general state of wellbeing experienced by society's members” (Morris et al., 1995). Societal or country QOL comprises two components - objective QOL (material conditions of life) and subjective QOL (perceptions of wellbeing) (Sirgy, 1991). Miles and White (1998) referred to QOL as consumer well-being in the context of QOL marketing. Furthermore, Kilbourne, McDonagh and Prothero (1997) suggest the necessity of analyzing QOL from the perspective of macromarketing, which entails three dimensions- technological, economical, and political environments.

Sirgy (2001) stated that QOL is multidisciplinary including such perspectives as personal utility, happiness, opulence, the just society, ecology, health, and culture. The study of QOL may focus on individuals, families, communities, regions and or countries. Sirgy defined QOL marketing from the perspective of consumer good firms as marketing designed to enhance customer well-being while preserving the well being of other stakeholders. Lee and Sirgy (2004) define marketing “nonmaleficence” as marketing decisions designed to preserve the well-being of other stakeholders – other than consumers including the local community and the environment. In this study, we extend Sirgy’s (2001) definition to include a public policy perspective. Here we are concerned with Sirgy’s second dimension, marketing nonmaleficence, and examine the effects of marketing on the well-being of other stakeholders including the local community and the environment from a macro perspective. However, we separate the effects on individuals in the local community and the environment as different constructs.

Though many scholars mention QOL in their articles, few try to measure it. Morris (1979) maintains that economic performance is not a suitable way of measuring human well-being. He argues that “GDP used by the World Bank and USAID as a basic indicator of QOL is seriously flawed” because GNP overlooks the differences in the prices and distribution of income in the world. Morris developed a Physical Quality Of Life Index (PQOL) to address this problem by indicating how effectively people’s lives have improved.

Morris’s (1979) index for PQOL (physical quality of life) has been generally accepted by the UN and others studying international development. It is a composite of 3 indicators, namely, basic literacy (the percentage of a population 15 years and older that is literate), infant mortality rate (per 1000 individuals), and life expectancy at age one (where 0 represents the shortest life –expectancy recorded for any country and 100 represents the longest forecast life expectancy). GDP per capita is positively correlated with the physical quality of life index but is not part of the index. Interestingly, Morris’s (1979) index shows that the quality of life has improved faster for many of the world’s poorest people than it has for people in some of the world’s richest nations.

Recently Mullen (1993, 1996) used a similar composite to measure a population’s level of basic needs, a construct related to physical quality of life. He used infant mortality rates, calorie consumption per capita per day and secondary school enrollment ratios.

More recently, Peterson and Malhotra (2000) came up with a series of indexes to measure QOL, which includes 6 factors: cost of living, health, freedom, economic prosperity, ‘curtainment’, (recreation, culture, and entertainment), and infrastructure.

Given that we are measuring how the international trade effects physical quality of life, Morris’ PQOL index is a better fit in the context of this study than Mullen’s or Peterson and Malhotra’s indexes and is more widely recognized. While Mullen’s studies used indicators of basic needs rather than Morris’ (1979) physical quality of life index, the theoretical content and intent of ‘basic needs’ and PQOL are the same. Therefore, we will use Morris’ PQOL index in this study.

### **The Environment (Pollution)**

Many studies have looked at the effect of economic growth on environmental pollution and have demonstrated that pollution and economic growth are related to each other. Some studies (World Bank, 1992) have shown that air and water pollution usually initially deteriorate as GDP rises but improve as the country attains a certain level of economic development.

The description of the relationship between trade and environment has been “borrowed” from “Kuznet’s curve”. In 1955, Simon Kuznet postulated that economic growth and income inequalities follow an

inverted U-Shaped curve. This relationship has been applied to the environment showing the relationship between pollution and income.

Gross and Krueger (1993, 1995) examined the relationship between per capita income and environmental indicators by using cross-country data on air pollutants between 1977 and 1986 from the Global Environmental Monitoring System (GEMS). They found that the turning point for different pollutants varies and that in most cases countries reach a per capita income of \$8,000 before pollution emissions decrease. They came to the conclusion that economic growth generates a short-run period of deterioration followed by a phase of decreased pollution and therefore environmental improvement.

Selden and Song (1994) used cross-national data on the emission of four pollutants (particulate matter, sulfur dioxide, oxides of nitrogen, and carbon monoxide) and found that per capita emission of each pollutant also had an inverted U-shaped relationship with per capita GDP. Besides these two studies (Shafik and Bandyopadhyay 1992), Holtz Eakin and Selden (1995) and Kaufman et al, (1998) presented evidence that some pollutants have an inverted U-Curve linking pollution to income. However, the studies showed differences in the income levels at which the U-curve takes an inverted turn.

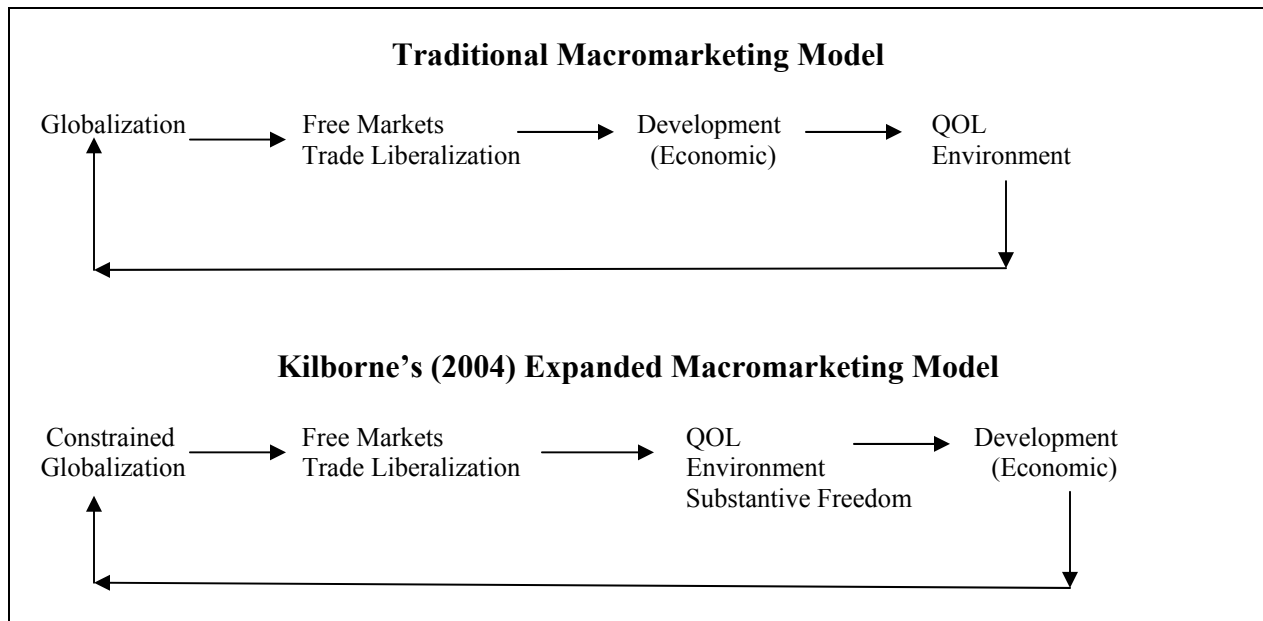
While Beckerman (1992) stated that only economic growth could generate an improvement in the environment, Arrow et al (1995) believed that economic growth is not a perfect replacement for environmental policy. In addition, Torres and Boyce (1998) claimed that an equal distribution of power is important to improving the environment and stated that a positive development in the level of education and in political rights may also be correlated with income. De Bruin (1997) has linked income level to environmental policies and found that environmental policies generate a reduction of sulfur dioxides emissions. Furthermore Belmont (2002) believes that pollutants have different impact depending on geographic location and original atmospheric and environmental conditions. He also found that an improvement in education, income distribution, and information access are necessary conditions for environment improvement.

The theory that as GDP increases, the quality of the environment improves (Bhagwati 1993) is deficient according to Lofdahl (2002) because it does not include the effects of international trade. Lofdahl's (2002) analysis separates the effects of domestic GNP and trade related GNP. He finds that increases in GNP leads to an improved national environment however, increase in trade related GNP are negatively related to environmental quality.

### **Conceptual Model**

The traditional macromarketing model holds that globalization with its free markets and trade liberalization leads to increased economic development resulting in an improved quality of life and environment (see Figure 1). For instance, Mullen's (1993, 1996) empirically validated model holds that increases in international trade lead to improvements economic development and in the physical quality of life (i.e., basic needs). Kilbourne (2004) recently proposed an Expanded Macromarketing Model. Kilbourne argues that the traditional model should be rearranged. He sees substantive freedom, QOL and an improved environment as necessary building blocks that lead to economic development followed by globalization (see Figure 1 for an adapted version of Kilbourne's Model). The feedback from globalization with its free markets and trade liberalization leads to improvements in QOL, the environment and substantive freedoms feeding increased development. The essential difference in the two models is the question of whether economic development is a cause or result of QOL, environmental changes and substantive freedoms.

**Figure 1**

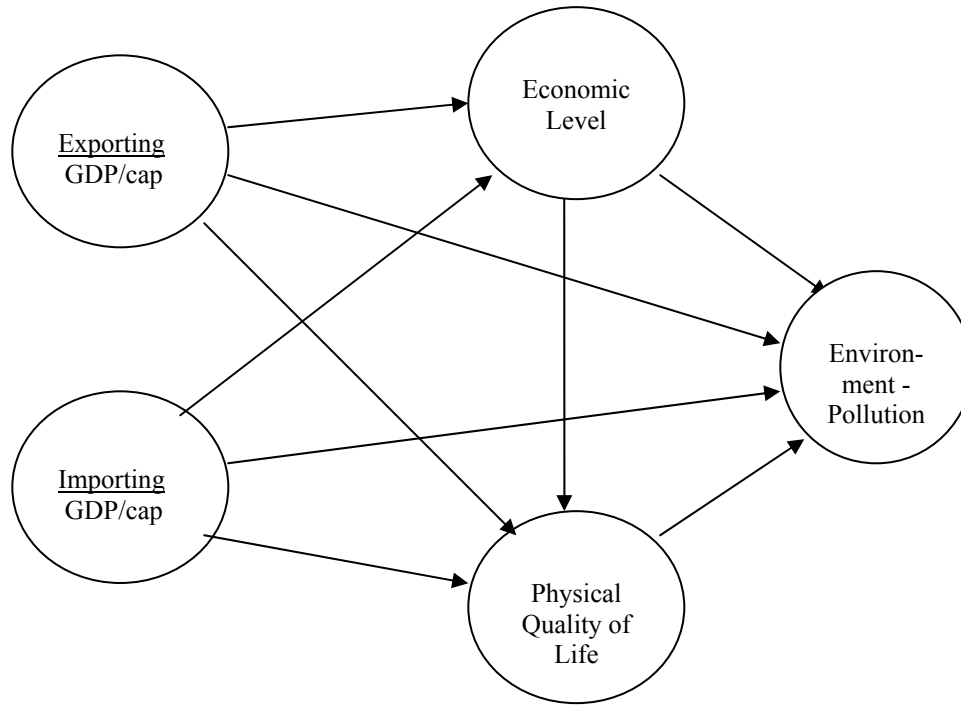


While there is merit in Kilbourne's (2004) model touting substantive freedoms and QOL as necessary for economic development and globalization, we do not address the feedback loop and the precursors of globalization (i.e., substantive freedoms) in this study. Beck (2000), Gardner (2000) and others make the point that globalization is irreversible although its consequences are not. Therefore, we focus on the outcomes of globalization (with its free markets and trade liberalization) on development of the economy and on two of the three measures of societies well-being in the traditional and expanded models, QOL and the environment.

Following Lofdalh (2002), this study looks at the effects of trade-related GNP (exports and imports as percentages of GNP) and GNP per se, on the natural environment. We also follow Mullen (1993, 1996) and Kilbourne's (2004) Model's examining the effects of international trade-related GNP on development (economic) and on quality of life. This multidimensional structural model allows us to also examine the direct, indirect and total effects of international trade on three dimensions of development: economic, QOL and the environment.

The diagram of the conceptual framework used in this study is in Figure 2.

**Figure 2**



### **Research Hypotheses**

According to neoclassical trade theory, a country that has greater production efficiency stimulates more productivity by exporting. Therefore, exporting activities are beneficial to the economy. The contribution of export expansion to overall economic growth is that export expansion positively influences economic growth because it will increase the resource allocation efficiency, increase capacity utilization, allow a country to take advantage of scale economies and promote technical change and overall productivity (Balassa, 1985 and 1988; Tyler 1981). In recent years, Edwards (1992 and 1993) has considered this last effect implying that trade will positively affect growth because it exposes the developing country to new ideas and techniques that can be used to improve new production methods and productivity. Therefore we hypothesize that:

H1: Exports have a positive direct effect on economic growth.

Even though domestic consumers are better off with imports because they consume more products at lower prices, local producers and the local economy are worse off (Carlton and Perlof, 2000, Mullen 1993, 1996). In fact local producers have to face foreign competitors. As imports increase, foreign competition takes more business from local firms. As a result, domestic production will be adversely affected. Thus, imports have an adverse effect on economic growth. Therefore we hypothesize that:

H2: Imports have a negative direct effect on economic growth.

Barkett (1985) noted that developments specialists acknowledge that high level of per capita GNP and industrialization are not sufficient for meeting basic needs. He added that development experts (Morris, 1979) have introduced the physical quality of life index to measure how ordinary citizens of a nation are doing. Following Mullen (1993, 1996), we believe that as the economic level increases, the better the physical quality of life will be for the people of the country in question. As such, we expect that when the economic level is high, the basic literacy rate will be higher, infant mortality will be lower and life expectancy will be longer. Therefore we hypothesize that:

H3: Economic growth has a positive direct effect on the PQOL.

Following Mullen (1993, 1996) we expect exports to have a negligible negative direct impact on the PQOL. However, combining the logic of Hypothesis 1 and 3, we expect a positive total effect of exporting on PQOL. Since exports are expected to have a positive impact on economic growth, we think that exports will indirectly impact quality of life through economic growth. By taking into account the positive indirect effect of exporting via economic growth, we expect the total effects of exporting on PQOL to be positive. Therefore we hypothesize that:

H4: Exports have positive (a) indirect and (b) total effects on the PQOL.

We do not expect any significant effect of importing on PQOL. However, since we expect imports to have a negative impact on economic growth and economic growth to have a positive effect on PQOL, we believe that imports will have a negative indirect effect on PQOL. By taking into account the direct, indirect effect of imports on the PQOL via its effect on the economic level, imports will have an overall negative effect on PQOL. Therefore we hypothesize that:

H5: Imports have negative (a) indirect and (b) total effects on PQOL.

Some researchers (Gross and Krueger, 1993, 1995) believe that economic growth is necessary for pollution improvement. As countries experience economic development, the demand for environmental quality is positively and strongly linked with income level. It seems that in the short-run period as income rises, pollution worsens. Pollution deteriorates mainly because as income rises, the infrastructure improves leading to more pollution due to transportation, and production increases leading to more use of non-renewable resources and more greenhouse pollution. Additionally, if increased economic activity leads to higher income, it might also lead to better environmental policies. In developing countries, environmental laws are not undertaken until the governments determine that these nations can afford to implement environmental policies. Expenditures on environmental cleanups only take place whenever other basic needs are satisfied. Therefore we hypothesize that:

H6: Economic growth has a positive direct effect on the environment (i.e., a decrease in the level of pollutants).

Trade increases the level of economic activity, which in turn increases the level of pollution. In fact, developing countries switch from agricultural-based economies to industrialized economies. Industrialization and production of goods for exports may in turn generate harmful chemical products and increase the emission of greenhouse gases (Swami, 2001). Furthermore, countries trying to export will enlarge their agricultural cultivation; build new facilities for production leading to deforestation, generating air and water pollution. However, exports have a positive effect on economic development because according to Mullen et al (1993), as countries start exporting goods, they expand their production in the more productive sectors of the economy. As exports expand, the economy becomes wealthier and income starts rising. As income rises, people become more environmentally concerned and work toward cleaning their environment. Therefore we hypothesize that:

H7: Exporting has an indirect positive effect on the environment (i.e., a decrease in the level of pollutants).

Mullen's 1993 findings showed that imports result in a decline in economic growth. In fact, when a country imports goods, the goods are by definition produced somewhere else. Since the goods are not produced in the importing country, there are few pollutants generated domestically by these imported products. Therefore we hypothesize that:

H8: Importing has a positive indirect effect on the environment (i.e., a decrease in the level of pollutants).

## METHODOLOGY

### Data and measures

Complex relationships among marketers, countries, consumers and society may not be evident for years after the exchange (i.e., exporting or importing) takes place (McDonagh and Schultz 2002). Mullen (1996) demonstrated that the effects of exporting and importing on economic level and basic needs were most pronounced with several year time lag. Therefore we analyze the effects of international trade from 1990 to 1994 on the three dimensions of economic development in 1995, although the pollution data are from various years. The data (1990-1995) on exporting, importing and economic growth are extracted from the United Nations at <http://www.un.com>. The independent variables are measured from 1990 to 1994 and the dependent variables are from 1995 in order to show lagged effects, if any.

Independent variables are measured as the ratio of exports to GDP and imports to GDP. As Mullen (1996) mentioned, ratios are used to better compare "across varying size of national economies". With regards to the dependent variables: the economic level is measured as a composite of GDP per capita and energy consumption per capita; the PQOL is measured by using Morris (1979) index. For environmental pollution, we use data on Sulfur Dioxide (SO<sub>2</sub>) and Carbon Dioxide (CO<sub>2</sub>) emissions and water pollutants. SO<sub>2</sub> data are from 1990 and 1995 and CO<sub>2</sub> data from 1990 to 1999. SO<sub>2</sub> emission data were collected from the website: <http://humandevelopment.bu.edu> and extracted from the World Bank Development indicators 2002. For CO<sub>2</sub>, the data are gathered from the United Nations at <http://unstats.un.org/unsd>. For water pollutants, the data are from: <http://humandevelopment.bu.edu>.

Missing values are deleted from analysis as mean substitute was not logical and other techniques such as building up multiple regression models to predict the missing values would bias the results in favor of the model. Thus, in the 5 two-staged least squares regression models, 105, 106, 114, 110, and 109 countries were included in the analysis.

### Methods

1) Normality. In order to make sure that all of the values are normally distributed rather than skewed before performing multiple regression analysis, each variable is plotted showing all of them are positively skewed (left-skewed). Therefore, the log transformation is used. Regarding economic level, the GDP/per capita and energy consumption are then standardized and added up to form the score of a country's economic level as those two variables have different measurements units. Regarding the PQOL, a country's life expectancy at age one has been transformed into percent of its own value relative to the greatest value. After these 3 indexes have been switched to percent, they are added up and log transformed to ensure normality.

2) Linearity. To ensure that economic level has a linear relationship with exporting and importing, and the PQOL or the environments have a linear relationship with exporting, importing, and economic level, the graphic plot of each dependent variable with respective independent variable has been reviewed and it

indicates no obvious curvilinear relationship. Also, collinearity is also checked as there is no large (<10) VIF value.

3) Two-staged least squares regression. As we need to put all the variables into the regression model and economic level is effected by exporting and importing, we have to use two-staged least squares regression. At the first-stage, we specify economic level as an endogenous variable predicted by instrument variables, namely, exporting and importing. Then, both PQOL and environments are predicted by economic level, exporting, and importing at the second stage.

First stage of the regression:

Economic level = intercept +  $\beta_1$ \*exporting +  $\beta_2$  \*importing where exporting and importing data are from 1990 to 1994 while data on economic level are from 1995 to indicate the lag effect.

Second stage of the regression:

The software will predict the economic level by exporting and importing and put the estimated value in the models. The models are:

PQOL = intercept +  $\beta_3$  \*economic level +  $\beta_4$  \*exporting+  $\beta_5$  \*importing, and

Environment = intercept +  $\beta_6$  \*economic level +  $\beta_7$  \*exporting+  $\beta_8$  \*importing where exporting and importing data are the same as the first stage, the economic level is predicted at the first stage, and PQOL and environment data are in 1995.

## Results

The results of the analysis on the effects of exporting and importing on economic growth, PQOL and the environment (pollution) are in Table 1.

**Table 1**

Effects of	On 1995: Economic Level (Dir.&Tot)	PQOL (Direct)	PQOL (Indirect)	PQOL (Total)	Pollution (Direct)	Pollution (Indirect)	Pollution (Total)
Exporting (In 1990)	1.97 <sup>a</sup>	0	0.13 <sup>a</sup>	0.13 <sup>a</sup>	0	1.48 <sup>a</sup>	1.48 <sup>a</sup>
(In 1991)	1.23 <sup>a</sup>	0	0.11 <sup>a</sup>	0.11 <sup>a</sup>	0	1.39 <sup>a</sup>	1.39 <sup>a</sup>
(In 1992)	1.83 <sup>a</sup>	0	0.13 <sup>a</sup>	0.13 <sup>a</sup>	0	0.88 <sup>a</sup>	0.88 <sup>a</sup>
(In 1993)	2.57 <sup>a</sup>	0	0.18 <sup>a</sup>	0.18 <sup>a</sup>	0	2.06 <sup>a</sup>	2.06 <sup>a</sup>
(In 1994)	(NS)	(NS)	0	0	0	0	0
Importing (In 1990)	-2.08 <sup>a</sup>	(NS)	-0.14 <sup>a</sup>	-0.14 <sup>a</sup>	(NS)	-1.56 <sup>a</sup>	-1.56 <sup>a</sup>
(In 1991)	-1.40 <sup>a</sup>	(NS)	-0.126 <sup>a</sup>	-0.126 <sup>a</sup>	(NS)	-1.57 <sup>a</sup>	-1.57 <sup>a</sup>
(In 1992)	-1.95 <sup>a</sup>	(NS)	-0.137 <sup>a</sup>	-0.137 <sup>a</sup>	(NS)	-0.94 <sup>a</sup>	-0.94 <sup>a</sup>
(In 1993)	-2.65 <sup>a</sup>	(NS)	-0.19 <sup>a</sup>	-0.19 <sup>a</sup>	(NS)	-2.12 <sup>a</sup>	-2.12 <sup>a</sup>
(In 1994)	-0.59 <sup>c</sup>	(NS)	0	0	(NS)	0	0

(Note: a = p-value  $\leq$  0.01; b = p-value  $\leq$  0.05.; c = p-value  $\leq$  0.10 and NS = p-value > than 0.10.)



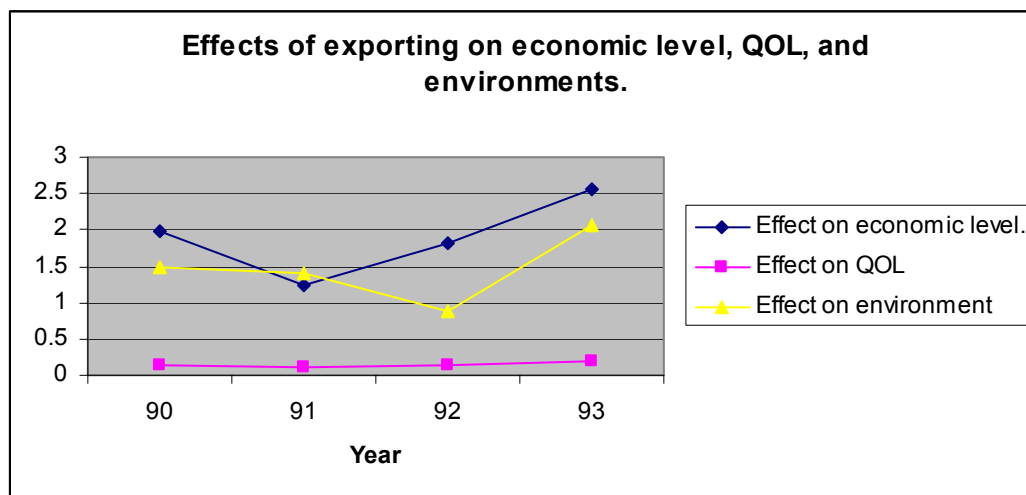
The results show that the exporting is beneficial to economic growth while importing is adverse to it from 2 to 5 years lag. We do not find an effect for exporting on economic growth with only a one-year lag while the effect is consistent for the other years. These results confirm Hypotheses H1 and H2.

Neither exporting nor importing has significant direct effects on PQOL as expected. However, exporting has an indirect positive impact via economic growth producing a positive total effect of exporting on physical quality of life supporting H4. Importing has the reverse effects with negative indirect and total effects on PQOL providing support for H5.

Similarly, neither exporting nor importing has significant direct effects on the level of these pollutants, i.e., the environment. However, exporting is found to have an indirect positive impact on pollution levels via economic growth (and thus negatively effects the environment) contrary to H7. Importing has the reverse effects in that it is negatively related to pollution (and thus positively effects the environment) providing support for H8.

Figure 3 graphically shows the effects of exporting on the economy, PQOL and pollution (labeled environment) from 1990-1993.

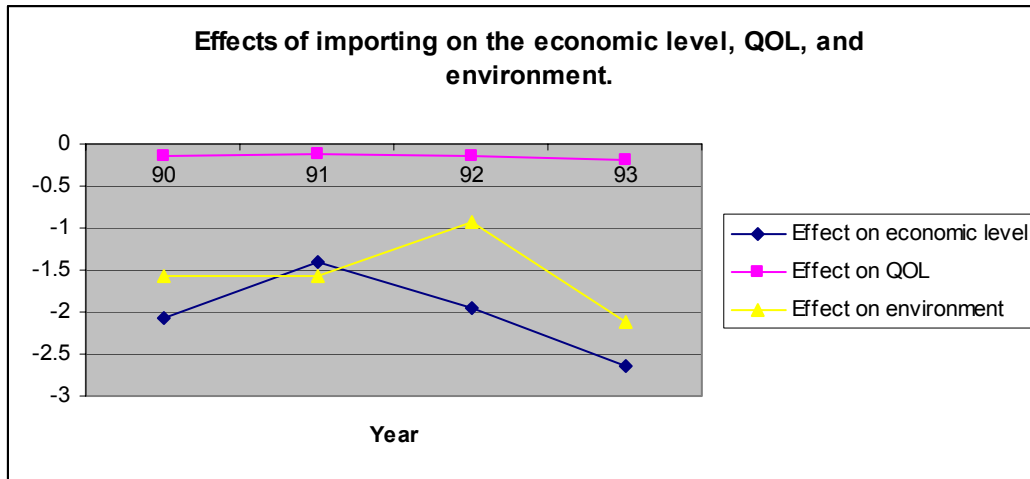
**Figure 3**



It is obvious that exporting has positive effects on economic growth, PQOL and pollution. Exporting from 1990-1993 has a small but positive cumulative direct effect on PQOL in 1995. Exporting in recent years (1992 and 1993) has positive effects on the economy and the level of pollution. Unfortunately, that result indicates a direct negative effect of exporting on the natural environment. Exporting in 1994 does not have a significant impact in 1995.

Figure 4 shows the effects of importing on the economy, PQOL, and pollution (labeled environment) from 1990-1993. Imports from 1994 do not have a significant impact in 1995.

**Figure 4**



Similarly, it is clear that importing has a negative direct effect on the economy, PQOL and pollution. However, as importing is negatively related to pollution, it is inversely related to the natural environment, as importing goes up, pollution goes down.

The regression showed no statistically impact of economic level on pollution for any of the three we examines: SO<sub>2</sub>, CO<sub>2</sub> and water pollution. To further test H6, we attempted to show the relationship between GDP differences between 1990 and 1980 and SO<sub>2</sub> emission difference between 1995 and 1990. Table 2 shows the statistical results of regressing GDP differences on SO<sub>2</sub> differences. The results indicate that as GDP increases, SO<sub>2</sub> emission decreases providing tentative support for H6. At that point, the study shows that it takes time after an increase in GDP for the sulfur dioxide emission to decrease.

**Table 2**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	33.559	83.955		.400	.690
GDP10	-3.77E-02	.017	-.168	-2.271	.024

a. Dependent Variable: SO<sub>2</sub>DIFF

In addition, we also explored the relationship between GDP differences between 1990 and 1980 and PQOL difference between 1995 and 1990. The coefficient is 0.60 while the p-value of the test statistics is 0.06. This result shows that as GDP increases at the same time, PQOL also improves providing additional support for H3.

## **Discussion**

Many points have appeared of an interest in this study. From the data analysis it appears that the results have shown more proof support for Mullen's (1993) model. This paper has confirmed the relationship between trade and economic growth. As exports increase, and imports decrease, GDP per capita and energy consumption rise and the economy becomes more developed and wealthier. Furthermore the consideration of the relationship between economic growth and physical quality of life has been of a considerable insight. Previous research has shown that GDP per Capita is a determinant to Quality of Life Index. However this study has examined the effect of economic growth as a separate variable in a nominalogical net including trade variables relating it to Morris's (1979) index. In fact it seems that as exports rise, countries become wealthier generating a better life expectancy, a decrease in infant mortality, and an increase in literacy rate. However, this study has provided mixed results on the relationship between globalization, economic growth and environmental pollution.

## **Limitations and Future Research**

This paper has examined the effects of trade and economic growth on quality of life and pollutant emissions. The key insight of this study is that our results show a strong relationship between exporting and importing on economic growth and therefore on physical quality of life. Public policy analysts and academics should investigate more the benefits of economic development on the improvement of both aspects of quality of life. Furthermore this study will provide more evidence to globalization advocates and detractors alike about the benefit and cost of trade to the economic growth of countries and the well-being of people including their natural environment.

A limitation of this study is that environmental data were limited to few years. More data would have shown the relationship between environmental pollution in developed and developing countries.

The studies of Grossman and Krueger (1993 and 1995) have not mentioned which control variables they used to measure this relationship. However, Frankel and Rose (2003) recently proposed that future research should include more complete environmental data and more control variables to examine the same relationships.

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# Death Saliency and Environmentally Friendly Consumer Behavior

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## Abstract

*This study is aimed at attempting to answer the following question: Is it worth using a death related message in order to encourage people to adopt ecologically friendly behavior and, more specifically, to spend more money on products with positive environmental attribute? We will first introduce the Terror Management Theory (TMT) along with its behavioral influences, and then we will assess the nature of possible connections between a situation of "Death Saliency" and a specific behavior i.e. the willingness to pay more to get ecologically friendly products and services. Secondly, we will implement each construct and analyze the content of these links. We will show that there are sex-linked differences in the adoption of such behavior by individuals in a context of Death Saliency. Finally, managerial and academic implications will be considered.*

## Introduction

"Without nature, we have no future because our lives are all related", this was the message broadcast on French TV channels during the summer of 2004, by the Nicolas Hulot foundation (a famous French TV presenter). This slogan was aimed at increasing public awareness of the necessity to protect the environment and biodiversity. It showed silhouetted plants and animals falling like dominos and threatening to knock over a man, a woman and a child (N.Hulot foundation, 2004). By using this to underline "the possible extinction of human life", Hulot open the door to speculations about the efficiency of using death-related stimuli to drive people to encourage environmentally friendly behavior.

This study is aimed at providing some possible explanations to the following question. In order to encourage individuals to behave in accordance with environmentally friendly principles, particularly through the purchase of various products and services with ecologically friendly attributes, would it be worth using a death related message as the communication axis? This question is paramount. Cornwell and Drennan (2004) recently outlined issues which emerge from the effects of globalization and fragmentation and suggest that environment should be considered as one of the key areas in their program of macro-oriented cross-cultural research. Specifically, globalization has raised serious concerns for the environment in terms of production and consumption and they wonder what inducements and encouragement for environmentally responsible behaviour are likely to be most effective. In this regard, regulatory agencies are looking for ways to modify the consumption pattern of consumers. According to Myers (1997, quoted in Cornwell and Drennan, 2004), media might play a role in promoting environmentally conscious behavior.

Recently, a new light has been thrown on ecologically friendly behavior in two major ways: new reflections on environmentally friendly behavior as a *pro-social* behavior (Lee and Holden, 1999) and the use in this context of the *Terror Management Theory (TMT)*, which is still relatively unknown in marketing.

First, we will introduce this theory and its behavioral influences before considering the nature of possible connections between a situation of "Death Saliency" and a specific behavior expressed by the willingness

to pay more for ecologically friendly products and services. Then, in the second part, we will implement each construct in order to analyze these relationships. Finally, managerial and academic implications will be considered.

### **TERROR MANAGEMENT THEORY (TMT) AND BEHAVIORAL ADAPTATIONS**

In this part, after a brief description of this theory based on studies about the influence on behavior of Death Anxiety, we will outline two behavioral reactions of prime importance: faith in cultural worldview and an increase of self-esteem.

#### **Death Anxiety and TMT**

The first studies about the effects of death on consumer behavior were published about 15 years ago (Hirshman 1990, Gentry et al., 1994; Gentry et al., 1995). Death anxiety was recently defined as *a set of negative emotional reactions of variable intensity caused by conscious and unconscious thoughts in relation to the loss of self* (Urien, 2003); it is considered either as a state or as a personality trait. Greenberg et al. (1990) prefer to talk about anxiety generated by a state of “*Death Saliency or Mortality Salience (MS)*”. A subject is said to be in a situation of Death Saliency when his thoughts in relation to death lie out of his focal attention, in a state qualified by Freud as “preconscious”.

Though the Terror Management Theory was unknown in marketing until 1999 (Mandel and Heine, 1999) it nevertheless constitutes one of the main psychosocial theories published in the last 15 years. It is worth noting that it has recently been the topic of a special issue of *Journal of Consumer Psychology* (2004). First identified by Jeff Greenberg, Tom Pyszczynski and Sheldon Solomon (Greenberg et al., 1990, 1992), this theory has been the subject of more than 175 empirical studies. Specifically it states that Death Anxiety is the emotional manifestation of the fundamental instinct of preservation of Self. Preservation of the Self may, find fulfillment not only through direct means, e.g. remaining healthy, avoiding bad food..., but most importantly, through symbolic means in relation to the culture of the individual. To be more precise, there are two symbolic and closely linked mechanisms of self-preservation : i) unfailing support of the worldview and of the values proposed by the culture of the individual and ii) an increase of self-esteem, which is reached further to the adoption of culturally valued behavior.

#### **Behavioral adaptation based on faith in a cultural worldview**

The theory states that we build a culture, and take part in it so as to minimize concern associated with death or the loss of self. If culture can offer immortality through religious faiths, it is also implicated in the foundations of a cultural framework or of a "Worldview" composed of values clearly identifiable to the individual. It is, in fact, a symbolic conception of reality, which strongly influences life in relation to order, stability and permanence. Faith in this cultural vision of the world is the first way to decrease Death Anxiety. Indeed, it allows us to feel unify with other people of the same culture, and thus to belong to a structure larger than oneself. Furthermore, any person confronted by Death Anxiety will tend to defend the value-system of their own culture as well as its various modes of expression, for example laws..... Through a series of 6 experiments, Rosenblatt et al. (1989) showed that individuals experiencing situations that confront them with their own mortality, have particularly positive reactions towards those who share their values and the moral prescriptions of the culture in which they live, and particularly negative ones towards those who challenge them. For example, it has been found that individuals forced by someone to think about their own mortality, have a far more severe opinion of a woman accused of prostitution than those who have not been forced to have this thoughts.

Maheswaran and Agrawal (2004) have recently presented some marketing implications. According to them, under Death Saliency conditions, human beings may amplify their preferences for products or brands that help them to consolidate their existing vision of the world. For example, in such situations, brand loyalty could be encouraged. Another implication is resistance to persuasion. Under Death Saliency

conditions, individuals could reject comparative advertisements denigrating their favorite brands. They could also prefer household products based on patriotic considerations, and therefore reject foreign brand.

### **Behavioral adaptation grounded on self-esteem**

The more an individual adheres to and respects the values of his culture, the more his self-esteem increases and the less anxious he feels about his own death. Experimental studies have shown that behavioral adaptations could lead to: i) risky behavior (Orit Taubman Ben-Ari, 2000), ii) conspicuous consumption and greed and iii) pro-social behavior. In this study, focus will be on the second two types of the behavioral adaptations.

#### *Increase of self-esteem, conspicuous consumption and greed.*

A recent report (Arndt et al. 2004) pointed out that, further the terrorist attacks of September 11, 2001, Americans have bought more houses, cars, electrical appliances, furniture..., and therefore the annual rate of consumer spending increased by 6% between October and December. Data analyzed through the Terror Management Theory, explained that, following the events, in order to relieve Death Saliency, subtly present in the fringes of consciousness, American citizens needed to increase their standing within their culture by behaving in agreement with their values, *e.g.* materialism, which is strongly anchored in the culture of their country. Such behavior would enhance self-esteem and relieve Death Anxiety by reaching a type of symbolic immortality (Tomer, 1994). Two empirical studies conducted on a control group and a group under Mortality Saliency conditions are worth citing. The first one (Mandel and Heine, 1999) evidenced a higher interest among individuals under MS conditions for the purchase of luxury items. The second experiment by Kasser and Sheldon, (2000; a study n°1), where the two groups were composed of American students who were asked about the level of material wealth they assumed they would possess in 15 years, resulted in the group under MS conditions expecting more material wealth than the other one.

However, beyond a trend to materialism, money itself, far from being confined to its utilitarian role as a means of exchange, would constitute "a new ideology of immortality" (Solomon et al., 2003). Though the "quest for wealth" has, for a long time, been condemned by the Church because of the corruption associated with personal enrichment, it is, according to Becker (in Solomon et al., 2003), the human way to deny our mortality and bestiality. In a study with a suggestive title "Cash is King", Solomon and Arndt (1993, in Arndt et al., 2004) show that a situation of Mortality Saliency enhances an individuals greed for money. During a walk, the group under Death Saliency conditions was more excited by finding a 20 \$ note than the control group was. In other experiments by Kasser and Sheldon (2000) and Dechesne et al. (2003) the avarice of the group under the MS conditions also increased.

#### *Increase of self-esteem and pro-social behavior.*

For Solomon et al. (1991), beyond the purchase of tangible symbols of status valued within particularly materialist societies, other behavior also allow the increase of self-esteem ; socially promoted and valued, desirable in most of the cultural visions of the world they are still qualified as pro-social behavior. They are defined more exactly as *behavior of help, sharing, charitable donations, involvement in charities and other similar positive and deliberate behavior, which does not provide any direct profit for the people who act in this manner* (Baron and Byrne, 2002). Following this hypothesis, Pyszczynski et al. (1996) and especially Jonas et al (2002) have tried to get a deeper insight into the nature of the connection between pro-social behavior and Death Saliency. As indicated by Jonas et al. (ibid ) "most people learn very early that being friendly and worrying or caring about those that are less fortunate than oneself is honorable and highly desirable". Moreover, this is strongly encouraged by the rules of society and most religions, *e.g.* Christianity, Judaism, Hinduism, Taoism, Confucianism (Shroeder, Penner, Dovidio and Piliavin, 1995); indeed, generosity, empathy and helping are particularly valued within numerous cultures through religious messages, emblematic people, or even popular myths and legends. On the other hand, numerous studies have shown that adopting these behavior positively affect self-esteem. (Cialdini et al., 1997). Two



studies connecting pro-social behavior and the TMT have confirmed this hypotheses. Greenberg et al. (1997), and Jonas et al. (2002) demonstrated using two studies that subjects in a Death Saliency situation where they were asked questions in front of a funeral home, tend to respond more favorably to charities as opposed to the other group which was located about 150 m from the funeral home. Jonas et al. (2002) conducted a second experiment to test the influence of a Death Saliency situation on the amount of money given by a subject and on the likelihood that a donation would be made to a national, rather than foreign, charity. It confirmed these two assumptions: when individuals are placed in a Death Saliency situation, they give more money, but only to national charities; this situation has no significant effect for foreign charities.

Therefore, in reaction to Death Saliency conditions, an individual either exhibits more greed towards ostentatious tangible items and money, or shows pro-social behavior demonstrated by financial support for charities. How can one explain these contradictory reactions to Death Saliency? The first studies have been focused on the effects of the hierarchy of individual values, but produced quite disappointing results (Kasser and Sheldon, 2000, study n°1). Another route of investigation has been the influence of gender. However, though most studies have been initially aimed at checking the whole set of behavioral reactions to the Terror Management Theory, with no consideration for the gender of the subject under study, more recent investigations (Hirschberger et al., 2002) have clearly shown that, according to gender, situations of death-related anxiety can induce different behavioral reactions; Arndt et al. (2004) and Cozzolino et al. (2004) have argued for the need for further investigations into this parameter. Kasser and Sheldon (2000), then Dechesne et al. (2003) have both demonstrated that greed is increased, but only in men under Death Saliency conditions, with no consideration for possible harmful consequences to the environment.

#### **INFLUENCE OF DEATH SALIENCY ON ENVIRONMENTAL CONSUMER BEHAVIOR : AN ILLUSTRATION RELATIVE TO “WILLINGNESS-TO-PAY BEHAVIOR ”**

One may wonder whether, individuals placed in a situation of Death Saliency, would be ready to pay more to get ecological products or services or, would they be less prone to spend money to get them ? Besides the significance of ecologically friendly and sustainable development in Management, environmentally friendly behavior has recently been presented as pro-social behavior (Lee and Holden, 1999). On the other hand, according to Arndt et al. (2004) ecologically friendly behavior constitutes a possible alternative to the Death Saliency-generated greed towards material items and money. Let us now investigate the nature of possible links between Death Saliency and “willingness-to-pay-more for getting ecologically friendly products and services”. In reply to Giannelloni (1998), who encouraged researchers to pursue their investigation into the antecedents of environmentally friendly behavior, first, we will introduce the elements in favor of a positive link, then those favorable to a negative link.

#### **Environmentally friendly consumer behavior: from environmental concern to ecologically sound actions**

Environmentally friendly behavior can be broadly considered as a combination of *environmental concern* and true ecologically friendly actions. As early as thirty years ago, as underlined by Giannelloni (1998), Management Sciences and, more specifically, Marketing, started to get interested in environmentally friendly behavior through concern about the purchase of products with environment benefits (recycled papers etc), the recycling of household waste and energy conservation, for example (Samdahl and Robertson, 1989). Kinnear, Taylor and Ahmed, (1974), started from the assumption that individuals who show environmentally friendly behavior are particularly aware of these issues, then they identified what motivated individuals worried about environmental issues. A literature review allowed Giannelloni (ibid) to identify several factors and among them social or altruistic values in relation to benevolence (Granzin and Olsen, 1991). All the studies about the relationship between environmental concern and true ecologically friendly actions have found conclusive links, but, which are not very strong. Webster (1975) underlined the lack of a strong connection between attitudes and behavior. The theoretical models used to

understand environmentally friendly behavior rely on the use of an attitudinal variable (environmental concern) explaining a behavioral variable (the ecologically friendly action under study); this link of causality is moderated by a set of psychosocial and socio-demographic variables. However, this seeming simplicity hides a rather weakly explained variance. Therefore, several authors have criticized the lack of a true framework which allows analysis and understanding of the factors at the origin of ecologically friendly behavior (Lee and Holden 1999).

Berger and Corbin (1992) and Lee and Holden (1999) have expanded the original classification of environmentally friendly behavior (category of products, or individual or collective actions) into three classes of eco-friendly behavior: i) environment-positive consumer behavior, ii) regulatory support behavior iii) willingness to pay - more - behavior for eco-friendly products or services. The third type of behavior investigated here is of key interest because individuals have to decide whether or not to spend more for currently using environmentally-friendly products or services.

**Positive connections between death anxiety  
and willingness to pay more for environmentally-friendly products and services:  
the pros.**

These arguments should be examined through a new interpretation of eco-friendly behavior. Lee and Holden (ibid) have recently presented environmentally friendly behavior as *pro-social behavior*. In social Marketing, and more specifically in Consumer Behavior, the concept of pro-social behavior has already been used either in the analysis of the decision process for making donations or in the case of social causes marketing (Herdsman and Cunningham, 1999). But, according to Lee and Holden (1999), within an ecological framework the pro-social aspect has been underestimated. Environmentally-friendly behavior is time- and cost-consuming with, very limited direct financial compensation for the individual who has adopted them. So, the benefits of personal actions are now, and ever increasingly shared by the whole community (Lee and Holden, ibid). It is therefore interesting to use the pro-social behavior framework for a better understanding of eco-friendly behavior. The model of pro-social behavior by Batson (1987, 1991) is in this respect very helpful and was described, in his very first study, as the behavioral expression of a dual condition, selfishness and altruism. The former occurs when someone hopes to get a bonus, avoid a punishment, or even reduce personal embarrassment towards a difficult situation experienced by a third party, whereas the latter takes place when someone wants to express empathy or tentatively solve the problems of others. This "empathy-altruism" hypothesis is today Batson's favorite (1997). A subject imagines and feels the way other people are, and will be, affected by environmental issues. This condition can be relieved either by performing an environmentally friendly action or by prompting a third party to make it.

So, by considering i) the developments relative to the symbolic mechanisms of self preservation stemming from the TMT, ii) the theoretical and empirical positive links (Greenberg et al. 1997, Jonas et al., 2002) between Death Saliency and pro-social behavior, including financial generosity and iii) the works by Lee and Holden (1999) interpreting environment-friendly actions as pro-social actions, it seems reasonable to think that individuals placed in a Death Saliency situation would agree to pay more for environment-friendly products and services.

**Negative connection between death anxiety  
and willingness to pay more for environmentally friendly products and services:  
the pros.**

Based mainly on studies by Kasser and Sheldon (2000, 2003) and by Dechesne et al. (2003), as shown above, Death Saliency conditions can enhance greed. This led Kasser and Sheldon to wonder whether it was at other people's and the environment's expense. Therefore, they carried out research, which ultimately demonstrated that individuals under Death Saliency conditions tended to over-consume rare natural resources (Sheldon, 2000, study N° 2): during a simulated game of forest management, the

individuals under study were supposed to be at the head of a company in competition with three others to cut down the trees of a national forest. Once they had read that intensive cutting generates short-term profits, but causes long-term deforestation to the point that there would be no more trees, they were asked which part of the 100-acre forest they would destroy during the first year. The results were enlightening! The individuals under the Death Saliency conditions tended to cut down more trees than the control group with the aim of generating more profits than their competitors. This was borne out in all tested individuals regardless of their previous value system (Kasser and Sheldon, 2000). Dechesne et al. (2003) use the same experiment model and drew the same conclusions, but noticed that only men behaved in that way.

These results show that in the event of a choice between earning more and behaving in an environmentally friendly way, greed is, at least partly, amplified by Death Anxiety at the expense of environmental well-being (Arndt et al., 2004). Even though the context here is different, it therefore sounds reasonable to think that under Death Saliency conditions, consumers would be prone to keep their money rather than spending more to get environmentally-friendly products and services.

On the other hand, one should note that, even though Kasser and Sheldon (2000) observed no sex-related difference in behavioral reaction, this was not demonstrated in the experiment by Dechesne et al (2003). Further to these results, it is worth noting that, in the event of choice between whether or not to spend more in order to promote ecologically friendly behavior, a gender influence can be expected.

## THE STUDY

To our knowledge, in marketing this study is among the first of its kind and certainly the first one in a French-speaking context; it therefore constitutes an exploratory work. We have followed the methodology used in all the classic empirical studies about the behavioral effects of the TMT; however, it is worth mentioning that our sample was larger than usual with 130 individuals against less than 100 in most other studies. It consisted of 61 males and 69 females; the average age of this population was 23 . Sixty six ( $n_2$ ) out of the 130 individuals were randomly selected and placed in a situation of Death Saliency, while the last 64 constituted the control population ( $n_1$ )

### Creation of Death Saliency conditions

TMT theorists have designed and tested several protocols in order to create Death Saliency conditions. Two among these protocols are used most frequently. Rosenblatt (1989), and Greenberg et al., (1994) asked subjects: i) briefly describe the feelings induced by thoughts about your own death, and ii) what happens to you at the time of your death and once you are physically dead ? In such experiments, two sub-samples are studied: the first one is asked to answer the two above-mentioned questions, whereas individuals of the second sub-sample, *i.e.* “controls”, are requested to answer similar questions where the words and expressions about death have been replaced by neutral expressions like watching TV or eating in a restaurant. In the second method (Greenberg et al., 1990; Mandel and Heine, 1999) sub-samples including a control group are under study; a scale of Death Anxiety is used not for Death Anxiety assessment, but for conditioning the subjects in a situation of Death Saliency. Finally, other methods previously tested may be used. For example, watching a film containing a particularly bloody car accident on TV (Orit Taubman Ben-Ari, on 2000), questioning subjects in front of a funeral home (with a control group further away), subliminal stimulus created by flashing the word “dead” across a computer screen faster than conscious perception. One should remember, as previously mentioned, an individual is said to be in a situation of Death Saliency when his thoughts in relation with death lie out of his focal attention, in a stage qualified by Freud as “preconscious”. So, when a scale of death anxiety, for example, is used to create a situation of Death Saliency (independent variable) with the aim of observing adaptive behavior (dependent variable), it is of key importance to administer another measurement scale of any nature straight afterwards. This will allow the attention of the individual under study to temporarily focus on

another object instead of consciously focusing on his own finitude. By shifting to the pre-conscious level, any Death Anxiety felt will trigger the adaptive behavior identified by the TMT theorists.

In this study we placed half the sample population in a situation of Death Saliency by applying the two most frequently used protocols. Appendix 1 introduces the scale of Death Anxiety administered to the subjects and previously confirmed in a French context (Urien, 2001). Then, to strengthen this situation of Death Saliency, the subjects were immediately asked: i) to briefly describe their future after their death and ii) to briefly describe the feelings induced by thoughts about their own death. The Death Anxiety scale was not administered to the individuals constituting the control group; moreover, in the questions they were asked, the words and expressions in relation to death were replaced by eating several courses in a good restaurant.

### **Assessment of “willingness-to-pay-more” for environmental products and services**

As underlined by Gianelloni (1998), the assessment of ecologically friendly behavior is a delicate task. One needs first to distinguish the status of environmental attitude from the subject's intention to carry out environmentally friendly or of effective actions. Concerning the exploratory character of this study, we restricted it to the assessment of behavioral intention. As underlined by Berger and Corbin, (1992), despite its limits this type of assessment provides fairly good estimates of effective actions because, in such experimental case-studies the aim is not to provide descriptive and quantitative assessments of behavior, but only to highlight the possible changes under certain conditions. Concerning the behavioral intention, we used the indicator of “willingness-to-pay-more” for environmentally friendly products and services, defined by Berger and Corbin (1992), and used later by Lee and Holden (1999) (*Willingness-to-pay behavior*). The interest in this indicator stems from the fact that the subject is placed in various situations of consumption and has to decide whether or not he will spend more by consuming environmentally friendly products / services; in the event he is not ready to pay more, it is to the detriment of ecologically friendly actions. In our study, the scale was translated by a method of back-translation to be sure of the intercultural validity of the measuring instrument. This 7-item indicator corresponds to one of three scales created by Berger and Corbin (1992) to assess the behavior of environmental consciousness; it was tested on 1521 Canadians considered as representative of the population. Lee and Holden (1999) used it, and after testing it on a much smaller sample (78 students), confirmed its unidimensionality and kept 6 out of the 7 items. The discarded item had a factorial weight lower than 0.3. The scale reliability measured by  $\alpha$  of Cronbach was 0.77 and 0.75 in the studies by Berger and Corbin (1992) and by Lee and Holden (1999), respectively. Here, the 6-item scale was administered by means of Likert's scale in 7 points presented in appendix 2

## **DATA ANALYSIS AND RESULTS**

The analysis we used were like those employed in most of the experiments dealing with the behavioral effect of Death Saliency conditions

- A principal component analysis was applied to items measuring willingness to pay more for ecologically friendly products. We kept only the components with an eigenvalue greater than 1; this provided us with only one factor (eigenvalue equal to 2.962) as the other eigenvalues were less than 1. All the factorial weights of items being greater than 0.6 were kept. Calculation of Cronbach's  $\alpha$  gave 0.78, a value acceptable in terms of reliability. By taking into account this value, we kept the average of 6 items as a composite variable (WILTOPAY); its characteristics were: Average: 4; Standard deviation: 1.05; Median: 4; Skewness: - 0.23; Kurtosis: 0.410. These results show that this variable has a distribution close to normality.

- An univariate variance analysis ANOVA 2X2 was then carried out on keeping the metric composite variable as the dependent one (WILTOPAY) and using the state of Death Saliency and gender

(two nominal variables each with two modalities, 1 (no) or 2 (yes) and 1 (man) or 2 (woman) respectively) as independent factors. Table 1 gives the results of ANOVA design, the distribution of observations according to the various cells, and the average of the dependent variable by cell.

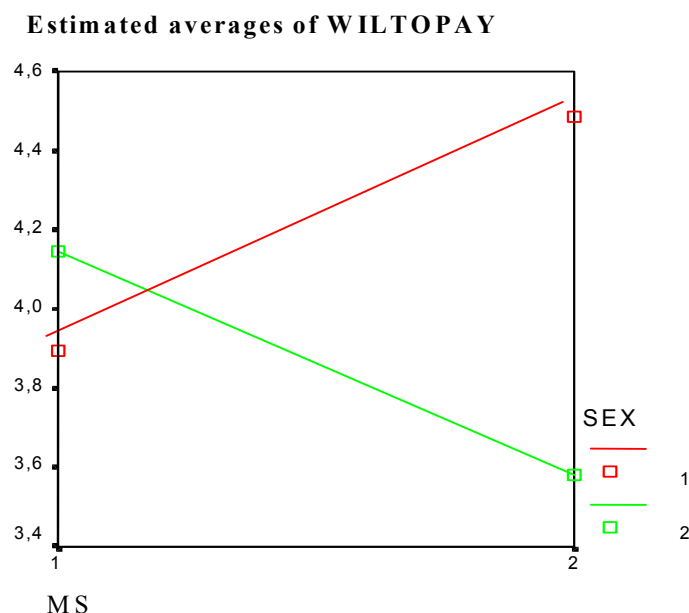
**TABLE 1**  
**Averages and Standard Deviations of Dependent Variable by Cell**

<b>SEX</b>	<b>MS</b>	<b>Average</b>	<b>Standard Deviation</b>	<b>N</b>
<b>1</b>	<b>1</b>	<b>3.8925</b>	<b>1 , 18</b>	<b>31</b>
	<b>2</b>	<b>4.4833</b>	<b>1 , 07</b>	<b>30</b>
	<b>Total</b>	<b>4.1831</b>	<b>1 , 16</b>	<b>61</b>
<b>2</b>	<b>1</b>	<b>4.1465</b>	<b>1 , 04</b>	<b>33</b>
	<b>2</b>	<b>3.5787</b>	<b>0 , 74</b>	<b>36</b>
	<b>Total</b>	<b>3.8502</b>	<b>0 , 93</b>	<b>69</b>
<b>Total</b>	<b>MS1</b>	<b>4.0234</b>	<b>1 , 11</b>	<b>64</b>
<b>Total</b>	<b>MS2</b>	<b>3.9899</b>	<b>1 , 01</b>	<b>66</b>
	<b>Total</b>	<b>4.0064</b>	<b>1 , 05</b>	<b>130</b>

MS: 1 (situation of control); 2 (situation of death saliency)

SEX: 1 (Male); 2 (Female)

The  $H_0$  hypothesis expressing that the variance of errors of the dependent variable is equal in the various groups, was assessed using the Levene Test of equality on the variances of errors tests. It demonstrated the respect of this constraint ( $F(3, 126) = 1,956$ , *ns*). In addition to the normality of the distribution of this variable, that this constraint was satisfied, allows us to see the results of the variance analysis. According to these results neither Death Saliency ( $F(1, 126) = 0.004$ , *ns*), nor sex ( $F(1, 126) = 3.316$ , *ns*) demonstrated a significant effect on the willingness-to-pay more for environmentally friendly products and services. On the other hand, Figure 1 clearly shows a marked “Mortality Saliency” x “sex” interaction ( $F(1, 126) = 10,515$ ;  $p = 0,002$ )



MS: 1 (control); 2 (death saliency)

SEX: 1 (Male); 2 (Female)

**FIGURE 1 INTERACTIVE EFFECT OF SEX AND DEATH SALIENCY ON WILLINGNESS TO PAY MORE FOR ECOLOGICAL PRODUCTS AND SERVICES**

Analysis of Figure 1 and the averages of the variable with *post hoc* tests (contrasting effect) shows that Death Saliency condition (MS2) affects the tested ecological behavior. In contrast to a female in a situation of Death Saliency, under the same conditions a male has a 25% greater score of "willingness-to-pay-more"(3 , 57 against 4 , 48 ; test  $t = 3 , 91$ , This difference is significant for  $\alpha = 1 \%$  and 64 degrees of freedom)

### DISCUSSION AND IMPLICATIONS

In conclusion this experiment data highlights sex-related differentiation of the adaptive reactions due to condition of Death Saliency. These results confirm those issued from the few TMT studies about this issue (Hirschberger 2002, Dechesne et al., 2003). However, there is no agreement between these results and those of Dechesne et al (ibid ): indeed, in situations of Death Saliency we showed that females had an opposing reaction to that of males, who tended to be more prone to purchase environmentally friendly products and services. Mortality Saliency seems to lead to a reversal of the direction of natural order. This reaction has already been noted by Jonas et al (2002). The results regarding women however, are surprising as they are widely considered to have strong links with the environment. In this regard, Dobsha et Ozanne (2001) even suggest the existence of eco-feminism. Further experiments are needed to confirm or contradict our observations. In addition, to our understanding, the data in the available literature does not allow us to interpret this result satisfactorily. A possible interpretation, relative to the fact that women "give life" might also suggest a special connection with death. Exploratory research on female sample

could lead us to better understand the deep nature of these questions. However, if/once these results are confirmed, the managerial implications will be immediate. If an advertising campaign, aimed at encouraging ecologically friendly behavior, is thinking about basing its message on a death-related stimulus, it is advisable for the decision-makers to be very careful: paying special attention to the target audience and the theme of the message. As we have seen that men and women react very differently when put in the same situation and forced to make choices. Specifically when deciding, whether or not to spend money on ecologically friendly products/ services. The question of using death in promotional tool requires some further comments.

We have seen that in Death Saliency situations, individuals can adopt either prosocial behavior (Jonas and al, 2002), or materialistic behavior (Kasser and sheldon, 2000). Of course, at a societal level, the aim is to support the former, for the well-being of society and the defense of our ecosystem. Moreover, Kasser and Sheldon (ibid) have shown that materialistic people display anti-ecological behavior.

If we succeed in pushing people towards prosocial behaviour, using Death Saliency to manipulate people, poses an ethical problem. Ethics can be considered on three levels: intention, method and effect. If putting people in Mortality Salient conditions to increase sales is against *enlightened marketing* (Kotler, 1996), it could be justified putting people in Death Saliency situation for altruistic purposes. As Mandel and Heine write, it is important for the marketer – and the macromarketer – to determine whether these methods will be used in a positive manner: increasing membership to volunteer organizations, making donation etc... “an awareness of mortality can be a springboard leading to meaning and health rather than a trapdoor leading to dissolution and destruction” (Rindfleisch and Burroughs, 2004)

## CONCLUSION

It can be seen from the various evidence, both primary and secondary, used in this study, that the answer to the question: *Is it worth using a death related message in order to encourage people to adopt ecologically friendly behavior and, more specifically, to spend more money on products with positive environmental attributes?* does not have a simple answer. However, the implications of this study are numerous. Some are cited below.

- From a theoretical point of view, it underlines recent developments in the Terror Management Theory, a theory only known to very few people interested in Consumer Behavior though it opens the ways to innovative interpretations of marketing concepts like materialism (Rindfleisch and Burroughs, 2004, Ferrandi et al., 2003), attitude towards money (Urbain, 2000), "prosocial" behavior (Lee and Holden, 1999), or the effects of “*made in*”.
- As regards methodology, this is, to our knowledge, the first study carried out in a French-speaking context which uses the experimental protocols of the TMT to investigate consumer behavior. The previous studies concerned mainly American, Asiatic, Israeli individuals, and even Australian Aborigine subjects.
- The results demonstrated by our research show a sex-related difference in attitude towards the adoption of environmentally friendly conduct induced by Death Saliency conditions, in our sample. Some questions, needing further investigations, have arisen from this study:
- The protocol was implemented on a specific sample. External validity of results needs to be pursued through the questioning of other sample groups.
- It would be worth deviating from the simulated context in order to create “true” conditions by measuring the impact on the purchase of environmentally-friendly products/ services by individuals in a real situation of Death Saliency.

- Another question deals with willingness-to-pay surveys. According to O'Neill (1993), commitments to others, - including items of value such as the preservation of landscape, species and so on -, are displayed by the refusal to treat them as commodities that can be bought or sold. Such considerations can explain that some respondents either refuse to put a price on an environmental product, or put an infinite price on it. In this study, however, we have not noticed such behavior. But such considerations should be taken into account for further surveys, carried out on other samples. In other respects, the use of covariates such as personal value-system would be further investigated for the understanding of the mechanisms involved in the activation of adaptive behavior when faced with death. In every case, the increasing number of death-related stimuli in today's media: news reports, novels, crime fictions, documentaries... often puts us in a Death Saliency situation. So, the behavioral consequences of the TMT, including our consumer actions "should occupy an army of investigators for, at least, a decade" (Arndt et al., 2004)

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## APPENDIX 1

### SCALE EXPERIMENTALLY USED TO PLACE FRENCH INDIVIDUALS UNDER DEATH SALIENCY CONDITIONS

( Urien 2001, adapted from Dickstein, 1972)

- M1. La perspective de ma propre mort fait naître en moi un sentiment d'anxiété
- M2. La perspective de ma propre mort me déprime.
- M3. J'envisage ma propre mort comme une expérience douloureuse et cauchemardesque
- M4. J'ai peur de mourir
- M5. Le fait d'être mort me fait peur

## APPENDIX 2

### SCALE OF « WILLINGNESS TO PAY MORE FOR ECOLOGICAL PRODUCTS AND SERVICES »

(Berger et Corbin 1992) Translated and adapted in French language

Dans l' intérêt de protéger l'environnement, seriez-vous prêts à ...	1 pas du tout d'accord	2 pas d'accord	3 plutôt pas d'accord	4 neutre	5 assez d'accord	6 d'accord	7 tout à fait d'accord
Payer cinq centimes d'euro de plus, un litre d'essence, pour diminuer la pollution de l'air ?							
Payer 10 % plus cher pour des produits d'épicerie emballés et fabriqués dans des conditions environnementales saines ?							
Payer 1000 euros de plus pour une voiture qui émet beaucoup moins de pollution dans l'air ?							
Payer 50 % de plus pour le ramassage des déchets de façon à ce qu'ils soient entreposés dans des conditions sûres, à long terme ?							
Payer 250 euros d'impôts en plus par an, pour le nettoyage des égouts dans votre quartier ?							
Payer 10 % d'impôt sur toute l'énergie que vous employez pour encourager les gens à ne pas la gaspiller?							

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# “Plant a tree, save the world” – Hobson’s choice or an environmental citizen?

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## Abstract

*This paper presents a study of green consumption in Ireland. It explores the concepts of individual responsibility taking and collective action, which tend to be presented as opposites in the literature. Our qualitative study shows that green consumers engaged in both sets of activities in their everyday lives. Examples of such activities are presented and what this means for our theoretical understanding of green consumption.*

## Introduction

With consumption now seen as a key driver of environmental degradation (UNDP, 1998) consumers have been allocated joint responsibility for ecological reform (Halkier, 1999). Many environmentalists have advocated this strategy over the last 35 years (e.g. Holliman, 1970) and believe it is vital to achieving ecological sustainability. According to Murphy (2001) consumer responsibility is seen as a very good starting point if the aim is to achieve the integration of environmental considerations into consumption practices. Thus, the individual consumer, family or household is viewed as the agent of change (Halkier, 2001).

Calls for individuals to accept personal responsibility for ecological reform were particularly salient in the late 1980s and 1990s when a plethora of green consumer guides became available to aid consumers in greening their consumer choices (Connolly et al, 2004). This was the heyday of green consumerism and green marketing (see Prothero, 1990; 1998). At the same time, this form of green political consumerism has also been questioned as to its ability to constitute change. Critics of individual responsibility, such as Maniates (2002), believe that it legitimates the idea of consumer sovereignty and a self-balancing and autonomous market, thereby diverting attention from political arenas that matter.

However, the idea of “shopping for a better world” (Carrigan, et al, 2004) as a strategy has not declined: in fact its ideology appears to have spread. This paper begins by outlining the perspectives of both the advocates and critics, of what Maniates (2002) refers to as the “individualisation of responsibility” thesis. We refer to individualism as that descriptor that emphasises the importance of the individual, and the value attached to both individual freedom and individual choice, essentially the political philosophy of liberal individualism.

The second part of the paper provides some insights on this subject from a recent empirical study conducted in Ireland on the wider issue of green consumption.

## THEORETICAL BACKGROUND

### The case of consumer responsibility

The discourse of environmental action manifested through individual consumer concern is now a central component in state policies (Hobson, 2002). Here, the solution to ecological sustainability is manifest through individual action, where green and ethical consumerism will be sufficient to transform markets to produce continual and "clean" economic growth (Seyfang, 2004). This is part of what Hobson (2001, 2002) believes is an attempt to make the environment part of an individual's consumption preferences, achieved through the "4 Rs" of environmentally responsible behavior—redesign, reduce, reuse, and recycle (Amine, 2003). Three of these "Rs" are currently part of a public policy advertising campaign in Ireland.

The consumption of green products/services is also part of this agenda. Here, green consumerism works as a ballot. It is even equated with a form of direct democracy (Beck, 1996). According to Nava (1991) "...it offers ordinary people access to a new and very immediate democratic process: "voting" about the environment can take place on a daily basis...they are able through their shopping to register political support or opposition. Furthermore, they are able to exercise some control over production itself, over what gets produced and the political conditions in which production takes place" (p.168). This invariably allocates consumers with the individual power and agency to transform the current situation. Indeed, in Moisander and Pesonen's (2002), assessment, this discourse of green consumerism positions individual consumers as powerful actors. Moreover, the discourse appears to argue that:

Consumers have a significant role and power in the market;

- Individual consumers can make a significant contribution to sustainable development by doing small good deeds;
- The informed, rational and environmentally friendly choices of everyday private life constitute those small good deeds;
- Social change, and thus sustainable development, can be achieved through those rational and responsible choices;
- People who make those choices are morally responsible green consumers (Moisander & Pesonen, 2002).

The faith that many consumers/citizens<sup>3</sup> place in individual responsibility also appears to be founded upon a belief in the efficacy of the system (Eden, 1993; Halkier, 1998, Shaw & Clarke, 1999). Indeed, Shaw's (2004) study on ethical consumers found that although acting individually, ethical consumers believed they were part of a wider collective of concerned consumers. This appears to support Halkier's (1998) contention that green consumers feel they belong to a diffuse, imagined community linked to other unknown consumers, whose consumption behaviour is as environmentally responsible as their own. It appears that this image of such a community of active co-consumers makes single activities make sense to individual consumers, where they are dependent on one another's actions when it comes to pressurising producers and retailers in a more sustainable direction.

It is hardly surprising then, that not only has the number of green/ethical labels increased but so too has the literature in this area (e.g. McDonagh, 2002; Renard, 2003; Micheletti, 2003; Jordan et. al, 2004; Crane, 2005). Critics perceive this as creating a reality for change within the market as opposed to outside, with labels providing the information required by consumers to exercise power against the social conditions they agree/disagree with.

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<sup>3</sup> It is important to note that consumers and citizens are not dichotomous positions and have a long history of being intertwined identities (see Trentman, 2001).

For other advocates (Kennedy, 2004; Follesdal, 2004; Micheletti, 2003) the individuality of responsibility is less about the adoption of the specific form of power relations, rather that, no alternative option actually exists. They locate the issue within the current socio-political conditions of contemporary societies (mainly Western), where individuals, living under conditions of increasing globalisation that appear beyond the control of accountable governments, have no alternative to express a sense of justice as citizens' of the world. Advocates of this type of consumer activism (Micheletti, 2003; Micheletti, Follesdal, and Stolle, 2004; Kennedy, 2004; Bennett, 2004; Halkier, 2004) maintain that several key social changes underpin this new form of activism. These changes include: continuous technological development and the rise of the informational economy; the geo-politics of the post Cold War era including the advent, even before 1989, of neo-Liberal economics and the disappearance of a realistic alternative to capitalism; the rise of postmodern (or late modern) sensibilities; the growing impact on socio-political life of knowledgeable, self-monitoring individuals; and the intensifying processes of globalisation (Kennedy, 2004).

As result Micheletti (2003) now believes that consumer action is a form of individualised collective action, reflecting the political landscape changes of late-modernity. According to Micheletti (2003) ideas about responsibility and responsibility taking are central for the theoretical discussion used to develop the concept of individualised collective action. Moreover, "the market, the home, and other seemingly private or nonpolitical arenas are also appropriate venues for general-responsibility taking. A second implication is that citizen activism crosses the public and private divide that has determined our conception of political participation and politics. Finally, this new form of citizen activism implies that responsibility for problem-solving cannot be delegated to other actors and spheres and the actors and institutions of representative democracy. It must be taken by each individual who leaves footprints after their actions and choices" (p.34). In this regard Micheletti (2003) and others (Beck, 1996, 1999; Micheletti, Follesdal, and Stolle, 2004; Kennedy, 2004; Bennett, 2004; Halkier, 2004) see individual responsibility as a force for positive social change.

This, however, creates the question whether increasing individualisation may increase ecological deterioration or somehow becomes part of the solution. This supposed dilemma is summed by Stevenson (2002): "Individualisation processes open up questions of individual responsibility necessary for ecological reflection while simultaneously contributing to environmental dangers given that the meanings involved in consumption are important sources of modern identity" (p.313). Indeed, the notion that supposed increasing individualisation of society (Giddens, 1991, 1994; Beck, 1992, 1996; Willmott & Nelson, 2003) could lead to further environmental deterioration has also been suggested (Stevenson, 2002).

### **The problem of individual responsibility and ecological sustainability**

Despite or rather because of the increasing potential attributed to individual consumer action a number of substantial critiques have been directed at the phenomenon. In terms of policy approaches that call for consumers to exercise individual environmental responsibility, Hobson (2002) and a number of other researchers whom she cites, claim these approaches will be relatively ineffective considering the complexities and entrenched nature of individual consumption practices that are positioned within contexts and infrastructures not conducive to living (eco) sustainably.

For critics such as Maniates (2002), Smith (1998), and Luke (1997), green consumerism is a means of individualising the ecological crisis. As Luke (1997) puts it, "each individual consumer or family household is now the key decisive ecological subject, whose everyday economic activities are either a blow for environmental destruction or a greener earth" (p.118).

Following a similar line, Maniates (2002) contends that "individualisation, by implying that any action beyond the private and the consumptive is irrelevant, insulates people from the empowering experiences

and political lessons of collective struggle for social change and reinforces corrosive myths about the difficulties of public life” (p.59). Furthermore, there is the contention that green political consumerism or ethical consumerism does not translate into thrift in the use of natural resources and sustainable consumption (see Johnston, 2002). Instead, boycotts such as fair trade and ecolabelled products are as Goodman and Goodman (2001) describe, constructed within the relational and ideological spaces of the current capitalist system and seek little fundamental change in the social and economic pathways of food production and trade, which could they believe be part of a wider, more progressive agenda of sustainable consumption. Indeed, scholars in the field of macromarketing maintain that green consumerism is not enough: what is needed is a fundamental rethinking of both consumption goals and capitalist business practices (see Kilbourne et al, 1997). Here, the fear is that people believe that they need not think about sustainable development and their consumption patterns as long as they buy environmentally friendly products. They can buy as much as they want as long as the products are eco-labelled.

Like those who advocate individual responsibility, critics also locate individual responsibility within the metaphor of the ballot, and as such their critique follows from this. The first part of this critique is that “the consumer role as political strategy is often seen as less democratic than traditional citizen roles, because the economic resources to vote with one’s purse and one’s feet are unequally distributed in society” (Halkier, 1999, p.36). Dolan (2002) puts it more succinctly. He contends, firstly, that the irony of consumer activism as a solution is that the richer the consumer the more powerful they become. Secondly, eco-politics through consumer boycotts strengthens the significance of consumption practices – “not only does it become the symbolic mediator of social and cultural relationships, but also political ones. Thus, the commodity, whether consumed or not, would become the totem of the power ratio between consumer and producer, and the commodity would become the site of resolution of moral disputes and dilemmas” (p.22).

A further exegesis is in terms of the unequal distribution via gender. In contemporary society, women still perform the vast majority of household shopping (Thompson, Pollio & Locander, 1994; Miller 1995, 1997) and are arguably the decision makers with great potential for impact in the marketplace (Miller, 1995, 1997; Dobscha & Ozanne, 2001). Thus, the shopper as voter thesis tends to lay considerable and unequal responsibility in the hands of women. This suggests that not only is the environmental crisis being individualised, but also it is being individualised with a disproportionate level of responsibility falling on women. In fact, it would suggest that structural impediments are rejected at two levels, firstly, structural obstacles to environmentally benign behaviour and, secondly, the impediments that leave women in the position of sole responsibility for household duties.

Having outlined both positions on the potential effectiveness of individualised ecological responsibility, it appears that these two discourses appear as complex and contrasting positions. However, in terms of establishing either as a prescriptive socio-political strategy to address ecological problems it seems a case of Hobson’s choice. Apparently, if consumers adopt the environment within their personal consumption preference’s critics argue that this is not only not enough, but the structural changes required will not be introduced. On the other hand, others claim the socio-political conditions of contemporary society have in effect led business and government to abrogate or even avoid their responsibilities for the provision of pro-environmental structures that are apparently necessary to create an ecologically sustainable society, and that consumers must attempt to individually change. Against the background of these two divergent positions the situation of a group of green consumers in Ireland is now explored, which describes an alternative position to those already recounted, and thus questions this dichotomy.



## Research Methodology

The empirical study that informs this paper is part of a larger study conducted in the area of green consumption. It is a qualitative in-depth study of how consumers experience green consumption, using 'green/alternative' (see McDonagh & Prothero, 1997; Gabriel & Lang, 1995) consumers. Data was collected through phenomenological interviews and diaries with seven participants. The method of interviewing adopted has been used extensively in consumer research (Thompson, 1997; Thompson, Pollio & Locander, 1994).

The sample selection was purposive. According to Mason (1996) purposive sampling (or theoretical sampling) means selecting groups or categories to study on the basis of their relevance to one's research questions, one's theoretical position and analytical framework, one's analytical practice, and most importantly the explanation or account which one is developing. Data analysis proceeded with the interpretation of the respondents reflections on their green consumer experiences through a circular interplay between a developing understanding of the interviews and an ongoing immersion in a number of key literatures. It also involved constantly comparing emerging themes with the data (the consumers lived experiences) not only within the case of a single participant but also across the texts from the other participants. This was used as a means to eliminate idiosyncratic themes and the problem of anecdotalism which can occur in qualitative research. The method involves a repeated back and forth movement between the different parts of the data. From this several themes emerged, one of which is discussed in the next section.

## FINDINGS AND INTERPRETATIONS

### Personal Responsibility

Throughout the study, personal responsibility was not only frequently spoken of by the participants, but was also implicit in many of the specific consumption practices they described.

**Deirdre:** I've stopped eating fish. Until our governments get to grips with the fact that fish inhabit the arena of global commons and start dealing with this, and stop grabbing all they can, and we find a way to fish without killing non-target species like dolphins and turtles, I'm not eating it.

**Helen:** I do have long-life bulbs...[and] I've been meaning to use non-toxic, organic paints – there's some small company hidden away off the South Circular that I have never managed to find.

**Anne:** ...and stuff like not flushing the toilet ten times a day and water – more or less everything I would have touched on it. I'd usually get them to turn off electrical appliances. We've insulated the house. What else? Waste management, I have this nasty habit of keeping every container that comes into the house!

**Ciara:** You have got to take responsibility for the amount of waste you are taking out. You have got to take responsibility for the amount of waste you are taking in, in your food, in your lifestyle. If you buy a standard cleaning product, you are going to be flushing a load of chemicals down the drain. OK, it takes a lot of chemicals to cause damage to the environment, but say a freshwater river, if every person took responsibility for what they were getting rid of, the amount would be significantly reduced. I think it comes down to personal responsibility for the way you interact with your environment. Even if you are in a high-rise block or working in an office, you can still take responsibility for your impact on the environment.

Like all of the participants, Ciara maintains that everyone must take personal responsibility for his or her effect on the natural environment. In the following excerpt, for example, Deirdre talks about her like of liberal democracy as opposed to the alternative systems often espoused by environmentalists, such as eco-Marxist or eco-anarchist political systems, and LETS systems (see Eckersley, 1992). She likes her independence, her decision to choose as opposed to a choice being made for her by the system.

**Deirdre:** I am a relatively independent person – I like the idea of making my own choices. I am not sure how well I would fit in with the commune. And what the money system does is it gives you that choice – it allows you to decide where you want your efforts to go. Like, if you look at the LETS system, if you want a particular thing done then you have to do something in return; I am not sure I want to be locked into that. I like the independence of doing a piece of work, and the credit I get it is something I then use to make my own decisions about what I want, and I think a lot of people like that independence; they don't want to be locked into having to do favours for Joe Bloggs down the road in order to get something done for themselves. I'd rather just have the money and pay for it. So, it gives a degree of freedom.

Here, Deirdre uses the words, choice, freedom, and independence. Implicit within this idea of individual responsibility is a form of environmental liberalism. It is the language of personal choice and self-responsibility. Deirdre also refers again to the individual, that one must act at a personal capacity to change things, to take that personal responsibility rather than leave it to others. One should make one's voice heard not only through the established political system of the ballot box, but also through the subpolitical system of the boycott/buycott.

**Deirdre:** We are also to blame to a large extent for not letting large corporations know what our buying concerns are, and, I mean, that can be difficult to do. You know we are all to blame in one way or another, I don't think you can blame any one group particularly. I think we all make choices, and we all make choices frequently to do what is easiest rather than what is best

Active personal involvement is clearly very important to the participants in the study, and in a sense it helps reinforce the notion that something they themselves can do will make a difference. Though acting as individuals, they feel they are not alone, and, that once more people adopt this lifestyle, ecological change will take place. This is precisely what Deirdre is referring to above. There is a belief in the efficacy of individual responsibility among the participants. This tends to be expressed through a moral responsibility to take individual action.

An interesting feature from this study revolves around the concept of individual responsibility and its meaning. It is not just about the impact of one's ecological footprint; rather, it requires one to participate and become involved in ecological issues either at a local community or national level. The next feature of the participants' lived experiences illustrates a critical element that distinguishes green consumers from many mainstream "green" consumers who tend to recycle and occasionally made green purchases.

### **Collective Action**

Despite the participants' perceived individualism, all are involved in, or attempting change via some form of collective action. The following extracts describe the participants' involvement at various levels in attempting to make broad changes within the society in which they live, as opposed to reducing their own personal individual ecological footprints on the environment.

To begin with Deirdre's experience: Deirdre left her job in the Irish civil service to work permanently for an environmental organisation, after working voluntarily for a number of years for the group. Afterwards, she became involved with Voice (Voice of Irish Concern for the Environment), working initially on a voluntary basis and later as part of a job-share scheme. Presently, the main campaigns on which Deirdre is working include the problems of water fluoridation in Ireland; safe, clean water; sustainable waste management; sustainable forestry; and the issue of genetic resources. This Voice campaign on genetics is against patents on life and genetic engineering – an issue to which Deirdre brings substantial experience and knowledge with her Ph.D. and masters in these areas.

Colin also works with an environmental organisation, Earthwatch. He too began as a volunteer and is now the manager of the Earthwatch office in Dublin. A socialist at heart, he believes the green movement must mean something to working class people if environmental change is to occur. Presently, he feels it is a middle class movement and is not tackling many of the underlying issues. Recently, he travelled to Scotland to look at an initiative set up there by Friends of the Earth Scotland and is hoping a similar strategy may be put in place in Dublin. Below, he describes the initiative and the underlying problems that the strategy, he believes, needs to address.

**Colin:** Places like Friends of the Earth in Scotland are coming up with initiatives that work with people on the ground to try and get them to do more recycling, waste management, and create green consumerism and so forth, and they're trying to work with the poorer communities, and they've got funding from the National Lottery in Scotland, and that's the type of thing I think we need to look at. We need to look at making ourselves relevant to the people who are on the ground and struggling, because it's very easy for people with a few bob to say "I buy organic chicken" or whatever – they can afford to pay the extra £1.50, and it doesn't make much difference to them if there's an extra £10 or £15 added to their food bill. They'll regard that as OK, but if you're on the bottom end of the rung, a pound can matter, let alone £15. If you're on the dole and you're living on £75 a week, you can't afford to buy all organic foods and all the extra that it costs. You certainly can't afford to buy all the green products; you'll go for the cheaper toilet roll, the cheapest tissues, anything that'll save you money. It needs a big shift at government level as well.

Hence, Colin is thoroughly convinced by the need for collective political action and structural change. Although he makes changes in his own personal consumption habits for environmental reasons, he is also actively engaged in attempting greater structural changes to the present system.

Meanwhile, Alice takes part in protest marches as part of the Irish No-War movement<sup>4</sup>. More recently, she is involved in protests outside Shannon Airport in Co. Clare against American military use of the airport facilities in relation to the invasion of Iraq. Alice is disillusioned by the numbers of people who go shopping as an activity on Saturdays as opposed to the paltry turnout for protest marches against the war in Afghanistan (this war was taking place when the first interviews began).

**Alice:** I would have felt that it was very important what was happening in Afghanistan and, OK, the second protest was a little bit bigger, but I can remember sitting on the top deck of a bus looking down Grafton Street on a Wednesday at lunchtime, and there were probably more people there and they were all shopping.

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<sup>4</sup> No-War movement is an organisation in Ireland opposed to the recent wars in both Afghanistan and Iraq.

Alice's anti-war stance fits closely with environmental concerns, and green movements traditionally have been anti-war, with Campaign for Nuclear Disarmament (CND) for example. Indeed, one of Greenpeace International's current campaigns is opposition to the current war in Iraq<sup>5</sup>.

At the more extreme end of the environmental spectrum is Andrew who has spent a number of years in various parts of Europe working with Direct Action groups (see McKay, 1998; Doherty, 1999). This radical wing of the environmental movement is prepared to use disruptive protest to highlight what are seen as fundamental failings of modern society (Doherty, 1999). In this first excerpt, Andrew describes how he became involved in militant green action and some of his first experiences.

**Andrew:** I went to university in Cardiff, and I got involved in the green movement in Cardiff, and I started a campaign there against opencast mining and I would have been about 19. And then I moved to another university in Toulouse, in the south of France, and was the time of the bombings in the South Pacific, so, again, I was involved in demonstrations against that. Then I would have become involved in more militant activities like Manchester runway, the A30 campaign, Sellafield nuclear power station, the whale campaign.

At a similar Direct Action initiative in London as part of an animal rights campaign he was arrested for chaining himself to the Norwegian Embassy. This was in protest at Norway's whaling policy.

**Andrew:**...I got involved with the people who did the Dover live animal exports. They were involved in hunts, vegans, and basically we had been asked to bring this petition into Westminster and we were in Westminster. We were delivering this animal rights campaign and, basically, after that we went up to Victoria dressed up in white suits, jumpsuits and chained ourselves to the Norwegian Embassy with Greenpeace inflammable whales and the usual stuff. The media were tipped off and it was a standard Direct Action. We were arrested and taken by Metropolitan Police to Belgravia and questioned and then detained.

Meanwhile, Anne's involvement at a collective-structural level is quite diverse. She was a founder of the Earthwatch society when a university student and is still a member of the Earthwatch organisation today. Although a busy mother with three children, she has started a kids' club in her local estate to introduce them to environmental concepts and ideas. Here, she describes the composting experience.

**Anne:** Well, when we first set up our compost heap, some of them had never – the concept was absolutely revolting to some of the children who saw it. So, you're working at the level, where they're going "What?! And you're going to use this afterwards, ugh!?"

She is also involved in GAP, which she describes below. Also, as noted in a previous theme, she is a central collection point for a "bag system" for seasonal vegetables.

**Anne:**...I started up Earthwatch in UCD and kept that going against the odds for a couple of years. Then I got involved with GAP as well.

**Researcher:** Who are GAP?

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<sup>5</sup> See [www.greenpeace.org](http://www.greenpeace.org)

**Anne:** Global Action Plan. They go round and deal with everyday existence and come up with a schedule which deals with all the different issues from waste management to energy management to everything, and they have a checklist of things that you can do to improve your environmental standing and performance as well. And now I'm working with everybody else's children and trying to indoctrinate them!

**Anne:** When I started this GAP thing here, I had six or seven people coming along...

**Researcher:** What would you do locally with it?

**Anne:** Well, you just work in your house and you take on board – one week you'd deal with water. There'd be a questionnaire to assess your current standing, and then you would take on board for a week or two whatever changes you thought you were going to be able to make realistically, and then you come back and meet together. So it's like an environmental support group.

Ciara's way of addressing the situation is also distinctly different. Although not involved in any organised environmental grouping, she is one of the participants most committed to reducing her own ecological footprint and limiting her consumption. Her way of collective action is in trying to change the people around her, family, work colleagues, etc.

**Ciara:** There are ripples everywhere, because, if you buy that you are supporting an industry that makes it, it goes on and on, but I think that at the end of the day you can only do what you can do. You can't be a superman, you can't do everything. One person, some people would argue, can't save the world. I think if you are just true and do the best you can do and hopefully to encourage other people to do something similar. Fair enough, but a lot of people believe in certain things. One person that my boyfriend works with thinks that global warming is pie in the sky and doesn't exist; that there is no such thing, he firmly believes this. This is his realistic view of the world. No such thing, pie in the sky. It is all a lot of hippie mumbo jumbo. But there would be people who would see what we are doing and like it. At work now, people like say "Ah you eat a load of weird food", and then it's like; "What's that? Can I try?" I suppose there is a bit of an influence there too.

This is the dynamic where ordinary consumer influence is a voice in (Ciara's) social networks where decisions about purchases and consumption are discussed. According to Halkier (2004), this dynamic is a more long-term one, which does not necessarily influence short-term policy making, but influences the social and cultural norms and the political legitimacy of different solutions.

Helen, too, despite her orientation towards individual responsibility, is an active member of an Irish environmental organisation, An Taisce, The National Trust for Ireland, and she is quite passionate about the work they do.

**Helen:** I've always had an interest in An Taisce. It's an organisation I'd been meaning to join for years... Then I joined, and I took redundancy, so I had time on my hands and I volunteered to be on the committee... I was Secretary of the local association for about nine years and now I've escaped, because no-one wants the job and I'm on the Planning Committee. I was helping out with planning anyway, and now I'm on the subcommittee for planning...

In this excerpt, Helen talks of the various environmental campaigns in which they are engaged and the work they do. Indeed, sustainable development is one of the central objectives of An Taisce<sup>6</sup>.

**Helen:** ...It's trying to do, because it's trying to work miracles with what it has in its resources, and it's spearheading the Litter Campaign, the Green Schools campaign. It's doing a lot of very good work, so I would be biased.

Helen's situation is symbiotic of all the participants. On the one hand, she feels that personal individual responsibility is crucial, while at the same time she is actively involved at a collective level in attempting structural change. Follesdal (2004) maintains that the individualism inherent within political consumerism in late modernity is often combined with respecting the autonomy of others, prizing individual liberties and social tolerance, and fostering civic participation, but in new social movements rather than in established organisations. This resonates closely with the lived experiences of the participants in this study.

It is evident from this study that the participants engage with different methods of individual and collective action. They see a connection between the kitchen table and global environmental concerns, and political consumerism is a key feature of their consumptive action. However, there is also another feature to their activism, one driven by a personal sense of responsibility but manifested in collective action to achieve structural changes that may enhance or lead towards environmental sustainability. It is the combination of these two activities, personalised individual action visible in their personal consumer choices and an activism to enhance structural change, that defines the green consumers in this study. Indeed, many examples of this activism exist in many different forms, expressions, and intensity of activism. Nevertheless, responsibility taking in whatever form is objectified in both practical consumerism and collective activism, as exemplified in the lived experiences recounted.

While the lived experiences of the participants in this study show that individual responsibility taking in the form of political consumerism is important, it is only part of the jigsaw, and collective action is also seen as crucial, so they engage in both. As such, it is possible that the green consumers in this study recognize that environmental problems are complex, persistent, and threatening (Macnaghten, 2003; Amine, 2003) and cannot be solved simply by scattered individual efforts to follow the "4 Rs" of environmentally responsible behavior—redesign, reduce, reuse, and recycle (Amine, 2003). Hobson (2002) has referred to this as a kind of environmental citizenship, whereby an environmental citizen is someone who has internalised information about environmental problems, creating a sense of personal responsibility and duty that is then expressed through consumption and community actions.

## CONCLUSION

In conclusion, given the experiences of the participants in this study, individual responsibility in the form of personal consumption choices is not the dominant practice in dealing with environmental issues. Despite the perceived environmental liberalism, the participants were all engaged at a more collective level. They choose disparate (subpolitical) movements, different and diverse agendas, a variety of methods and levels of activism, yet all fit closely with their own sense of self and indeed their lifepolitical agendas.

In this regard, this particular study stands in contrast to the polar positions outlined at the beginning of this paper. It calls into question the general assumptions resulting from debates on individual responsibility whereby it is positioned as a key strategic instrument or a limited tool that essentially 'makes people feel they are doing something'. Many calls, both for and against individual responsibility

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<sup>6</sup> See [www.antaisce.org](http://www.antaisce.org)

taking, tend to take the form of a polemic with little empirical research to support either position. What is required is research to explain and describe the role of individual responsibility taking within different social and cultural worlds.

This study is just one example. However, from it, the notion of a singular or indeed universal concept of individual responsibility taking as confined to the realm of personal consumption choices is questioned. Now, whether, this situation is confined to urban green consumption in Ireland or is replicated in other social and cultural contexts can only be resolved through further research. This, the authors believe is a more useful and valuable direction in attempting to address ecological concerns rather than facile normative polemics. In addition, we contend that macromarketing researchers can and should play a part in this research objective as macroconsumption (Belk, et al, 1996) issues (of which this is one) are clearly within the domain of the macromarketing academy.

What the study shows quite clearly is that green consumption involves both personal individual action and also collective action, in varying degrees. Consequently if it is these activities that green consumers are actually engaged in, it seems imperative for future research to investigate if such activities may lead to global environmental change.

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# Consumer Well-Being, Income, Religious Attitudes And their Relationship to Selected Measures of Life Satisfaction among Professionals

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## Abstract

*We were born to be consumers. This tenet is a fundamental of the marketing discipline. Marketing activities are developed and implemented to enhance the act of consumption. As a result, effective marketing practice begins with the acceptance of the marketing concept. This marketing philosophy attempts to focus most organizations' activities on the consumer. It has been suggested that to create and set in motion marketing activities without the adoption of the marketing concept is not marketing (Joseph 1996; Trustrum 1989). When the marketing concept is implemented, an organization is said to have a market orientation (Kohli and Jaworski 1990; Narver and Slater 1990; Ruckert 1992).*

*Because of this organization effort and focus, marketing scholars contend that marketing practices positively influence life satisfaction (Handy 1978; Samli, Sirgy and Meadow 1987; Sirgy 1999). After all, marketing functions are formulated to assist with consumption, and to create and maintain satisfied customers. Economic theory also views consumption as essential for economic well-being (Slesnick 2000). Many agree that life satisfaction is derived in large part from the goods and services consumed. Leelakulthanit, Day and Walters (1992) demonstrated that material possessions have a positive impact on overall life satisfaction. Others have demonstrated that subjective well-being is also related to objective measures like income (MacDonald and Douthitt 1992). Some have also shown that life satisfaction is positively related to religious attitudes and behavior such as church attendance or belief in God (Greene and Yoon 2004).*

*The purpose of this research is to examine the relationships between subjective assessments of life satisfaction and consumer well-being, income levels and selected religious attitudes among a group of professionals.*

## Background

Consumer Well Being: Numerous scholars argue that marketing activities contribute to the enhancement of overall satisfaction with the quality of life (Day 1987; Handy 1978; Lee and Sirgy 2004; Lee, Sirgy, Larsen and Wright 2002; Samli, Sirgy and Meadow 1987). Leelakulthanit, Day and Walters proposed and tested a conceptual framework or model that views life satisfaction as related to various domains of life, both marketing and non-marketing activities, such as work satisfaction, social life, acquisition satisfaction and possession satisfaction of goods and services (1991). This study of professionals uses the multidimensional measures of consumer well-being developed by Lee, Sirgy, Larsen and Wright to examine the relationship between marketing and the quality of life (2002). The expectations are the different aspects of consumer well-being, satisfaction with the acquisition, possession, consumption, maintenance, and disposition of consumer goods and services, are positively related to overall life satisfaction.

**Income:** While a positive relationship between current income and life satisfaction has been documented, a review, integration and critique of the literature on the relationship between wealth and life satisfaction shows that income has a modest relationship with life satisfaction (Ahuvia and Friedman 1998). To explore why income and life satisfaction correlations are so small, the review analyzed the literature from three different conceptual perspectives. The comparative perspective suggests that life satisfaction results for a comparison of one's situation to some material norm. The reason the correlations are so small under this perspective is because material norms are for ever changing and are so flexible. The goal attainment perspective holds that money assists people to attain set goals. Under this goal attainment perspective the correlations are also low because money has little value in helping achieve goals people care most about. The hedonic perspective views income as the device that enables people to use their time in more satisfying ways. Under this perspective correlations are weak because many desirable leisure experiences have variable price points (some may cost nothing) and satisfying work is not always highly paid. Therefore, in this study we expect weak correlations between measure of income and life satisfaction.

**Religion:** In general, researchers indicate that people with a high degree of religiosity are more positive toward their quality of life (Hadaway and Roof 1978). The correlations between religiosity and life satisfaction, while positive, tend to be small (Ellison, Gay and Glass 1989). It has also been suggested that religiosity tends to be negatively related to education – the higher the education the less religious individuals tend to be (McDaniel and Burnett 1990). Therefore, in this study of highly educated professionals, we expect to find low correlations between religion and life satisfaction.

### **Methodology**

**Sample:** There appears to be limited research on the relationship of life satisfaction and marketing among professionals. For this reason, college professors from a large university in the American Southwest were randomly selected and asked to participate in an academic panel. Three hundred professors were selected and 180 agreed to participate during an academic year. They agreed to complete a number of surveys on a variety of topics. No incentives or rewards were used to encourage participation. A total of nine surveys were administered over a nine month period. Included in these surveys were assessments of life satisfaction, consumer well-being, income and religious attitudes. Information on the respondents is show in Table 3. This sample is representative of the faculty at this one university. The usable number of surveys for this study is 122.

**Measures:** The scales used in this study to measure the constructs were derived from instruments designed for previous studies where the reliability and validity were assessed. Each item in the scales used was assessed to make sure they were appropriate for use among college professors. The scales contained a large number of items designed to measure a limited number of constructs. To determine if the scales functioned as designed, the following procedure was used. First, a factor analysis was performed on each construct using varimax rotation and estimated with maximum likelihood to validate the previous scales. Then reliability coefficients for items retained in each factor for each construct were calculated. Next, items in each factor of every construct with sufficient reliability were summed and divided by the number of items to create an overall factor mean.

**Life satisfaction scales:** Two scales were used to measure global life satisfaction. The first was the Temporal Satisfaction With Life Scale (Pavot, W., Diener, E. and Suh, E. 1998), which is designed to measure past, present and future life satisfaction. This scale has been shown to be reliable and valid (McIntosh 2001). The scale contains 15 statements (seven point likert scales from 7=strongly agree to 1=strongly disagree) with five items representing each of the life satisfaction stages or factors. All items were subjected to a factor analysis with varimax rotation to determine the number of factors in the scale. The results indicate there are three factors – past, present and future life satisfaction. Only one of the 15 items, in future life satisfaction, was discarded. A reliability analysis demonstrated Coefficient Alpha's of .87 to .88 (see Table 1). The second measure of global life satisfaction was the Campbell scale

(Campbell 1976), which has been shown to be reliable and valid (La Barbera, P.A. and Gurhan, Z. 1997). The Campbell Scale assesses life satisfaction on 10 semantic differential scales including such items as boring/interesting, enjoyable/miserable, and useless/worthwhile. Factor analysis indicated one factor with a reliability coefficient of .91 (see Table 1). The Campbell and Temporal Satisfaction With Life Scale (TSWLS) are highly correlated. The Pearson Correlation coefficients are as follows: Campbell with past life satisfaction is .42; Campbell with present life satisfaction is .56; and Campbell with future life satisfaction is .51.

**Consumer Well-Being:** Consumer well-being was assessed with a scale developed by Lee, Sirgy, Larsen and Wright (2002). This survey measures consumer satisfaction on the acquisition, possession, consumption, maintenance (satisfaction with repair services and satisfaction with services for do-it-yourself repairs), and disposition of goods and services. In development, the scale was shown to have predictive validity on three of the six dimensions – acquisition, possession, and consumption. The scale consist of 48 items assessed on a seven point Likert type scale that ranges from 1=awful to 7=wonderful. A factor analysis indicates that there are eight factors or dimensions. The factors and number of items in each factor is shown in Table 1. The scale performed rather well with most items loading on the appropriate dimensions. The exception is the consumption dimension. In this study there are three consumption factors, rather than one. The three factors were identified as goods satisfaction, services satisfaction, and food satisfaction. Reliability analysis showed alphas ranging from .75 to .91 (see Table 1).

**Income and Religion Measures:** Incomes were measured by asking respondents to 1) estimate their total monthly household or gross income before taxes and paid for benefits, 2) to estimate their total monthly household take-home income, and 3) to estimate their total monthly expenditures. Relative income was calculated as the difference between the respondent's total monthly estimated expenditures and the sample mean monthly expenditures (MacDonald and Douthitt 1992). To assess religious attitudes four questions were ask that are similar to questions found in the World Values Survey Questionnaire conducted by Inglehart and Baker (2000). The questions were: 1) Apart from weddings, funerals and christening, about how often do you attend religious services these days (1= more than once a week to 7=never)?, 2) Independently of whether you go to church, how religious do you view yourself (1=anti religious to 5=very religious)?, 3) How important is religion to you (1=extremely unimportant to 5=extremely important)?, and 4) How important is God to your life (1=not at all to 7=very important)?

### **Analysis and Conclusions**

Factor means, standard deviations, and Pearson correlations are shown in Table 2. First, it is interesting to note that none of the measures of income have a significant relationship with any of the measure of life satisfaction. This is in keeping with the past literature. The same applies to religious attitudes. In fact, the correlations between religious attitudes and income and life satisfaction are quite low as expected. Note that while the correlations between the importance of God, past, and present life are negative, the correlation is positive and higher for perception of future life satisfaction. In terms of how religious one is and the importance of religion, it appears the relationship turns from negative to positive and is stronger as one moves from the past to future life perspective.

The correlations show present, future, and general well-being measures of life satisfaction are significantly related to the consumption factors of consumer well-being. In addition, acquisition and maintenance (repair services) satisfaction is significantly related to present, future and general well-being measure of life satisfaction. One should note that relationships seem to be strongest between the measure of consumer well-being and future life satisfaction. Perhaps this is an indication of optimism toward the future of the respondents.

While this study is limited to a small sample, and the analysis is rather simple, it does lend support to the notion that marketing activities as measured in terms of consumer well-being are associated with life satisfaction of professionals.

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**Table 1**  
**Measures**

Factor	Number of Items Selected (Total Number of Items)		Coefficient Alpha
<b><u>Life Satisfaction</u></b>			
Past Life Satisfaction	5	(5)	.88
Present Life Satisfaction	5	(5)	.87
Future Life Satisfaction	5	(4)	.87
Subjective Well-Being	9	(10)	.91
<b><u>Consumer Well-Being</u></b>			
Acquisition Satisfaction	7	(7)	.87
Maintenance Satisfaction w/repair services	6	(9)	.91
Maintenance Satisfaction w/materials and services for Do It Yourself	6	(8)	.87
Possession Satisfaction	4	(6)	.84
Disposition Satisfaction	5	(7)	.79
Consumption Satisfaction		(11)	
a. Goods satisfaction	5		.82
b. Services Satisfaction	2		.75
c. Foods Satisfaction	2		.76
<b><u>Income</u></b>			
Estimated Gross House- hold income	1		na.
Estimated Take Home Income	1		na.
Relative Income	1		na.
<b><u>Religion</u></b>			
Attend Services	1		na.
How Religious?	1		na.
Religion Importance	1		na.
Importance of God	1		na.



**Table 2**  
**Means, Standard Deviations and Correlations Between Life Satisfaction, Consumer Well-Being, Income and Religion**

	<b>X</b>	<b>SD</b>	<b>Past</b>	<b>Present</b>	<b>Future</b>	<b>General</b>
	<b>Sat</b>	<b>life</b>	<b>Life</b>	<b>Life</b>	<b>Being</b>	<b>Well-</b>
	<b>Sat</b>	<b>Sat</b>		<b>Sat</b>		
Past Life Satisfaction	4.48	1.39				
Present Life Satisfaction	4.63	1.27				
Future Life Satisfaction	4.85	1.19				
Subjective Well-Being	5.68	.95				
<b>Consumer Well-Being</b>						
Acquisition Satisfaction	4.67	.89	-.07	<b>.17***</b>	<b>.17***</b>	.13
Maintenance Satisfaction						
w/repair services	4.30	1.07	-.01	<b>.16*****</b>	<b>.18**</b>	<b>.19**</b>
Maintenance Satisfaction						
w/materials and services						
for Do It Yourself	4.32	.88	-.13	.07	<b>.16*****</b>	.08
Possession Satisfaction	5.69	.76	-.03	.13	<b>.23*</b>	<b>.19**</b>
Disposition Satisfaction	3.77	.94	.08	.03	-.12	-.03
Consumption Satisfaction						
a. Goods satisfaction	4.92	.90	.08	<b>.23*</b>	<b>.30**</b>	<b>.29*</b>
b. Services Satisfaction	4.82	1.15	.13	<b>.23*</b>	<b>.32**</b>	<b>.36*</b>
c. Foods Satisfaction	5.04	1.06	.13	<b>.18**</b>	.13	<b>.16*****</b>
Estimated Gross House-						
hold income	\$8011	\$3898	.02	.08	.06	.02
Estimated Take Home						
Income	\$4939	\$1931	.09	.10	.07	.03
Relative Income	\$.71	\$1435	.17	.12	.07	.04
Attend Services	4.32	2.17	.15	.09	-.08	-.002
How Religious?	3.27	1.20	-.01	.09	.15	.14
Religion Importance	3.42	1.30	-.10	.008	.11	.002
Importance of God	4.60	2.44	-.16	-.009	.12	.05

\* Correlation significant at the .01 level (2-tailed)

\*\* Correlations significant at the .05 level (2-tailed)

\*\*\* Correlations significant at the .06 level (2-tailed)

\*\*\*\* Correlations significant at the .07 level (2-tailed)

\*\*\*\*\* Correlations significant at the .08 level (2-tailed)

**Table 3**  
**Respondent Profiles**

Age	Mean of 51; range 33 to 68 years old
Years as Professor	Mean of 14; range of 1 year to 41 years
Years at current university	Mean of 11; range from 1 to 35 years
Ethnic Identity	88 percent Caucasian 7 percent Hispanic 5 percent other
Gender	40 percent female 60 percent male
Position	32 percent assistant professors 23 percent associate professors 30 percent full professors 5 percent non-tenure track professors 5 percent other
Marital Status	75 percent married 11 percent single 9 percent divorced 5 percent other
Primary Responsibility	20 percent teaching 63 percent research and teaching 8 percent administration 9 percent other
Highest Degree Earned	80 percent Ph.D. in Field 14 percent Masters 6 percent other
Department	Respondents are from 45 different university departments

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# Introducing the Rasch Model as an Alternative Measurement Paradigm when Investigating Quality-of-Life

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## Abstract

*Quality-of-Life (QOL) or Life-Satisfaction is one of the few areas of positive emotions that has received considerable interest in the last years. However, while a large number of studies explore components of QOL, less research focuses on the actual measurement of the concept. The current paper introduces Rasch Modelling (Rasch 1960/80) as alternative measurement paradigm to the dominant Classical-Test-Theory (Nunnally and Bernstein, 1994). Rasch Modelling helps to overcome shortcomings in current Quality-of-Life measurement, especially regarding the negative skewness of obtained results. The life of Georg Rasch and the development of the Rasch Model are discussed as background, before theoretical merits are explored and practical aspects in the development of a measure using Rasch Modelling are discussed. Finally, the application of this alternative measurement paradigm to future research is explored.*

## The Role of Quality-of-Life and Positive Emotions

Since the ancient Greeks, mankind has been fascinated by negative emotions (McLemee, 2003), an emphasis that continued at the recent renaissance of emotions as especially psychology was seen as a science of healing (Seligman and Csikszentmihalyi, 2000) and the study of psychological problems (Fredrickson and Branigan, 2001). Although only a limited number of researchers study positive emotions, the area is regarded as a developing topic with great potentials for future research (Bonanno and Mayne, 2001; Seligman and Csikszentmihalyi, 2000).

However, one area that has received considerable attention for several years is Subjective-Well-Being (SWB). Quality-of-Life is part of this psychological field of research which includes people's cognitive and affective evaluation of their life (Diener, 2000). Quality-of-Life or Life-Satisfaction-Judgment as the phenomenon is called in the corresponding research area that stems out of psychology (Frisch, Clark, Rouse, Rudd, Paweleck, Greenstone and Kopplin, 2003), is the subjective, cognitive evaluation of the quality of experiences regarding life as a whole. Quality-of-Life research therefore broadens consumer satisfaction to human happiness or life satisfaction (Shaw, 1997).

SWB is concerned with "how and why people experience lives in positive ways, including both cognitive judgments and affective reactions" (Diener, 1984, p.542). The research area has thrived in the last decade by examining topics such as life satisfaction, happiness and morale (Diener and Lucas, 2000). Interest in this field of psychological research reflects the growing concern for individual values and subjective views on individual lives in a society that realises that social indicators like GDP are not sufficient to describe peoples wellbeing (Diener, Suh, Lucas and Smith, 1999), as well as a realisation of the overwhelming dominance of research into mental illnesses and negative emotional states, as criticised by Seligman (1998).

### **Problems Regarding the Measurement of Quality-of-Life and Satisfaction**

The following section explores potential problems in the measurement of Quality-of-Life. These are closely related to problems encountered in the measurement of consumer satisfaction (Diener and Fujita, 1995; Peterson and Wilson, 1992), as QOL can be considered an expansion of satisfaction from *consumer* satisfaction to *life* satisfaction (see above) (Shaw, 1997).

Although measurement research is supposed to be a fundamental activity the area is surprisingly neglected in the entire social sciences (DeVellis, 1991) as well as in marketing. Diener and Fujita (1995) and Peterson and Wilson (1992) (the latter in a satisfaction context) belong to a small group of researchers who investigate problems inherent in measuring Quality-of-Life and satisfaction, most notably the consistent negative skewness of obtained results. The resulting ceiling effects decrease the possibility of uncovering group differences and limit the suitability of commonly used data analysis techniques (Diener and Fujita, 1995).

Diener and Fujita (1995) and Peterson and Wilson (1992) mention a variety of possible explanations for negatively skewed (life-) satisfaction scales, e.g.: the use of high-end, extreme anchors, an increase in the number of available answer categories, or the influence of social desirability. However, all presented explanations produce only inconsistent results and, at best, somewhat reduce the negative skewness (Diener and Fujita, 1995; Maggino and D'Andrea, 2003; Peterson and Wilson, 1992).

When measuring QOL (either as domain satisfaction or as global life satisfaction), the Delighted-Terrible Scale (D-T Scale) (Andrews and Withey, 1976) appears to be a popular choice (Bramston, Pretty and Chipuer, 2002; Sirgy, Rahtz, Cicic and Underwood, 2000). The D-T Scale is deemed to lead to favourable results in terms of validity and reliability (Andrews and Withey, 1976; Westbrook, 1980). It also somewhat reduces observed negative skewness (Westbrook, 1980). However, as e.g. Sirgy et al.'s (2000) study shows, results still lean towards the upper, more positive end of the available answer categories (e.g. mean for "How do you feel about your life as a whole" = 5.76 out of 7).

Additionally, the D-T scale is generally assumed to be an interval scale (Bramston et al., 2002; Sirgy et al., 2000; Westbrook, 1980), although it contains emotional words which are later transformed to a numeric scale (e.g. from 1 - 7 ). This implies that the researcher assumes the interval from e.g. *mostly satisfied* to *pleased* is exactly the same than the one from *pleased* to *delighted*, although it is not known, whether respondents do indeed regard the steps between these two categories as equal.

Given that the D-T Scale was developed almost 30 years ago, a rethinking of included terms might also be warranted.

The next section will introduce Rasch Measurement Theory (RMT) (Rasch, 1960/80), an alternative to the Classical Test Theory (CTT) (e.g. Nunnally and Bernstein, 1994) upon which the majority of existing measurement scales are based (Embretson and Reise, 2000; Hambleton 1991). While some features of RMT make it especially suitable to overcome the skewness inherent in current QOL and satisfaction scales, the theory was designed to improve the quality of measurement in social sciences in general and therefore provides a valuable opportunity for the entire field of QOL and marketing.

### **Georg Rasch and the Rasch Model (RM)**

Rasch Measurement Theory (RMT) was developed in 1960 by George Rasch (1960/80). The Rasch Model follows mathematical and scientific rules of measurement and aims to introduce rigid rules of measurement - similar to physics - into social sciences (Wright, 1997). The following paragraphs provide a brief summary of the development process as it provides an insight into Rasch's life and the ideas that build the theoretical foundations of the model.

Georg Rasch was trained as a mathematician at the University of Copenhagen, but due to a lack of suitable positions, started to work as a consultant for the *University Department for Hygiene* and the *Danish Serum Institute* (Andersen and Olsen, 2001). In order to receive a formal education in statistics, Rasch got a scholarship to study with R. Frisch in Oslo (who would later be awarded the first Nobel Prize in economics) and R.A. Fisher in London (Andersen and Olsen, 2001; Olsen, 2003; Wright, 1980). After his return to Denmark, he was regarded as person with the best knowledge of Fisher's work (Andersen and Olsen, 2001).

Georg Rasch developed the model, which would become known as Rasch Model during the 1950s and finally published it in the book *Probabilistic Models for Some Intelligence and Attainment Tests* in 1960 (Andersen and Olsen, 2001; Olsen, 2003; Rasch, 1960/80; Wright, 1980; Wright, 1997). Two projects have formed the basis for the development of the Rasch Model: work on an intelligence test for the Danish *Department of Defence* and investigations regarding the long-term effect of special education that so-called slow-readers received. When working on the first project, Rasch was interested whether "it was possible to define the degree of difficulty of a test in a unique way or if this was only possible within a certain subpopulation" (Andersen and Olsen, 2001, p.9). In the slow-reader study Rasch was aiming to "develop a new method where the individual could be measured independent of which particular reading test had been used for testing the child" (Andersen and Olsen, 2001, p.10). Both aspects clearly influenced the development of the final model.

In the development process of his model, as has been common practice throughout Rasch's career, he "used graphical methods to understand the nature of a set of data and then transferred his findings to a mathematical and a statistical formulation of the model" (Andersen and Olsen, 2001, p.12). According to an interview David Andrich conducted with Georg Rasch in 1979, Rasch first used the multiplicative Poisson distribution because he thought it was a mathematically good idea.

*"I had chosen the multiplicative Poisson for the reading tests because it seemed a good idea mathematically, if it would work. It turned out that it did. Then I wanted to have some motivation for using it, and not only the excuse that it worked. In order to do so, I imitated the proof of a theorem concerning a large number of dichotomous events, each of them having a small probability. Under conditions which can be specified easily, including that these probabilities be small, the number of events becomes Poisson distributed. I imitated the proof, but in doing so I took care that the imitation ended up with the multiplicative Poisson model, that is, I made sure that there was a personal factor entering into each of the small probabilities for the dichotomous outcome. The probabilities for the dichotomous case should therefore be of the form  $\lambda / (1 + \lambda)$ , and the  $\lambda$  would have a factor that was personal through all of the items and each item, of course would have its own parameter and then I had my new model" (cited in Wright, 1980, p. xiii).*

Rasch referred to his model as *Models for Measurement* in order to "stress that the models' main property was to measure, and that they therefore could be used to solve all sorts of measurement problems within social sciences" (Andersen and Olsen, 2001, p.21).

The mathematical formulation of the Rasch Model is:

$$P_{ni} (x_{ni} = 1 / \beta_n, \delta_i) = e^{\beta_n - \delta_i} / [1 + e^{\beta_n - \delta_i}]$$

where:

$P_{ni} (x_{ni} = 1 / \beta_n, \delta_i)$  = the probability that person  $n$  with ability  $\beta_n$  scores correct ( $x = 1$ ) on item  $i$   
 $\delta_i$  = the item location parameter of item  $i$   
 $\beta_n$  = the person parameter for person  $n$

In 1962 Rasch was appointed Professor of Statistics at the University of Copenhagen (Olsen, 2003). He kept working on his model until his death in 1980 (Andersen and Olsen, 2001; Wright, 1980). During and

after Rasch's life the properties of the model were explored and the model itself was expanded. A major development was the extension to models that can deal with ordered response categories (Andrich, 1978). However, the following discussion is mainly limited to the model described in the equation above.

### **Important Characteristics of the Rasch Measurement Theory**

The following discussion provides a brief summary of the theoretical properties of the Rasch Model and outlines the process involved when constructing a measure applying RMT. Detailed discussions can be found in Andrich (1988), Bond and Fox (2001), Fischer and Molenaar (1995) and Wright and Stone (1979; 2004).

Rasch Models belong to the family of logit models. The mathematical model is based "on a probabilistic relation between any item's difficulty and any person's ability" (Bond and Fox, 2001, p.199). The technique is regarded as a probabilistic alternative to the deterministic Guttman scaling (Andrich, 1982; Salzberger, Sinkovics and Schlegelmilch, 1999; Wright, 1997). "A person having greater ability than another should have the greater probability of solving any item of the type in question and similarly, one item being more difficult than another one means that for any person the probability of solving the second item correctly is the greater one" (Rasch, 1960/80, p.117).

It has to be noted, that the terms difficulty and ability are most appropriate in an educational context. However, from the history of the development of the Rasch Model, it is clear that Rasch Models were developed for measurement in social science in general. The term ability represents the person location parameter and is used when referring to the amount of a particular latent trait a person possesses (e.g. how intelligent, happy, satisfied, extrovert, etc. a person is). The difficulty of an item is the degree of the latent trait in question that is expressed by that item - how hard it is to endorse an item, or how extreme the item is. The higher the ability - intensity of the latent trait a person possesses, e.g. the more affect towards the experience/object the person has - the more likely is it that the subject will agree to/endorse a more difficult item - more extreme rating of that latent trait, e.g. a more extreme affective item) on the Rasch scale.

As the Rasch Model aims to introduce rigid rules of measurement into social sciences (Wright, 1997), it specifies what data has to look like to constitute measurement. The question whether measurement is accomplished is left to empiricism (Salzberger et al., 1999, Wright, 1997). The mathematical characteristics of the Rasch Model also allow the transformation from commonly observed binary or ordinal answer patterns (e.g. Likert type data), into measures on an equal-interval scale (Peck, 2000).

### **Important Theoretical Characteristics**

The theoretical merits of the Rasch Model are the subject of numerous studies (see for example <http://www.rasch.org>). "Mathematical analysis shows the Rasch Model to be statistically strong. It has estimators for its parameters,  $B_n$  and  $D_i$  that are sufficient, consistent, efficient and unbiased" (Wright, 1977, p.3). The Rasch Model builds on Campbell's, Fisher and Levy's and Kolmogorov's work and is the only measurement model that realizes the necessities for Thurstone's New Measures (Wright, 1997).

Separability, Sufficiency, Specific Objectivity and Latent Additivity are four key characteristics of the Rasch Model that have received considerable attention. A brief explanation of these can be found in Table 1.

Characteristic	Explanation
<b>Separability</b>	... means that person and item effects can be isolated from each other. Following from this characteristic it is also possible to estimate the item parameters without knowing the distribution of the person parameter (Rost, 2001).
<b>Sufficiency</b>	... means that “the sum of responses in a certain category is a sufficient statistic for estimating the person’s ability or trait value to respond in that category” (Rost, 2001, p.27). It is identical with the requirement that person measures are sample-free (Linacre, 1992).
<b>Specific Objectivity</b>	... the term invented by Georg Rasch (Rasch, 1977) and extensively explored and used by Rasch researchers - combines elements of Separability and Sufficiency. It has been called the crowning achievement of Georg Rasch’s work (Wright, 1988) and is one of the most important theoretical merits of the Rasch Model. The concept describes that item parameters do not depend on characteristics of persons taking the test and person parameters do not depend on items that are chosen from an item pool. It follows that resulting parameters also do not depend on the samples’ mean location or its dispersion (Fischer and Molenaar, 1995).
<b>Latent Additivity</b>	... is related to Specific Objectivity. It is the requirement that “whenever specific objectivity holds for a set of items and a set of persons, then there exists a representation of the model where the person and the item parameter are connected by addition or subtraction” (Rost, 2001, p.28). Latent Additivity is also connected to Conjoint Measurement. Rasch Modelling is credited with fitting the requirements of Conjoint Measurement as specified by Luce and Tukey (1964) in their groundbreaking paper (Bond and Fox, 2001; Perline, Wright and Wainer, 1979; Wright, 1997).

### Constructing a Measure using Rasch Modelling

When constructing a measure using Rasch Modelling, the dimension of interest - the latent trait - needs to be defined. The latent trait is the dimension on which items and persons can then be projected (Wright and Stone, 1979). A latent trait is therefore represented by a “single dimension along which items can be located in terms of their difficulty,  $\delta$  and persons can be located in terms of their ability,  $\beta$ ” (Andrich and Luo, 2003, p.60).

In order to determine item difficulty and person ability, raw scores, which represent observations of the latent trait, have to be transformed into measurements using a mathematical model, the Rasch Model (Andrich, 1988) as described in the Rasch Model Formula above.

The Rasch Model represents a theoretical idealization of the inter-relationship of the data and neither items nor persons will ever fit it perfectly (Bond and Fox, 2001). Each items’ fit and each persons’ fit is examined individually, in order to determine whether items/persons depart unacceptably from the model (Bond and Fox, 2001).

In latent trait theory, the main emphasis is on determining if a unidimensional structure is achieved by a set of items expressed by tests of fit, as described above (Andrich, 1982). However, when it is of interest to determine how well a measure separates the persons measured, a Person Separation Index is computed to calculate the internal consistency for the data (Peck, 2000). This is analogous to measuring reliability in Classic Test Theory (Andrich and Luo, 2003; Peck, 2000).

Overall, if observations of items and persons (observed values) fit Rasch's mathematical model (expected values) sufficiently, unidimensionality is achieved in the sense that "the single difficulty/ability continuum is sufficient to explain the patterns of item/person performances" (Bond and Fox, 2001, p.29). Although the fit of single items is of particular importance (as discussed above), a chi-square statistic is also provided to determine the fit of the overall model statistically.

RMT is extensively used in educational measurement and a number of other areas in social science (Soutar and Monroe, 2001), but has been almost entirely ignored in marketing and only recently gained some attention (e.g. Salzberger, 2000; Salzberger et al., 1999; Salzberger, 1999; Soutar, Bell and Wallis, 1990; Soutar and Cornish-Ward, 1997; Soutar and Monroe, 2001). Applications of RMT in marketing include the investigation of cross-cultural transferability of the ethnocentrism scale (Salzberger et al. 1999) and patterns of ownership (e.g. of durable goods or financial assets) (Soutar et al., 1990; Soutar and Cornish-Ward, 1997) or people's recreation patterns (Soutar and Ryan, 1999). Recently, Ganglmair and Lawson (2002; 2003) have used Rasch Modelling to develop a scale measuring *Affective Response to Consumption (ARC)*, an extension to satisfaction that includes highly positive emotional terms. To the researcher's knowledge, no study interested in QOL measurement has employed Rasch Modelling.

### **WHY RASCH MODELLING MIGHT HELP TO IMPROVE QOL MEASUREMENT?**

The previous section outlined theoretical merits of the Rasch Model that enable an improvement of quality of measurement scales in general. The current section will summarize practical advantages when constructing a measure with Rasch Modelling. As no empirical example in the context of QOL is available, a closely related parallel – *ARC* – is used to illustrate the rich contrasts achieved with this alternative measurement approach in comparison to measures developed with Classical Test Theory.

When trying to overcome the current shortcoming of negative skewness in QOL scales, two practical aspects of Rasch Modelling are considered particularly useful: the process of item selection and reliability issues.

By linking back to the research tradition of Thurstone and Guttman (Andrich, 1988; Engelhard, Jr., 1990; Wright and Stone, 2004) the Rasch Model requires researchers to generate items that show different intensity levels of the construct in question, e.g. QOL (Andrich, 1988; Salzberger et al., 1999; Salzberger, 1999; Salzberger, 2000; Wright and Stone, 1979). A useful answer pattern on a Rasch scale is easier accomplished if item difficulty and person ability spread widely (Andrich, 1982). In RMT the emphasis shifts from measuring one point in the construct towards measuring the entire dimension of interest. This emphasis, on investigating the entire breadth of the construct can be found throughout the Rasch Modelling process. Rasch Software programs like RUMM2010 (Andrich et al., 2001) provide indices and visual displays that help to establish whether items spread sufficiently along the continuum as opposed to clump together on one point of the dimension. This enables the researcher to visualize if and where additional items are necessary to cover the entire dimension of the construct, including extreme positions. When investigating the concept of *ARC* it has been found that items included in traditional satisfaction measures tend to cluster together and therefore do not provide sufficient discrimination amongst respondents.

As discussed, RMT is based on a strict mathematical model of a theoretical relationship with items and respondents being projected on the same dimension. The model represents an ideal form and the researcher is interested which items or persons derive more than expected from the ideal model (Bond and Fox, 2001). Item and person fit in relation to the model are computed (Wright, 1977) and the items' observed fit to the model is taken to investigate unidimensionality (Soutar and Monroe, 2001). It is therefore the researchers task to determine, whether a satisfactory fit is still accomplished (Andrich and Luo, 2003; Peck, 2000; Salzberger, 2002).



Rasch Modelling increases the richness of the results as terms and phrases that represent strongly different aspects of the negative-positive QOL continuum can be included. The graphics provided by Rasch computer software help to visualize if e.g. two items are really perceived as having different intensity (difficulty) by respondents. Due to the mathematical merits of the Rasch Model, results (in logits) are presented on a truly interval scale and the difference between each answer category can be determined.

It is expected that graphic results from the related *ARC* construct can be presented in order to emphasize these characteristics.

## CONCLUSION

Overall, RMT does not only provide theoretical merits that support the development of better scales and increase the standard of measurement in marketing, it also has practical, process oriented characteristics, test statistics and visual display options that make it particularly suited to measure concepts like QOL.

The newly developed concept of *Affective Response to Consumption* has shown favourable results in a satisfaction/positive affect context. Initial further research will re-investigate the existing D-T Scale (Andrew and Whitey, 1976) regarding the suitability of the chosen items in general and their spread along the QOL continuum. Additionally, the concept of *ARC* will be expanded towards QOL and a new scale, suitable to investigate global QOL or domains thereof, will be developed. For the second research stage, extensive item generation is necessary to make sure that potential items are not restricted to those already included in currently used scale, e.g. the D-T scale as additional, emotionally stronger terms are expected to reduce the skewness of results and increase discrimination among respondents.

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# Native People and Quality-of-Life: *A Macromarketing Perspective*

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## Abstract

*The perspectives of macromarketing provide useful tools for dealing with quality-of-life issues involving Native people who are increasingly impacted by intrusions from the outside world. In this paper, models of quality-of-life that stem from macromarketing are discussed in terms of parallel perspectives that are emerging in the field of Native studies. Both macromarketing and Native studies focus upon providing viable and workable alternatives to the "dominant social paradigm." These similarities facilitate a melding of these two streams of thought in ways that more effectively serve Native, indigenous, and traditional people who are involved with marketing strategies and tactics.*

## Beyond Generic Measures

Increasingly, decision makers are considering the needs and vulnerabilities of "indigenous", "Native", and "traditional" people<sup>7</sup> who are impacted by economic development, business, and marketing activities. The tools that are used in such situations have often been generic in nature; by this I mean that the same basic methods are used to analyze many different peoples in spite of their differences. As a result of this strategy of investigation, measures such as "social indicators" (that have been created to serve within the mainstream, industrialized world) might be inappropriately employed when investigating small, rural, and culturally distinctive groups.

Ethical and practical problems arise when those who frame policies and strategies involving atypical populations do not adequately consider their distinctiveness. Native cultures are distinct, but these differences may not be adequately recognized and acknowledged when generic methods of analysis are employed.

Unfortunately, furthermore, many policy makers have incorrectly assumed that Native cultures and other small scale societies are doomed to extinction. Those who embrace this perspective tend to feel little ethical responsible to protect and nurture Native, indigenous, or traditional cultures because they appear to be inevitably and irrevocably doomed to oblivion. This belief is typically based on the premise that the forces and influences of what has come to be called "global culture" are destined to remake the entire world in its image. Although those who embrace this global perspective may feel a moral commitment to cushion the pain of change and cultural extinction, on many occasions little ethical thought has been geared towards preventing such developments.

In recent decades, however this view of inevitable extinction has softened. As Wiessener has observed:

Contrary to widely held expectations, they [indigenous people] and their cultures have survived and are making their presence known in the Americas, Asia, Africa, Australia, the Pacific, and even on the launching pads of colonization, the continent of Europe (1999 60.)

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<sup>7</sup> The distinctions between these terms will be dealt with below.

Such ideas are reflective of macromarketing thoughts; thus I once wrote in the Journal of Macromarketing in regard to the limitations of global theories:

*...if Afro-American culture can resist 400 years of depravity, forced illiteracy, and slave drivers beating down traditions, can other cultures survive the onslaught of Coke and Pepsi? And if today's cultures can survive such relatively trivial threats, will global marketing apply only in some rather specializes cases where homogeneous products are easily translated into different lifestyles? (Walle 1985 87.)*

Although the example cited above concerns a traditional group that does not qualify as Native, the basic point is well taken: cultures, traditions, and social groups have an ability to survive even when they face great pressures. Because the survival of indigenous cultures and peoples is increasingly recognized, dealing with these groups in equitable ways that enhance their quality-of-life emerges as an important ethical and practical consideration.

This kind of orientation already has a high profile in fields such as Native studies that seek to more fully reflect the unique and distinct needs of the indigenous community and other ethnic minorities. These initiatives are (1) focused towards the uniqueness of Native<sup>8</sup> communities and (2) they seek to help Native people achieve equity, self-determinism, and an enhanced quality-of-life. Macromarketing is poised to provide leadership in these important areas.

As indicated above, the business disciplines have often employed inappropriate global models when evaluating Native and other “small scale” societies, the opportunities they provide, their vulnerabilities, and their strengths. Global models tend to employ generic quality-of-life indicators that are used as surrogate measures. Although these tools are “objective” and quantifiable, they are often criticized for being culture bound and for not being relevant to the needs of Native cultures and their members. Thus, while the percentage of families with a flush toilet in a community or the percentage of people with full-time, cash-paying jobs may be appropriate measures of quality of life within the industrialized world, they might be inappropriate measures when analyzing the quality of life of rural communities that rely upon a subsistence way of life.

Progress, however, is being made in this area; macromarketer Mark Peterson, for example, is currently grappling with the fact that members of different cultures evaluate the same quality-of-life criteria indicators in different ways (2004.) Perspectives such as Peterson's are pointing macromarketing towards a more flexible and sophisticated means of analyzing quality-of-life; these sensitive and flexible methods can more appropriately evaluate specific social groups no matter how distinctive they may be. By merging the perspectives of contemporary macromarketing with parallel theories, practices, and orientations that are being developed within disciplines such as Native studies, this paper suggests ways in which these diverse intellectual streams can be merged in a productive and synergistic manner.

As we shall see, these initiatives within macromarketing are similar to the perspectives of those who study Native communities and/or serve as their advocates. Native studies specialists point to the distinctiveness of specific Native people and they affirm that these people need to be evaluated on their own terms, not with reference to the vague and undifferentiated measures of a global age.

Thus, both macromarketing and Native studies are evolving in a manner that views people in terms of their uniqueness and distinctiveness. Although macromarketing and Native studies derive from different

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<sup>8</sup> This paper tends to deal with a variety of issues that are emerging in the field of Native studies. As a result, parallels between macromarketing and Native studies are the focus. The discussions provided may be useful when thinking about other groups, such as indigenous and traditional people.

intellectual traditions, they and their perspectives are converging. This situation provides a role for macromarketing (largely and historically a strategic discipline) to help Native studies (largely and historically a humanistic discipline) to more fully and effectively deal with the intrusion of outside forces into small, atypical communities. This paper deals with the exciting possibilities and challenges that are created by the collaboration of these two fields.

### **A Defining of Terms**

In this paper, a number of different terms, including “Native”, “indigenous”, and “traditional”, are used in largely interchangeable ways. Each will be discussed in regard to their subtle differences as well as their similarities.

The term “Native” (with a capital N) refers to a person who is descended from the historic (or prehistoric) peoples who are associated with a region: typically, those who lived in a region immediately before the era of Western expansion. American Indians, the Maori of New Zealand, and Native Hawaiians are representative examples of Native people. The term “native” (with a small n) refers to someone from an area who is descended from later immigrants. Thus, a White person from Michigan would be a “native” of Michigan. A member of the Chippewa tribe of Michigan, in contrast, would be a “Native.” The term “Native” is often used by people to describe themselves. Many academic programs are called “Native studies” (although other more specific titles, such as “American Indian Studies”, “Cherokee Studies”, “Maori studies”, etc. may identify such programs in a more focused manner.

The term “Indigenous”, in contrast, often implies or suggests patterns of hurtful treatment. The term often refers to the Natives of a region who find themselves to be a distinct minority that faces some kind of discrimination or hardship due to their ethnic/racial identity. Thus, the “Convention Concerning Indigenous and Tribal Populations in Independent Countries” states in part:

[Indigenous people are]...tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by specific laws and regulations....[or people] who, irrespective of their legal status, retain some or all of their own social, economic, cultural, and political institutions... (International Labor Organization 1989.)

As Sigfreid Wiessner has observed:

*...indigenous people are best described as groups traditionally regarded, and self-defined, as descendents of the original inhabitants of the lands...These people are and desire to be culturally, socially and/or economically distinct from the dominant groups in society, at whose hands they have suffered, in past or present, a pervasive pattern of subjugation, marginalization, dispossession, exclusion, and dispossession (1999 60)*

According to this formal definition, not all “Native” people are “indigenous.” The people of Iceland, for example, certainly fit the criteria of a “Native” people because they are descended from the first human inhabitants of the region. Native Icelanders, however, control their government and they are not persecuted or treated as second class citizens. They are in not a minority group and they are not discriminated against in any systematic manner. Thus, Icelanders, do not fit the criteria of “indigenous” (as described in the formal definition above) even though they are undisputedly Native.

Besides the terms “Native” and “indigenous”, a third term is “traditional people.” Traditional people may or may not be descended from the original population of a region. And, perhaps, traditional people do not face discrimination and hardship because of their identity. But these people still possess a culture that



makes them distinct. This difference, furthermore, is recognized both by the group and by outsiders. A classic example of non-Native traditional people is Appalachian hill folk. They are descendents of White immigrants of the 18<sup>th</sup> century, so they are not Native. They are not systematically discriminated against in a way that reflects the historic plight of many indigenous people. Nevertheless, traditional people share many of the concerns and pressures that are faced by Native and indigenous people.

Some Native and indigenous people, furthermore, simultaneously fit the definition of “traditional people” because they live a life that is traditional and distinct from the mainstream population. Thus, “traditional people” refers to lifestyle, “Native people” refers to genetically circumscribed groups that maintain a distinctiveness, while “indigenous people” is a term that denotes ramifications, such as those associated with discrimination.

While this paper centers (as a matter of convenience) upon Native people, much of the discussion is equally applicable to other types of people including traditional and indigenous populations. Unless there is a specific and unavoidable reason to do so, the discussions will be phrased in a broad enough manner to encompass all of these groups. By doing so, the applicability of this paper is usefully expanded.

### **Quality-Of-Life and Marketing**

This paper deals with quality of life issues involving Native people and other distinctive populations (such as indigenous and traditional people.) The distinctions between these groups and their similarities were discussed above. With that task completed, issues related to the impact of marketing upon their quality-of-life is discussed. The role of macromarketing in such analyses is emphasized.

The field of marketing and macromarketing is increasingly concerned with quality-of-life issues. The work of Joe Sirgy has been especially influential in this regard (Sirgy 2001, Sirgy and Cornwell 2001, Sirgy and Rahtz, Cicic, and Underwood 2000, Lee, Sirgy, Larsen, and Wright 2002.) According to Sirgy,

In addition to the ethics test, researchers have developed the quality-of-life (QOL) concept as a tool with which to further encourage the application of ethics in marketing. The key marketing objective of increasing short-term profitability sometimes falls in conflict with the marketing ethicist's objective of protecting the consumer (Lindquist and Sirgy 2003 527).

Initiatives regarding quality-of-life that exist within marketing thought are important because they acknowledge how the efforts and impacts of marketing can either enhance or detract from the quality-of-life that people experience. Increasingly, Native studies scholars seek to use a similar perspective when envisioning the relationship of Native people to the outside world. Native groups are often viewed as being negatively impacted by the economic relationships with which they are involved. The goal of such research (and advocacy related to it) is to evaluate the disruptions triggered by outside impact, mitigate the resulting stress, and (where possible) insure Native people are treated in an equitable manner.

As Mark Peterson's work demonstrates, macromarketing is also developing ways to view quality-of-life in a culturally specific (not a generic) manner; this trend allows the field of macromarketing to play a role in projects that involve particular Native people who are in contact with the larger world.

Marketing, as typically envisioned, is the discipline that deals with consumers and their well-being. As a result, it should come as little surprise that discussions regarding quality-of-life and marketing typically center upon the act of consumption and its ramifications. Nevertheless, the issues of concern to marketers are broader than that. Thus, Sirgy observes:

Quality-of-Life marketing seeks to resolve the conflict by guiding marketers to seek the best interests of consumers *and other publics* (Lindquist and Sirgy 2003 527, emphasis mine.)

As Sirgy's comment demonstrates, quality-of-life measures involving marketing can be used to evaluate the influence of marketing behavior upon any group of people that is affected in some way by marketing behavior and its impacts. This focus transcends those who are part of the patron-client dyad.

The idea of externalities (those who exist outside of a buyer-seller relationship, but are impacted by it) demonstrates that the processes of marketing (and the environments created by it) often affect people who are not involved in any way with marketing activities. A full consideration of quality-of-life issues that involve marketing must take these people into account. Native studies scholars also seek to evaluate the impacts of outside intervention in order to help people choose viable and equitable strategies of economic development. Because macromarketing expands beyond the patron-client dyad, it is uniquely poised as a business discipline that can help Native studies scholars to examine issues of quality-of-life that are linked to marketing in some manner.

The well-being of people who are willingly a part of the patron/client relationship also needs to be evaluated with reference to how marketing impacts quality-of-life. This is especially true because Native people may not totally envision the complete impact of a marketing relationship upon them and, therefore, they may need advice in order to fully understand its likely influence. Because macromarketing has long embraced a broad and robust perspective regarding quality-of-life, it is well suited to aid Native people better understand the implications of strategies that are available to them.

When dealing with quality-of-life issues, Sirgy and Lee argue that there are "significant public policy and managerial implications" involved in quality-of-life issues. They enumerate them as:

1. Public policy makers can identify areas of improvement
2. Policy makers can develop a closer link between their specific public policies and well being of impacted stakeholders, and
3. Quality-of-life issues and factors can be measured over time. (Sirgy and Lee 2004 38, wording adjusted, implications not changed.)

As indicated above, decision makers often need specialized models that are developed with particular Native cultures in mind. As Mark Peterson's work (2001, 2004) demonstrates, quality-of-life evaluations differ cross-culturally. Based on this observation, Peterson argues that particular populations should have a role in determining how quality-of-life data that is gathered, evaluated, and interpreted. He states:

The results of this study suggest that both French and the U.S. groups can be described as having heterogeneous perspectives in their ranking of the QOL dimensions based on importance. In other words, no QOL dimension is universally perceived as being the most important.... This study seeks to demonstrate the viability of using citizen perspectives on QOL dimensions in deriving [their]...relative importance (Peterson 2004 40.)

Peterson's research indicates that people from different cultures will view and evaluate quality-of-life measures in distinct ways. If significant differences can be seen when comparing France and the United States (two industrialized Western nations) consider how much difference will exist between mainstream business people from an industrialized Western country vs. members of a Native culture that reside in a rural area and practice a traditional way of life.

In any event, “marketing quality-of-life issues” is an umbrella term that extends to include the examination of all stakeholders who are impacted in any way by the marketing and consumption of goods and/or services. Quality-of-life evaluations, furthermore, consider both (1) “externalities”: impacted groups that are not involved in the marketing process and (2) those people who are actively involved with marketing and related activities.

As discussed below, these perspectives can help macromarketing to work with Native people who seek self-determinism, hope to gain parity with others, and wish to enjoy a high quality-of-life. This type of collaborative work can emerge as an area where macromarketing has a significant role to play in policy making. The fact that macromarketing has long been interested in economic development makes the field an especially appropriate tool to use in such circumstances.

### **Macromarketing and the Dominant Paradigm**

Macromarketing is concerned with providing alternatives to the dominant social paradigm in ways that parallel the evolution of Native studies. Much of this work is associated with William E. Kilbourne (Kilbourne, W. McDonagh, and A. Prothero 1997, Kilbourne, W. and Beckman, S. C. 1998, , W. , S. C. Beckman, A. Lewis, and Y. van Dam 2001, and Kilbourne, W. S. C. Beckman, and E. Thelen 2002.) Even though this research stream in macromarketing is primarily concerned with the physical environment, the underlying theme of these efforts demonstrates that the intellectual thrust of macromarketing fits in well with attempts to help Native people (and policies involving them) to develop models that expand beyond conventional ways of thinking that reflect modern, Western, and global perspectives. By transcending the dominant social paradigm, more appropriate and equitable ways to envision Native people and the challenges they face can be developed.

Sirgy and Lee provide a useful means of invigorating such analysis with a strong quality-of-life focus. As will be recalled from the discussions above, they list three issues that need to be discussed regarding quality-of-life (Sirgy and Lee 2004 38)

They are:

- 1 Identifying areas of improvement
- 2 Finding links between policies and the well-being of specific stakeholders
3. Measuring quality-of-life over time.

Each is briefly discussed:

#### ***Identify areas of improvement***

Native people often complain that the existing relationships between themselves and the larger community are in need of significant improvement. On many occasions, however, Native people and/or their advocates do not frame these concerns in a manner that can be adequately addressed by decision makers, especially those with a business background.

Macromarketing, however, is an applied strategic science that is concerned with quality-of-life issues in ways that mesh with the perspectives of Native studies. In addition, as we have seen, macromarketing (Peterson 2004) is evolving in order to view people on their own terms, not merely with reference to generic, “one size fits all” methods of analysis. As a result of this trend, macromarketing can play a vital role in helping Native people to identify and articulate areas that they believe are in need of improvement.

The dominant 4 Ps marketing management approach<sup>9</sup>, focuses upon serving customers through manipulating certain controllable variables that are available to the organization. Although many benefits potentially derive from this method, it tends to draw attention away from everything but the seller/buyer dyad. As a result, other considerations (such as the quality-of-life of various stakeholders not directly impacted by marketing) are easily eclipsed.

Alternative paradigms from the history of marketing thought, however, may prove useful as Native people seek to explore the impact of marketing. The “institutional approach”, for example, centers upon institutions and organizations that are involved with and/or impacted by the marketing process. These institutions are viewed as having their own needs that are distinct from the requirements and wishes of customers. Nonetheless, the needs of these institutions must be satisfied in order for customers to be most effectively served. Although the institutional approach does not ignore customers or discount their importance, it does recognize that satisfying customers is a complicated process that involves various institutions, whose needs and vulnerabilities must also be recognized and addressed.

Following this lead, macromarketers can adapt the institutional approach in ways that serve the needs of Native people by envisioning their cultures and societies as institutions. These Native “institutions” are typically distinct from the social institutions of the mainstream world. Classic marketing theory emphasizes that the character and demands of the institutions that are involved in the marketing process need to be addressed.

Those who specialize in examining Native cultures and serving as their advocates are equally concerned with Native institutions. By adapting the institutional approach of marketing and by viewing Native cultures with reference to it, macromarketers can usefully examine the types of cultural institutions embraced by Native people and how their needs can be most effectively and equitably addressed. By recognizing these needs and acting accordingly, the impact of marketing strategies involving Native people can be more effectively modeled.

The cultural institutions of many Native cultures, for example, are small scale and rural. These characteristics are obvious to even the most casual observer. Looking deeper, more profound and subtle differences can be seen. The institutions of Native people often deal with intellectual property rights in a manner that is very different from that of the Western nations. Native cultural institutions are often intimately bound to a particular ecological niche. Many Native people harbor sacred traditions; their roles and importance should be taken into account when strategies involving the marketing of this heritage are being developed. In general, the cultural institutions employed by marketing or impacted by it need to be considered when marketing strategies are being planned, implemented, and evaluated.

Many Native people, for example, market their traditions in the form of cultural tourism. Folklorists and Native studies specialists have long grappled with the fact that this arrangement often results in significant stress within Native communities that can, for example, lead to an increase in dysfunctional behavior, such as substance abuse. By viewing the tourism marketing relationship with an eye towards the cultural institutions involved and the pressures faced by them, macromarketers can provide a better understanding regarding how outside intervention impacts these social groups. Addressing these issues in

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<sup>9</sup> Readers with a non-marketing background will be interested to know that the dominant approach to the discipline as it now exists was introduced in 1960 with the publication of E. Jerome McCarthy’s Basic Marketing: A Managerial Approach. McCarthy’s approach divided marketing into (1) choosing a target market and (2) manipulating the controllable variables available to the firm to satisfy it. The list of controllable variable presented by McCarthy includes “Product”, “Price”, “Place” (distribution), and “Promotion.” Because each of these controllable variables starts with the letter P, the approach is commonly called 4 Ps marketing management. This basic method has become almost universal within marketing.

such a manner facilitates Native studies specialists joining with macromarketers in order to craft business relationships that enhance the quality-of-life enjoyed by the Native community.

By viewing Native cultures (both individually and collectively) as institutions with specific characteristics and needs, macromarketers can more effectively envision ways to tailor marketing relationships around the needs, vulnerabilities, and desires of specific Native people. Since this approach recognizes the uniqueness of Native cultures, it provides a way of avoiding an overly generic and homogeneous global approach. This manner of envisioning Native cultures and the impact of the outside world upon them parallels the methods of analysis that are currently employed within Native studies. By envisioning the impact of marketing from this perspective, macromarketing can tap its heritage as a strategic science in a way that facilitates collaborating with Native studies, a humanistic area of thought. By working in this collaborative fashion, macromarketing and Native studies can join forces to improve the situation faced by Native people.

### ***Finding links between policies and the well being of specific stakeholders***

Increasingly, macromarketing has begun to address quality-of-life issues in terms of the local and subjective needs that are felt by specific peoples. This initiative creates a situation where macromarketing can combine business theory and cultural studies in order to model the full impact of change upon Native communities. Macromarketing can be especially effective in this area because (as we discussed above) the field is transcending generic measures of quality-of-life, and is increasingly considering the subjective measures experienced and articulated by specific peoples.

As mentioned above, Native cultures and their patterns of life can be envisioned as cultural “institutions.” This perspective allows a modified marketing institutional approach to be used when dealing with specific Native people and their heritage. In doing so, cultures are viewed as overarching institutions that have needs that must be acknowledged and satisfied if the quality-of-life of the community is to be enhanced. By reframing the institutional approach in this manner, the perspectives of marketing can be usefully merged with Native studies.

When viewing the well-being of cultures that serve (in part) as marketing institutions, the value of this institutional model is amplified because cultural institutions serve a wide variety of functions. Such a perspective allows macromarketing and Native studies to merge their various visions of functionalism in useful ways. Functionalism, a historic method of marketing analysis, deals with functions that are served by the marketing process. The functionalism used by Native studies, in contrast, stems from the theoretical social sciences and deals with a wider and more general array of functions that are performed by cultures and their social institutions. While the focus of marketing is typically narrower than that of humanistic disciplines, such as Native studies, the basic orientation is the same. In both cases, patterns of behavior and response are discussed in terms of functions that are served.

Many Native studies scholars are indebted to structural/functional methods that have arisen in the social sciences. Social structures are explained in terms of the roles they have played in the past. A key aspect of functional theory is the premise that if one part of the structure changes, other aspects will be transformed accordingly. Thus, altering one component of a system often triggers inadvertent and unintended transformations throughout the entire structure. These unplanned changes need to be anticipated and, where necessary, mitigated as marketing strategies and tactics are developed and employed. Even scholars who embrace a poststructural stance tend to embrace such structural perspectives.

Consider a Native culture that is being asked to market some aspect of its heritage. The process of marketing is likely to change the way people relate to those traditions. Thus, through the process of being marketed to outsiders, the function of traditions may evolve from serving the members of the community

to attracting revenues from the outside. The new function created by marketing needs to be acknowledged. Perhaps the old and new functions compete with each other. Such a situation needs to be addressed. If the new function overshadows the old, the resulting impacts will need to be considered. If, for example, traditional Native crafts and folklore are transformed into marketable commodities, the impact of this change needs to be considered. Native studies professionals and folklorists have long been concerned with these issues, but they tend to deal with these changes from a humanistic, not a strategic perspective. Macromarketing can help devise strategies and tactics to use in such circumstances.

By adapting the institutional and functional approaches, macromarketing can help to analyze the connection between the well-being of Native peoples and specific decisions involving the marketing process. Because these approaches from marketing have parallels that influence Native studies scholars, a broad and multi-disciplinary perspective can be developed. Both marketing and Native studies embrace methods for assessing the impact of change that are related to the functions of Native cultural institutions. The similarity between these approaches creates a common ground that can facilitate scholars from the Liberal Arts and macromarketing working together in fruitful ways. Such joint efforts can enhance the well-being of Native communities that are involved in marketing arrangements. By exploring how various functions of society may be altered by marketing relationships, the evolving situation faced by Native people can be more effectively envisioned and more robust strategies can be developed in order to enhance the quality-of-life of Native people.

#### ***Measuring quality-of-life over time.***

Native people and their advocates are vitally concerned with long-term trends, not merely with the quality-of-life that exists at a particular point of time. Macromarketing thought involving quality-of-life is also concerned with a long term perspective. As a result, macromarketing is poised to help those involved in Native studies to deal with issues involving the evolution of quality-of-life over time.

Macromarketing is well equipped to serve in this collaborative role because it is a strategic science that has developed tools for analyzing how marketing relationships impact quality-of-life. While macromarketing possesses a theoretic perspective, however, it often lacks the historic framework that is essential when transitions over time and their significance are being explored.

Those involved in Native studies, in contrast, possess a strong historical perspective, but they have not, typically, been trained in the strategic sciences. By combining forces, a more complete picture of the impact of marketing upon Native quality-of-life can be presented. This more robust approach can lead to useful perspectives regarding how in the long term marketing relationships potentially impact the quality of life of Native people.

One illustrative example of this approach is provided by Harold Napoleon's Yunarag: The Way of Being Human (1996.) Napoleon, a Native Alaskan, examines the impacts of outside intervention upon his community over a period of many years. Although not specifically concerned with marketing and its effects, Napoleon does demonstrate that when significant and unmitigated change from the outside takes place, the quality-of-life of the people may be in jeopardy.

Napoleon specifically observes that the quality-of-life experienced by people often declines although conventional social indicators might point in another direction. Thus, Napoleon documents that even though the material well-being of Native people improved due to contact with the outside world, the overall quality-of-life declined (as demonstrated by a rapid rise in dysfunctional behaviors.) Thus, Napoleon provides a useful analysis regarding shifts in quality-of-life that occur over time due to external forces impinging upon Native people.

Macromarketing needs to accurately perceive how changes in quality-of-life over time might be triggered by outside interventions, especially those associated (directly or indirectly) with marketing. This is especially true in an era when Native people often seek to enhance their well-being through economic relationships with the outside world. Although social scientists and humanists have been quick to recognize the mixed blessings associated with economic development, the strategic sciences (such as marketing) have often lacked the tools needed to address these issues.

The perspectives of marcomarketing can be used in order to address the impact of changes that, over time, are triggered by outside intervention. By following this course of analysis, marcomarketing can join with Native studies in order to better envision the impacts of change and how the negative impacts of economic activities can be mitigated.

### **Conclusion**

Macromarketing often needs to ally itself with other disciplines outside of business. By doing so, it can provide unique services that no other strategic discipline is able to duplicate. Macromarketing has often been relegated to the fringes of mainstream marketing. As a result, it has not exerted the influence that it could have and should have. By bringing its strategic orientation to bear on the problems faced by other disciplines, such as Native studies, macromarketing can play a more vital and prominent role in areas such as economic development. Hopefully, macromarketers, while maintaining their status as marketers will collaborate with other scholars and practitioners who possess parallel perspectives. Doing so can usefully expand the role of the field in areas where our perspectives are wanted and needed.

Those who are involved with Native studies seek appropriate methods and perspectives in order to insure that economic development enhances (and does not erode) the quality of life enjoyed by local communities. The perspectives of macromarketing provide an array of useful tools of significant value when examining and modeling how marketing can impact quality-of-life. These tools are useful when addressing quality-of-life issues of (1) those who are involved with marketing relationships and (2) those who are external to marketing relationships but are impacted by them.

This paper has discussed how macromarketing deals with quality-of-life issues and how these perspectives can be of use to those involved in Native studies. Both macromarketing and Native studies offer insights by providing alternatives to the “dominant social paradigm.” By combining these two research streams, both fields will benefit from the power of synergism. The resulting, more robust, perspectives will prove to be invaluable when strategies of development involving Native people are being developed, refined, discussed, and mitigated.

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## **Appendix**

### **Quality-of-Life: Native Perspectives**

Native peoples are increasingly envisioning themselves as vested interest groups that are distinct from the larger dominant cultures with which they interact. Native people are also envisioning themselves as cultural entities that will not fade into extinction as a result of contact with the outside world. This view is a reversal of earlier social-Darwinistic perspectives that suggested, for example, that the process of globalization is destined to destroy local traditions and replace them with an increased cultural homogeneity.

Native people do not deny that their cultures are being transformed, nor that they are borrowing the tools and techniques the modern world. Advocates of Native people, however, do affirm that Native cultures will survive as unique and as “going concerns” not as mere vestiges of another era.

These perspectives suggest a variety of strategies to use when Native people interact with the larger community. Key issues to be examined here involve,

1. Controlling research that takes place among Natives populations
2. Focusing upon cultural disruption and their impacts
3. Envisioning quality-of-life in ecological terms
4. Dealing with the negative impacts of contact with the outside world.
5. Devising ways to mitigate negative impacts of contact.

Although other important consideration could be listed and discussed, this paper concentrates upon these five representative and illustrative issues.

*IN THE FINAL PAPER, THESE ISSUES WILL BE MORE FULLY DISCUSSED AND RELATED TO THE MACROMARKETING LITERATURE.*

### **Controlling research that takes place among Natives**

Increasingly Native people are becoming concerned with intellectual property rights and the fact that the methods of protecting rights that have developed in the Western world may not adequately guard the heritage of the Native community. A vibrant literature on this subject is growing. It includes Posey and Dutfield (1996) Battiste and Henderson (2000) Paterson and Darjala (2001) and Brascoupe and Mann (2001.) As a result of this initiative, many Native people are becoming increasingly hesitant to allow outsiders to research them and/or to allow outsiders to have access to traditional knowledge.

A key document that demonstrates this concern is Linda Smith’s Decolonizing Methodologies (1999.) Smith’s work demonstrates fears harbored by many Native people in regard to research that is concerns them. Her work, furthermore, documents ways in which Native people are choosing to control the process of research and the access of outsiders to Native knowledge.

Native people who seek to protect their traditions need both legal advice and the participation of marketers who can anticipate the likely impacts associated with various strategies involving Native knowledge. Macromarketing, being geared towards dealing with both (1) those who participate with outside economic activity and (2) those who are external to it, has a leadership role to play in this area.

### **Cultural disruptions and their impacts.**

Those who are involved in economic development have long been concerned with the potential hurtful impacts of outside intervention and intrusion (Appell 1977.) Recent work in social psychology further emphasizes this concern (Salzman 2001.) The Native community has, likewise, addressed these issues (Maynard 1996, Harrison 1996, Napoleon 1996.) In 2004, the author of the paper published a book on

mental illness, Native societies, and rapid change triggered by the intrusion of outside forces (Anonymous 2004.) A wide literature is growing on this issue: the citations above are merely illustrative. The theories and methods of macromarketing has long been concerned with development issues including its impact of indigenous populations. Models of macromarketing, for example, have served the cultural tourism industry (Walle 1999.) By building upon this work and other perspectives of macromarketing, the field can play a vital role in helping Native people to rationally decide upon strategies and policies. In doing so, macromarketing can help Native people to analyze how economic activities involving marketing will impact Native cultures and their members if they are either active participants or exist in an external relationship.

### **Envisioning Quality-of-Life in Ecological Terms**

Increasingly, there is a recognition that Native cultures have evolved in a particular ecological setting. This has resulted in a better understanding regarding the potential negative impact that can occur through disturbing that environment and/or altering the people's relationship to it. The work of Oscar Kwagaley has been particularly prominent in this area. (Kawagley 1995, personal communications 2002-5.) Other organizations, such as the United States Army Corps of Engineers has also recognized the importance of Native knowledge and the relationship of Native people to the land (1998.)

It is also recognized that Native people have subtle knowledge of their environment and that outsiders often seek it out. When viewing such activities, it is important to keep in mind that a people's emotional well-being is often connected with their relationship to the environment. As a result, when marketing impacts the land or the Native peoples' access to it, decision makers need to consider the full implications of their proposed actions. In many cases, unanticipated costs that cannot be measured in terms of dollars and cents will be incurred. Macromarketers can play a vital role by creating models that facilitate predicting and measuring these costs in terms that can be appreciated and acted upon by decision makers. All too often, theoretical social scientists (who have little understanding of the strategic sciences) conduct social impact assessments. When this happens, the resulting documents may not be expressed in ways that can effectively guide decisions makers. Macromarketers have a unique background as a strategic science that embraces a broad and multi-dimensional focus. This orientation can make the insights and methods of macromarketing useful in such contexts.

### **Evaluating the Negative Impacts of Contact with the Outside World**

Native people have long complained that economic initiatives that involve them often fail to take the negative impacts of a decision into account. The vast literature on this subject is so great that it overwhelms an ability to provide a sampling. Peterson's (2001, 2004) work regarding evaluating quality-of-life in terms that are uniquely geared around specific populations provides macromarketing with a means of helping to address this important issue.

### **Devising Ways to Mitigate the Negative Impacts of Contact.**

Basically, those who are concerned with Native people need to consider the potentially negative impacts of outside intervention, such as initiatives involving marketing. Macromarketing (which focuses upon quality-of-life issues as well as economic development) is poised to provide leadership in this area. Macromarketing is in a position to meld its perspectives with those of Native studies in order to create a powerful perspective that will enhance both disciplines in synergistic ways.

Those involved with Native studies typically seek to offer alternatives to what can be called the "dominant social paradigm" that has been defined as "the values, metaphorical beliefs, institutions, habits, etc. that collectively provide social lenses through which individuals and groups interpret their social world" (Pirages and Ehrlich 1974 7.) Those involved in Native studies envision the dominant social paradigm that is typically used by those in business and economic development to be largely blind to the unique needs of Native people. As a result, they suggest that even ethical and well-meaning decision

makers can easily reach decisions that inadvertently hurt Native people. Alert to this potential, Native studies scholars seek to provide alternative models and measures that more accurately deal with the issues that face the Native community.

### **Representative Issues**

X

*Native people and marketing traditions*

Traditions have multiple purposes. Some can be sold, others cannot. Arrangements often need to reflect the culture. X

*Trauma involving selling traditions*

X

*Macromarketing can help frame these discussions*

*Native People and Intellectual Property*

Ownership and marketing. Different types of ownership. The needs of view marketing of products with the context of both local and international ownership. Macromarketing has a role to play as intellectual property rights are redefined.

### **Native People and the Environment**

X

### **The Aldersonian Model and Quality of Life**

Post-structural = distinctiveness of groups from mainstream.

Structural = understanding the inherent structure of group.

Alderson structural. Value to studying native people

Both structural and poststructural oppose dominant paradigm, but do so in different ways

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# Does Society Consider Marketing to Be a Science<sub>2</sub> and Is There an Association Between Scientificity and Benefit to Society?

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## Abstract

*Is marketing a science? That debate has gone on for many years. Marketing scholars have for many years been concerned with whether marketing can attain the status of a science or not. The earliest marketing academics set out to categorise marketing goods, marketing functions, and marketing institutions like a botanist collecting specimens for the categorisation of that science (Sheth, Gardner and Garrett, 1986).*

*Katrichis and Stevens (2001) sought to clarify the status of marketing using Science<sub>2</sub> the social designation of science, with a sample of university professors, who it could be argued have considerable self interest in the answers. This paper replicates and extends the research of Katrichis and Stevens (2001) with a sample taken from the general population.*

## Introduction

Brown's (1948) address to the American Marketing Association acted as springboard to a caveat regarding to the scientificity of marketing. Katrichis and Stevens (2001) noted hitherto Brown's speech marketing theorists showed little interest in developing the discipline beyond a merely descriptive explanation of phenomena. Brown (1948) was one of the first to comment on the need for marketing theorists to employ a more analytical approach to marketing experimentation. The same year as this speech, Alderson and Cox proposed a program, which addressed the need for marketing theory development to elevate above the level of an empirical art and "establish truly scientific criteria for setting up hypotheses and selecting the facts by means of which to test them" (1948, p.139).

There are opposing views to those of Brown (1948), and Alderson and Cox's (1948), which Katrichis and Stevens (2001) advocate as being triggered by Vaile's (1949) reply. In this response, Vaile remarked that marketing can never become a science, "but is an art which utilises scientific theories generated by other disciplines in its application" (1949, p.521). From these original footings, the debate over the scientificity of marketing continues to the present day.

During this fifty-year debate there have been numerous arguments put forward as to why marketing is, or should be, a science (Anderson 1983; Arndt 1982; Bagozzi 1975; Hunt 1991; Lambe, Spekman, and Hunt 2000; Kolter and Levy 1969). However, among numerous theorists one common theme prevails, which is the belief that it is desirable for marketing to gain the status of science. The debate contains four main benefits associated with marketing becoming a science, namely:

1. Required in order to expand the scope of marketing
2. Required for the marketing discipline's survival
3. Required for the advancement of the marketing discipline
4. Required for the marketing discipline to overcome its tarnished reputation

This replication and of Katrichis and Stevens' (2001) study has three objectives. Firstly, this study will attempt, based on Anderson's Science<sub>2</sub> definition, to answer the question 'is marketing a Science<sub>2</sub> using a sample from the general population? Secondly, this study will investigate if society awards scientific status to those fields of inquiry that produce knowledge products that benefit the interests of society. Thirdly, an expansion to the original study investigates societies' level of knowledge, or opinions, in relation to the contributions of marketing.

### **The Logical Empiricist Perceptive of Science: Science<sub>1</sub>**

There are a number of definitions of science and it is possible, based on Anderson's (1983) work, to place them into two streams. The first stream contains the logical empiricist view of science. Logical empiricism is characterised by inductive statistical methods. Science<sub>1</sub> begins with observations, and its theories are justified by further observations providing probabilistic support for conclusions.

Sheth, Gardner and Garrett (1998) suggest that it is generally agreed that a Science<sub>1</sub> contains four parts that are outlined by Buzzell as,

1. a classified and systemised body of knowledge,
2. organised around one or more central theories and a number of general principles,
3. usually expressed in quantitative terms,
4. knowledge which permits the prediction and, under some circumstances, the control of future events (1963, p.33).

Buzzell (1963) implies that the above criteria are generally accepted, however there are a number of science definitions that are contrary to Buzzell's requirements.

One argument of particular importance is that of Kuhn (1970), which states that an essential element of scientific progress is the breach of accepted scientific norms. Feyerabend (1981) illustrates that historically violations of scientific norms have led to significant advances in scientific knowledge. Anderson (1983) infers that Feyerabend (1981) and Kuhn (1970) consider there to be no general principles of scientific practice. Rather that "knowledge claims are unique to each specific research area" (Anderson, 1983, p.24). This can be seen to be linked to Popper's (1962) idea that a discipline's output is more important than its subject matter.

### **Evaluating Marketing Using Science<sub>1</sub>**

Looking more closely at the Science<sub>1</sub> definition there are few academic arguments claiming marketing to be a science (Hunt, 1991; members of the marketing science institute). Buzzell points out that there is "no central theory; furthermore, there are very few accepted principles, and our ability to predict is limited indeed" (1963, p.33). There were been attempts to create a general theory of marketing before Buzzell's paper (c.f. Alderson, 1957; Nicosia, 1962). Post-1963, a number of theorists have tried, including Bartels (1968), Hunt (2000) and Bagozzi (1984), unfortunately no one central theory has been widely accepted and thus Buzzell's (1963) view presently persists (Sheth et al 1988).

Hunt argues "withholding the label science until a discipline has central theories is unreasonable" (1991, p.17). Basing his view around a similar analogy, that car is still a car before the engine is started. Hutchinson, along with others, holds an opposing opinion.

There is a real reason, however, why the field of marketing has been slow to develop a unique body of theory. It is a simple one: Marketing is not a science, it is rather an art or practice, and as such much more closely resembles engineering, medicine, and architecture than it does physics, chemistry, or biology (1952, p.289).

Hutchinson (1952) is therefore suggesting that engineers and architects do not study physics, and medical practitioners do not study physics, chemistry and biology. In fact, it is likely that they do, making engineering, medicine and architecture somewhat scientific and as marketing closely represents these arts or practices it must also be somewhat scientific – perhaps best described as an applied science or technology.

Brown (1948) noted a possible explanation for the slow marketing theory development in his appeal to the American Marketing Association and Buzzell agrees when stating, “for most of the 50 years since the beginnings of concentrated efforts to study marketing, our emphasis has been predominantly on fact gathering” (1963, p.33). It could also be argued that there has been a concentrated effort on making the marketing practitioner more profitable without focusing on theory development. Hutchinson maybe incorrect as marketing is a rather young academic discipline (Gummesson, 2001). Buzzell’s (1963) science definition does not include marketing as a science without a central theory of marketing. It should be noted that in the view of Sheth et al the topic of a “general theory of marketing has not received sufficient attention by marketing theorists” (1988, p.15). Is a general theory of marketing possible? If it is not, marketing, under Buzzell’s widely agreed definition of science, can never be a science.

### **The Social Designation of Science: Science<sub>2</sub>**

The second definition of science represents the social designation of science, Science<sub>2</sub>. Anderson (1983) suggests that, via social designation, science is whatever society chooses to call science, with the related proposition that society will grant scientific status to those disciplines that contribute to the best interest of society. This definition of science is in keeping with the marketing discipline’s focus on consumer (or potential consumer) perceptions of products, in this case the product being the marketing discipline.

Like Katrichis and Stevens’ (2001) study, the rationale for this study stems directly from Anderson’s (1983) work.

### **Evaluating Marketing Using Science<sub>2</sub>**

Does marketing gain the stature of science under the Science<sub>2</sub> definition, does society consider marketing to be a science? Hunt considers this definition to be “irrationalistic” (1991, p.17). However, Hunt suggests that the “label ‘science’ signifies that a discipline has ‘arrived’ in the eyes of other scientists” (1991, p.17). Could it then be inferred that the label ‘science’ can only be allocated to a discipline when scientists consider the discipline mature enough. Then does this not make other scientists the measure of science?

The knowledge-claims of the non-sciences have as much epistemological warrant as the sciences (Feyerabend, 1975). Feyerabend claims historical records demonstrate, “there is not a single rule, however plausible, and however firmly grounded in epistemology, that is not violated at some time or another” (1975, p.23).

Anderson (1983) argues that society is the measure of science rather than scientists. Madsen’s (1974) Science<sub>2</sub> conceptualisation of science emphasises the importance of social interaction, it,

suggests that society bestows a high epistemological status on science because it values its knowledge products, and because it believes that science generally functions in the best interests of society as a whole (Anderson 1983, p.26).

One might speculate that marketing theorists desire the marketing field of inquiry to gain scientific stature to elevate its somewhat tarnished reputation among the general public (Farmer 1987, 1977, 1967). It is clear for the creditability of sciences in general that withholding the label science does hold merit, especially in relation to the label’s corresponding benefits. This also presents a possible explanation for

the high level of objection to marketing becoming a science amongst the current scientific disciplines. If marketing was to become a science, marketing's tarnished reputation could then rub off on the creditability of the scientific status in general and in-turn downgrade the general public's view of current science disciplines.

According to Anderson the goal of science is to "ensure that its knowledge is dispersed to the greater society so that it can serve to benefit in society's best interests" (1983, p.26). In addition Anderson suggests that the enhancement of the science disciplines relies to a certain degree on the achievement of this goal when commenting "the more beneficial the knowledge products of a discipline, the more likely the flow of resources for further advancement of its knowledge base" (1983, p.26). The question then has to be asked - does marketing act in the best interest of society or is it simply exploiting it?

Some (one of the reviewers of this paper) suggest that consumer behavior may be seen as contributing to society while marketing strategy is more likely to be seen as detrimental to society. It is questionable whether this distinction would hold for society, as anecdotally many consider consumer behavior to be a tool of business used to manipulate consumers into buying things that they don't want.

### **Marketing's Contribution to Society**

Katrachis and Stevens' (2001) findings indicate that there is statistically significant ( $p < .001$ ) difference between the responses of marketing professors and professors from other disciplines in relation to marketing's contributions to society. From a list of twenty-four disciplines, marketing professors ranked marketing's contribution 11th as opposed to the sample of non-marketing professors who ranked it 22nd. Kasper (1993; cited in Wilkie and Moore, 1999) provides support for these findings in commenting that studies have shown that the less familiar a person is with the marketing field, the more likely he or she will equate marketing with advertising or selling.

Marketing is commonly seen as a soft area that contributes very little, if not negatively, to society (Wilkie and Moore, 1999). However, one only needs to look at where marketing is derived from to understand how truly complex the field really is. The complexity of the marketing discipline makes it extremely difficult, if not impossible to measure its contributions. One reason for the difficulty relates to the question 'what is marketing?' There is no single universally accepted definition of marketing (Sheth et al, 1998). Therefore, how one measures the contributions of marketing is dependent on how marketing is defined. Is it really possible to define marketing in a widely accepted way?

Even if we as marketers define marketing, it still may not be possible to quantify the contributions of marketing. For example look at this definition proposed by the American Marketing Association, "marketing is the process of planning, promoting and distribution of ideas, goods and services to create exchanges that satisfy individuals and organisational objectives," (AMA, 1985; cited in Hosley and Wee, 1988, p.44; emphasis added). The key word in the above definitions is process; marketing is not a time bound single function but contributes to almost every aspect of getting the right product to the right consumers, at the right time (Wilkie and Moore, 1999). For the purpose of this study, the generally accepted list of marketing's contributions provided by Wilkie and Moore (1983) in the Journal of Marketing is considered to be sufficient.

Even using the Wilkie and Moore (1983) list of marketing's contributions, it is impossible to single out the contributions of marketing to any individual aspect of the marketing process, as each aspect contributes something that adds to the aggregate benefits experienced by society. Furthermore, a large number of these benefits are not measurable in monetary terms, such as improvements to living standards. Across time the accumulation of billions of purchase occasions magnifies the benefits to society (Wilkie and Moore, 1999). Therefore, Wilkie and Moore (1999) suggest that it may be beneficial to use the economic measure of 'utility' when referring to the contributions of the marketing discipline.

**Wiklie and Moore (1999) advocate that marketing provides four types of utility:**

Form utility- dealing with operations and productions, the creation of the product.

Place utility- the value added by providing goods where buyers need them.

Time utility - activities to ensure customers can obtain and consume goods when they are needed.

Possession utility- allows customers to use goods for the desired purposes.

Although marketing provides all four forms of utility, consumers benefit most from product usage (possession utility) and because marketers benefit from the payment for the purchase, they tend to focus on the purchase process and overlook other elements required in providing possession utility. This might explain why marketing is commonly associated with advertising and sales and the other contributions of marketing are overlooked.

**Discussion on the Results of Katrichis and Stevens Paper**

The data of Katrichis and Stevens study indicated that, “at least in some sense, all the surveyed disciplines could be seen as sciences and could be seen as contributing positively to peoples’ lives” (2001, p.225). (Refer to Appendix A; for a list of the study’s disciplines).

**The Result of the Marketing Sample**

The marketing sample consisting of 101 professors, rated the marketing discipline to be significantly more scientific and contribute more to society than the sample of 102 non-marketing professors. In comparison to the non-marketing sample the marketing sample provided a significantly higher rating for the scientificity of finance ( $p < .001$ ) and personnel management ( $p < .001$ ). Conversely, the marketing sample provided a significantly lower rating for the scientificity of geology ( $p < .001$ ), computer science ( $p < .001$ ), and history ( $p < .005$ ) (Katrichis and Stevens, 2001). Katrichis and Stevens suggest that this underrating of history by marketing professors, may help to explain the lamentations of some within the discipline regarding the shortage of historical research conducted in marketing.

A comparison of the ratings generated by the two samples presents a large amount of disagreement with regard to contribution to peoples’ lives. The marketing sample’s rating of marketing’s contribution to people’s lives generated a rank eleven places higher than their non-marketing peers. Marketing received a rank of eleventh from the marketing sample, as opposed to a rank of twenty-second from the non-marketing sample, exceeding only astronomy and astrology (Katrichis and Stevens 2001). The marketing sample rated the contributions of computer science ( $p < .05$ ), economics ( $p < .01$ ), statistics ( $p < .10$ ) and astronomy ( $p < .10$ ) below the non-marketing sample and the contribution of religion ( $p < .10$ ) higher than the non-marketing sample. The higher rating of marketing by the marketing sample is likely to be influenced by two factors. Firstly, marketing professors are more likely to be educated about the contributions of the marketing discipline (Kasper, 1993; cited in Wilkie and Moore 1999). Secondly, it is likely that they consider their home field to be important and will be more generous in the ranking of marketing discipline (Farmer 1983).

**The Results of the Non-Marketing Sample**

With regard to scientific status, the non-marketing sample perceived the marketing discipline as mediocre (ranked 22nd), indicating that marketing’s scientificity more closely resembles the twenty-fourth ranked astrology as opposed to the top ranked physics. As to be expected, the two samples generated different ratings on the scientific status of some disciplines. However, the results present a high level of correlation. Katrichis and Stevens (2001) point out that with the exception of personnel management, no discipline is ranked differently by more than two places.



### **Katrichis and Stevens' Major Conclusions and Limitations**

Only a small correlation was present between a disciplines' perceived contribution to society and its socially designated scientific status (only five out the twenty-four disciplines presented positive correlations between scientific status and contribution). Katrichis and Stevens (2001) suggest that these results indicate that marketing's quest to gain scientific status still has a long way to go; even using Anderson's (1983) concept of Science<sub>2</sub>. This study presents little empirical support for Anderson's (1983) hypothesis that Science<sub>2</sub> is based on a disciplines perceived contribution to society, indicating a need for further research. However, inferring that the responses used in this study represent the socially designation of science is a limitation of the paper, as university professors do not represent society.

A result of Katrichis and Stevens' (2001) study is the suggestion that society (university professors) awards scientific status to those disciplines typically associated with Science<sub>1</sub>. With only a small correlation to their perceived contribution to society, especially in the case of geology and astronomy that are perceived to have little impact on peoples' lives.

The major conclusion of Katrichis and Stevens' (2001) study looks at the future of marketing, suggesting that a decision needs to be made in relation to the primary goal of marketing. Is the primary goal of marketing to produce knowledge products that are perceived to benefit society? Or if possible achieve scientific status?

Within the limitations and conclusions of the paper, Katrichis and Stevens outline that the results of the study need to be interpreted with care as university professors have been used as a proxy for the general public. The reasoning behind this proxy is twofold; firstly, it is suggested that professors are likely to be "more familiar with the distinction between sciences and non-sciences so the question would seem less strange" (Katrichis and Stevens 2001, p.224). For this reason it can be argued that this sample is more educated than the general public, therefore, the perceptions of university lecturers' might be different than that of the general public. However, the general public may hold a more extreme view, with distinct delimitations between scientific and non-scientific disciplines. Alternatively, logical empiricism may have permeated academic thought in that the perceptions of university lecturers maybe more extreme than the general publics. To the extent they view the scientificity of disciplines based on the Science<sub>1</sub> concept because that is what is expected of them.

Secondly, Katrichis and Stevens (2001) indicated that they used university professors as a proxy as they might be considered society's opinion leaders with their perceptions being the leading indicators for the rest of society. However, given the political situation within universities it is impossible to determine the driving forces behind the responses of professors and therefore can they be related to professors acting as opinion leaders? It does seem that the reason university professors were used, is because they provided a convenient sample frame.

Katrichis and Stevens have implied that the responses of the university professors represent society in stating "it appears that the rest of society (non-marketing professors) views what we are doing far differently than we ourselves (marketing professors) view it"(2001, p.229; emphasis, and brackets added) and "society (non-marketing professors) awards the highest scientific status to those disciplines typically associated with Science<sub>1</sub>" (2001, p.230; emphasis and brackets added). Some of the limitations of this study are clearly outlined; one possible improvement is changing the sample frame to the general public as this removes the bias that is associated with using university professors as a proxy for the general public. This study attempts to address this problem by using a sample frame consisting of members of the Dunedin public. Although, the Dunedin public certainly does not represent western society as a whole, the results should be more representative in comparison with the results gained from a sample of university professors.

## **Hypotheses**

Hypothesis 1: Marketing is a Science<sub>2</sub>

This hypothesis is set forth to find whether the marketing discipline is considered by members of the public to be a Science<sub>2</sub> or not.

Hypothesis 2: is good for society

Anderson (1983) postulates that the label Science<sub>2</sub> is bestowed on disciplines which are perceived to produce knowledge of benefit for society. A simple correlation of the scientificity of disciplines versus their perceived contribution to society will indicate whether this hypothesis is supported.

Hypothesis 3: Those disciplines from the schools of science in universities will have the highest scientificity score

This hypothesis suggests that the traditional disciplines of the hard sciences will be recognised as more scientific by the public, i.e. physics, chemistry, etc. A proposition that follows this hypothesis is that:

P3: The sample will identify groups of disciplines in a similar way to the groupings made by universities in placing disciplines in divisions or schools.

## **The Instrument**

The use of questionnaires was decided upon and a modified version of Katrichis and Steven's instrument was employed.

The questionnaire was made up of five questions; with questions one and two taking a considerable amount of time to complete, approximately seven minutes. Twenty-eight disciplines were included in the study, it should be noted however, four more than the Katrichis and Stevens (2001) study.

### **Question 1 of the Instrument**

The first question provided information on how scientific respondents considered each discipline. They were asked to rate each discipline on a scale of 1-7, with 1 representing "not-at-all scientific" and 7 representing "completely scientific". Included in the disciplines was astrology, a discipline generally considered as completely unscientific.

### **Question 2 of the Instrument**

The second question determined the positive contribution of each discipline to society. Again utilising a 1-7 scale, respondents were asked to rate the perceived positive impact of each discipline. 1 denoted "contributes nothing to peoples lives" and 7 denoted "contributes a great deal to peoples lives".

### **Question 3 and 4 of the Instrument**

Questions three and four related to the demographics of the respondents.

### **Question 5 of the Instrument**

The final question provided data on what respondents consider as contributions of marketing. Seven contributions of marketing were given, based on Wilkie and Moore (1999), and one non-marketing contribution. The non-marketing contribution was included so the validation of the question could be gauged. If a large proportion of respondents wrongly identified the non-marketing contribution as a marketing contribution, this might indicate that marketing is perceived as marketing management. Or, that there was a degree of subjects satisficing in their answer patterns, particularly toward the end of the survey.

### Order of Presentation Bias

For questions 1 and 2 of the instrument, the disciplines were listed in a random order, with the original order reversed for half the questionnaires in attempt to avoid presentation order affects.

### The Sample

Those eligible for inclusion in the sample were all residents of Dunedin, a university city of approximately 130 000 residents, including 20 000 students, in the south of New Zealand. Five hundred and fifty questionnaires were distributed and 154 returned (28% return rate). Of those who returned the surveys 49.3% were male and the distribution of ages of the respondents was similar to the city's age distribution.

## RESULTS

In order to assess if the Dunedin public perceived any of the disciplines to be completely scientific or completely non-scientific, the raw data averages were calculated, and two sample t-tests were performed. The first of the sample t-tests showed that, at least in an absolute sense, all the listed disciplines are somewhat scientific, as all twenty-eight disciplines were rated significantly greater than one ( $p < 0.001$ ), which denoted "not at all scientific". The second sample t-test showed that, at least in an absolute sense, none of the twenty-eight disciplines were rated completely scientific, as each received a mean rating of significantly less than seven ( $p < 0.001$ ), which denoted "completely scientific".

The relative scientificity was analysed. In doing this, the mean ratings of the data were standardised using the same standardisation process that Katrichis and Stevens (2001) implemented. This was required so that the results of this study can be compared to work of Katrichis and Stevens (2001). The standardisation process consisted of finding the mean rating of the raw data for each discipline, and then computing the average of all the raw data means. Each disciplines' raw data means had the average of all the raw data means subtracted, resulting in the standardised mean for each discipline.

Table 1 ranks the surveyed disciplines using the mean rating they received in relation to how scientific the sample perceive the disciplines. Marketing achieved the rank of 16th, from the sample of Dunedin residents. This ranking indicates that Dunedin public perceive marketing's scientificity to be low, as the majority of disciplines were ranked higher than marketing. From the same list of disciplines, the Katrichis and Stevens (2001) sample of non-marketing university professors ranked marketing in similar regard at 15th.

Katrichis and Stevens' (2001) non-marketing sample generated a smaller range in their mean ratings. The distribution range produced by the sample of non-marketing professors' is 2.513 as opposed to 4.269 for the sample of Dunedin's public. This suggests that the sample of Dunedin residents is more representative of the general public, as it is explained within the limitations of Katrichis and Stevens (2001) study, that the general public hold a more extreme view, with distinct delimitations between science and non-science.

The results of both studies show remarkable concurrence with each other. Although there is variance in the order, both, the four highest and lowest ranked disciplines are the same. Furthermore, with the exception of statistics (three places different), and education (four places different), no discipline is ranked differently by more than two places. A possible explanation for the difference in ranking of statistics is that university professors are more likely to implement statistical analysis. While the difference in educations ranking might arise because University professors' work in the education profession, it should be expected that they hold a differing perception of educations scientificity as they are much more involved with education.

**Table 1: Standardised Ratings Comparing the Scientificity of Disciplines.**

DISCIPLINE	DUNEDIN RESIDENTS		95% Confidence Interval			NON-MARKETING UNIVERSITY PROFESSORS	
		Standardised					
	Ranking	Rating	Mean	LL	UL	Rating	Rating
Chemistry	1	2.29	6.331	6.158	6.5	1.212	2
Physics	2	2.21	6.247	6.074	6.42	1.265	1
Biology	3	1.82	5.857	5.660	6.05	1.023	3
Astronomy	4	1.67	5.708	5.479	5.94	1.004	4
Engineering	5	1.38	5.418	5.207	5.63	0.854	7=
Geology	6	1.32	5.357	5.141	5.57	0.862	5
Computer Pro	7	1.04	5.078	4.843	5.31	0.854	7=
Nutrition	8	0.94	4.980	4.753	5.21	0.392	9
Statistics	9	0.67	4.704	4.441	4.97	0.86	6
Psychology	10	0.24	4.281	4.032	4.53	0.108	11
Education	11	-0.25	3.791	3.546	4.04	-0.497	16
Economics	12	-0.31	3.725	3.486	3.96	173	10
Finance	13	-0.41	3.625	3.362	3.89	-0.118	13
Accounting	14	-0.49	3.552	3.276	3.83	-0.059	12
Sociology	15	-0.63	3.407	3.183	3.63	-0.059	14
Marketing	16	-0.75	3.288	3.077	3.5	-0.153	15
Philosophy	17	-0.87	3.169	2.912	3.43	-0.597	18
History	18	-0.99	3.046	2.779	3.31	-0.528	17
Music	19	-1.15	2.883	2.627	3.14	-0.722	20
Personnel Mant	20	-1.25	2.792	2.567	3.02	-0.72	19
Literature	21	-1.41	2.632	2.390	2.87	-1.301	22
Astrology	22	-1.51	2.529	2.239	2.82	-1.628	24
Journalism	23	-1.6	2.438	2.232	2.64	-0.969	21
Religion	24	-1.97	2.072	1.853	2.29	-1.301	23

Source for the Non-Marketing Sample Results: Katrichis and Stevens, 2001, p.226

The results for hypothesis one found some support for marketing as being a science in absolute terms, though with little support relative to other disciplines examined.

### **Disciplines' contribution to society**

Question two of the instrument was used in order to assess society's perception of marketing's contribution to society. The raw data averages were calculated, and t-tests were performed. The t-tests showed that all the listed disciplines are perceived to have some positive impact to society, as all twenty-eight disciplines were rated significantly greater than one ( $p < .001$ ), which denoted "Contributes nothing to peoples lives".

The sample produced a non-standardised mean rating for marketing of 4.08; this is around the mid point of the one to seven scale. This mean rating on its own provides little insight into how the contributions of marketing are perceived in relation to other disciplines. To answer hypothesis one, marketing's relative contribution to peoples' lives was assessed identically to relative scientificity, including the

standardisation of the data for the purpose of comparing the results of this study with the work of Katrichis and Stevens (2001).

Unlike the concurrence between the two samples in relation to scientificity, Table 2 identifies large dissimilarity between the rankings of the disciplines with respect to contribution to peoples' lives. The sample of Dunedin residents ranked the marketing discipline 20th, which is two positions greater than the sample of non-marketing university professors used by Katrichis and Stevens (2001). Marketing's ranking of 20th suggests that Dunedin residents do not perceive marketing to contribute very positively to society.

**Table 2: Standardised Ratings of Disciplines' Contributions to Peoples' lives.**

DISCIPLINE	DUNEDIN RESIDENTS	Standardised	95% Confidence Interval			NON-MARKETING UNIVERSITY PROFESSORS	
			Mean	LL	UL		
	Ranking	Rating	Mean	LL	UL	Rating	Ranking
Education	1	1.635	6.188	5.989	6.387	0.629	4
Nutrition	2	1.228	5.765	5.574	5.956	0.534	7
Engineering	3	1.072	5.638	5.447	5.828	0.824	1
Music	4	0.838	5.367	5.128	5.605	0.585	5
Chemistry	5	0.761	5.304	5.083	5.526	0.655	3
Biology	6	0.709	5.253	5.036	5.471	0.699	2
Literature	7	0.684	5.221	4.992	5.451	0.446	8
Computer Prog	8	0.575	5.121	4.909	5.333	0.561	6
Finance	9	0.514	5.067	4.815	5.319	-0.228	15
Physics	10	0.391	4.939	4.695	5.183	0.348	9
Economics	11	0.220	4.764	4.514	5.013	-0.017	12
History	12	-0.017	4.680	4.459	4.902	-0.69	13
Psychology	13	-0.156	4.510	4.252	4.768	-0.023	14
Journalism	14	-0.189	4.380	4.143	4.617	0.197	10
Accounting	15	-0.267	4.360	4.118	4.602	-0.328	19
Geology	16	-0.343	4.284	4.043	4.525	-0.298	17
Sociology	17	-0.362	4.221	3.977	4.466	-0.325	18
Personnel Mant	18	-0.379	4.189	3.946	4.433	-0.529	21
Religion	19	-0.379	4.187	3.908	4.465	0.049	11
Marketing	20	-0.479	4.180	3.927	4.433	-0.554	22
Philosophy	21	-0.494	4.074	3.810	4.337	-0.343	20
Statistics	22	-0.581	4.053	3.813	4.293	-0.24	16
Astronomy	23	-0.838	3.993	3.730	4.256	-0.592	23
Astrology	24	-2.223	3.944	3.698	4.189	-2.033	24

H2: There is a correlation between a disciplines contribution to society and its socially designated scientific status.

Two methods of analysis were used to determine whether a relationship exists between ratings of scientificity and contribution to people's lives. Firstly, paired sample correlations were conducted with the results presented in Table 3.

**Table 3: Paired Samples Correlations of Scientificity and Contributions**

Discipline	DUNEDIN SAMPLE		NON_MARKETING UNIVERSITY PROFESSORS	
	Correlation	Sig. <	Correlation	Sig.<
Physics	0.242	.050	-0.038	n.s
Sales	0.176	.050	N/A	N/A
Chemistry	0.142	.100	0.26	.010
Biology	0.173	.050	0.315	.001
Astronomy	0.258	.050	0.238	.050
Marketing	0.214	.050	0.218	.050
Engineering	0.236	.050	0.146	n.s
Statistics	0.084	n.s	0.008	n.s
Geology	0.193	.050	0.338	.001
Computer Programming	0.203	.050	0.199	.050
Advertising	0.256	.050	N/A	N/A
Economics	0.151	.100	0.305	.100
Nutrition	0.275	.001	0.338	.001
Finance	0.146	.100	0.277	.010
Psychology	0.347	.001	0.386	.001
Logistics	0.315	.001	N/A	N/A
Accounting	0.270	.001	0.308	.010
Sociology	0.355	.001	0.247	.050
Personnel Management	0.281	.001	0.163	.100
Education	0.263	.001	0.432	.001
History	0.136	n.s	0.12	n.s
Philosophy	0.313	.001	0.251	.010
Music	0.317	.001	0.053	n.s
Journalism	0.288	.001	-0.004	n.s
New Product Development	0.342	.001	N/A	N/A
Literature	0.041	n.s	-0.063	n.s
Religion	0.361	.001	-0.004	n.s
Astrology	0.405	.001	0.317	.001
Average Correlation	0.242		0.200	

The paired correlations for the sample of Dunedin residents showed for all but three of the disciplines (statistics, history and literature), with at least a 90 percent level of confidence that there is a small positive correlation between the disciplines' scientificity and its perceived contribution. Therefore, there is evidence to reject the null hypothesis.

The sample of Dunedin residents provided a higher average correlation when compared to Katrichis and Stevens' (2001) sample of non-marketing university professors. This provides some indication that the Dunedin residents provide stronger support for the concept of Science<sub>2</sub>. Comparing the two samples

based on the average correlation is somewhat limited. However, because the raw data is not available for the sample of non-marketing university professors no statistical test is possible.

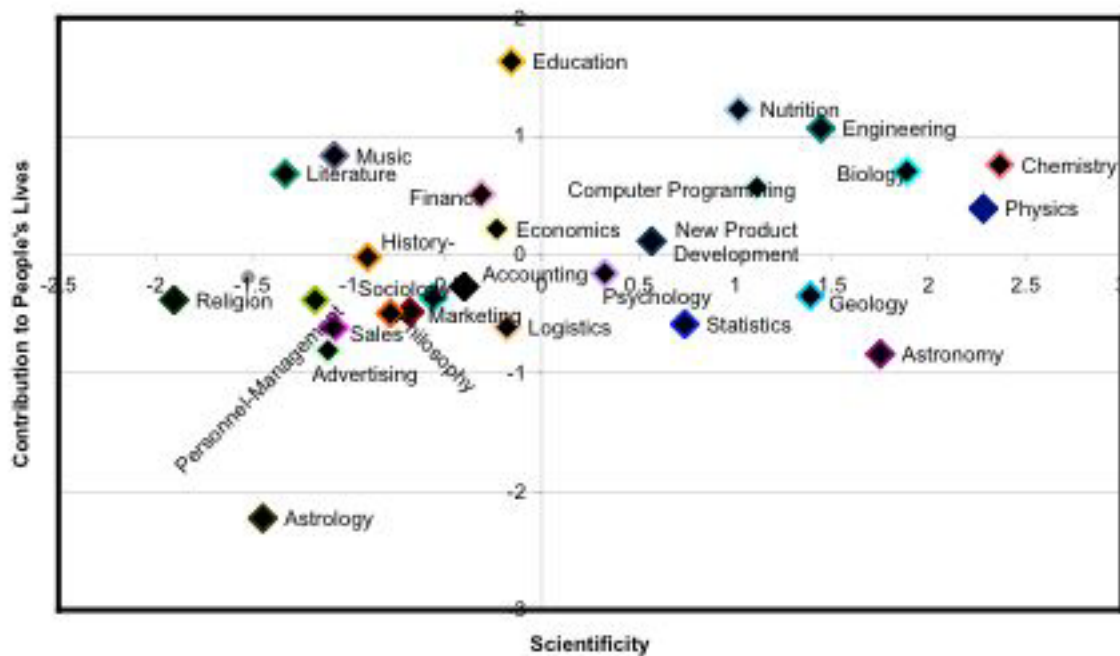


Figure One: Dunedin Sample Contribution versus Scientificty

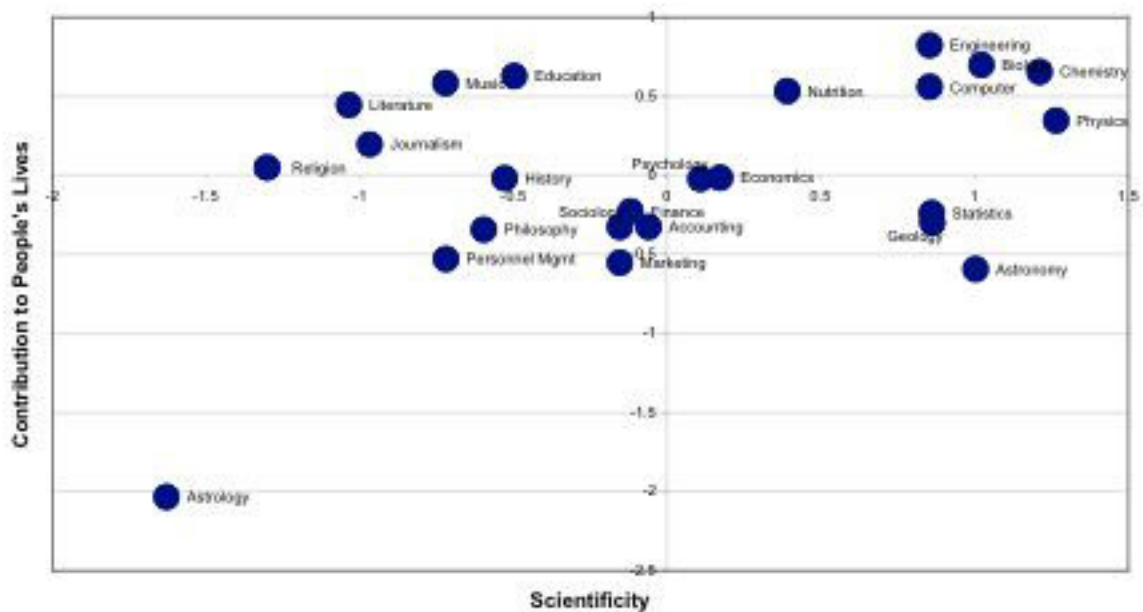


Figure Two: Katrichis and Stevens' non marketing sample Contribution versus Scientificty  
Source: Katrichis and Stevens, 2001, 226-228.

Figures One and Two graphically represent the relationship between scientificity and contribution to peoples' lives of the two samples under study. The figures indicate that mainly those disciplines accredited with Science<sub>1</sub> are also accredited with Science<sub>2</sub> indicating that there might not be a difference between the concepts. The top right hand quadrant of both figures is of particular importance, as this quadrant scored highest on both, the question of scientificity and contributions to people's lives (these disciplines are considered as Science<sub>2</sub>) However, it does appear that for both samples most of the disciplines in this top right quadrant are also Science<sub>1</sub> indicating that for both samples logical empiricism is the perceived view of science.

### **What is marketings' contribution to society?**

Question 5 of the instrument was used to gain data for answering the research problem; what does society consider marketings' contribution to be?

The first part of this question asked respondents if they perceived branding and trademarks as a contribution of marketing. Table 4 presents that the majority of respondents (87%) considered branding and trademarks to be a contribution of marketing.

The second part of this question asked respondents if they perceived advertising and promotion to be a contribution of marketing. Table 4 presents that the majority of respondents (90%) considered advertising and promotion to be a contribution of marketing.

The third part this question used the term logistics and this might have been somewhat ambiguous, which might account for why only 64 percent of respondents perceived distribution and logistics to be a contribution of marketing. However, it is also likely that this function of marketing is less likely to be considered a contribution of marketing as consumers will be less educated about it (Kasper, 1993; cited in Wilkie and Moore 1999). Table 4 illustrates the findings generated by this part of question five.

The fourth part of this question asked respondents if they perceived increased competition to be a contribution of marketing. Table 4 shows that the majority of respondents (84%) considered increased competition to be a contribution of marketing.

The fifth part of this question asked respondents if they perceived financial management to be a contribution of marketing. Table 4 shows that only 54 percent of respondents considered financial management to be a contribution of marketing. Wilkie and Moore (1999) do not advocate financial management to be a contribution of marketing. This part the question was asked so the validity of the results could be gauged. A higher than expected proportion of respondents answered yes to this question, indicating that the possible leading nature of this question has influenced the responses. However, this question received the lowest support, which was expected. Therefore, it does appear that question five passes the test for face validity. It should be noted that a possible explanation for the higher than expected proportion of respondents answering yes, is that marketing is viewed as marketing management, which contains a financial management function.

The sixth part of this question asked respondents if they perceived post purchase support to be a contribution of marketing. Table 4 shows that 67 percent of respondents considered posted purchase support as a contribution of marketing.

The seventh part of this question asked respondents if they perceived pleasant environments for buyers to be a contribution of marketing. Table 4 shows that 79 percent of respondents considered pleasant environment for buyers as a contribution of marketing.



The last part of this question asked respondents if they perceived reduced buyer time requirements to be a contribution of marketing. Table 4 shows that only 57 percent of respondents considered reduced buyer time requirements to a contribution of marketing.

**Table 4: What is Marketings' contribution?**

Is this a Contribution of Marketing	Yes%	No%
Branding and Trademarks	86.90	13.10
Advertising and Promotion	90.34	9.66
Distribution and Logistics	63.50	36.50
Increased Competition	83.67	16.33
Financial Management	55.94	44.06
Post-Purchase Support	67.36	32.64
Pleasant Environment for Buyers	78.62	21.38
Reduced Buyer Time Requirements	57.25	42.75

Contrary to the belief of some authors, (Farmer, 1967, 1977, 1987) it does appear that a large proportion of Dunedin's public are aware of the contributions of marketing, with the possible exception of reduced buyer time requirements. However, what this survey question did not explore is the nature of these contributions. For example, advertising is considered a contribution of marketing, yet in aggregate it might be perceived to contribute negativity to society.

### **Research Proposition 3**

P3: Dunedin public will group disciplines based on how The University of Otago groups them, which is by divisions.

Question one asked respondents to rate how scientific they perceived each of twenty-eight disciplines. Table 5, the results of a factor analysis of those responses, illustrates that although there are discrepancies, it does appear that the underlying factor influencing the respondents' ratings for scientificity is that of the division it is grouped in by The University of Otago.

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
Rotation converged in 27 iterations.

### **Other Interesting Findings**

In order to determine if gender influenced how respondents answered the questions, an independent samples t-test was conducted; with only one impact relating to gender being present. With a 99.9 percent level of confidence, there is a difference between how males and females rated astrology's positive contribution to society. Females rated astrology's positive contribution significantly higher than males.

## **CONCLUSION**

Marketing can be seen to be relatively not scientific according to the sample of Dunedin residents, however in absolute terms it is somewhat scientific. There is some evidence that the public use divisions, or schools, as indicators of the degree to which a discipline is scientific.

Certainly there is considerable work to be done marketing the benefits of marketing to society if we are to believe the benefits attributed to marketing by Wilkie and Moore (1999) are those that the public should associate us, as marketers, with.

**Table 5: Factor Analysis of Instrument Question One: Scientificity**

Rotated Component Matrix							
	Component						
	1	2	3	4	5	6	Division
How scientific is Finance	0.817	0.150	0.182	0.181	0.072	0.000	Commerce
How scientific is Accounting	0.795	0.113	0.215	0.297	0.028	0.025	Commerce
How scientific is Logistics	0.763	0.197	0.161	0.145	0.069	0.057	Commerce
How scientific is Statistics	0.671	0.422	-0.067	0.036	-0.124	0.036	Science/ Commerce
How scientific is Economics	0.669	0.110	0.214	0.369	0.032	0.120	Commerce
How scientific is Engineering	0.495	0.499	0.257	0.066	-0.228	0.175	Applied Science
How scientific is Computer Programming	0.490	0.413	-0.046	0.238	-0.049	0.410	Commerce/ Science
How scientific is Chemistry	0.091	0.882	-0.106	0.044	0.157	-0.050	Science
How scientific is Biology	0.020	0.882	-0.083	0.077	0.020	0.017	Science
How scientific is Physics	0.178	0.828	-0.086	-0.043	-0.210	0.004	Science
How scientific is Astronomy	0.128	0.753	-0.039	0.077	0.082	0.061	Science
How scientific is Geology	0.418	0.655	0.135	-0.111	0.065	-0.036	Science
How scientific is Nutrition	0.325	0.430	0.217	0.157	0.247	0.094	Applied Science
How scientific is History	0.241	-0.050	0.824	0.014	0.106	-0.139	Humanities/ Arts
How scientific is Education	0.296	0.056	0.713	0.242	0.088	0.145	Arts
How scientific is Journalism	0.194	-0.088	0.690	0.301	0.327	0.053	Arts
How scientific is Literature	0.059	-0.130	0.679	0.132	0.386	0.259	Arts
How scientific is Religion	-0.268	0.022	0.444	0.240	0.542	-0.055	Arts
How scientific is Marketing	0.173	0.087	0.086	0.844	0.051	0.264	Commerce
How scientific is Sales	0.167	0.087	0.089	0.820	0.061	-0.061	Commerce
How scientific is Advertising	0.272	-0.057	0.230	0.766	0.208	0.012	Commerce
How scientific is Personnel Management	0.450	0.026	0.331	0.494	0.153	0.049	Commerce
How scientific is Sociology	0.395	0.067	0.267	0.412	0.366	-0.011	Social Science
How scientific is Philosophy	0.031	-0.012	0.271	0.053	0.719	0.125	Humanities
How scientific is Psychology	0.356	0.140	-0.096	0.120	0.687	0.057	Social Science
How scientific is Music	0.104	-0.084	0.327	0.108	0.617	-0.021	Arts
How scientific is Astrology	-0.239	-0.221	0.063	0.019	0.592	-0.032	Arts
How scientific is New Product Development	0.097	0.017	0.099	0.084	0.085	0.912	N/A

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## Future of Marketing

Session Organizer & Moderator

Roger Dickinson, University of Texas at Arlington

Panel

Robert W. Nason, Michigan State University

John O'Shaughnessy, Columbia University

Clifford J. Shultz II, Arizona State University

William L. Wilkie, University of Notre Dame

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### For Perspective:

*Pre2005 AMA definition of Marketing*

*"Marketing is the process of planning and executing conception, pricing, promotion and distribution of goods, ideas and services to create exchanges that satisfy individual and organizational goals."*

*2005 AMA definition of Marketing*

*"Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders."*

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# Social Capital and Co-production in the Marketplace

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## Abstract

*This paper uses a social capital (SC) framework to theorize about co-production by marketers and consumers and the socio-commercial nature of the marketplace in a downtown retail area (DRA). Specifically, we adopt Portes' conceptualization of SC as referring to actors' abilities to secure benefits via membership in networks and other social entities. This ability emanates from the consummatory and instrumental motives of actors who provide or facilitate these benefits (Portes 1998). In the marketing field, co-production is typically depicted in terms of situations in which a customer and a firm's employees interact and participate in joint production of goods and services (Benapudi and Leone 2003; Bowen 1986; Chase 1988; Gersuny and Rosengren 1973; Lengnick Hall 1996; Meuter and Bitner 1998; Vargo and Lusch 2004) or consumers or a marketer and consumers jointly produce marketing activities, functions, and meanings (cf., Muniz and O'Guinn 2001; Penaloza 2000; Schouten and McAlexander 1995).*

## Introduction

Our focus is on co-production among marketers and consumers that is related to SC (i.e., social capital-related co-production or SCRC). Expectations about SC differ from those regarding a dyadic exchange that is not embedded in a larger social structure (Portes 1998). Likewise, SCRC differs from co-production that is based on personal gain or oriented to another person but is not linked to a larger social entity. Thus, our interest in SCRC extends beyond a managerial concern with self-service or a consumer's joint involvement with a marketer to create goods or services for her/himself.

We argue that SCRC encompasses a wider set of marketing activities and levels of the marketplace than is described in prior work; creates outcomes for other marketers and consumers; and affects the marketplace's meanings, offerings, and uses (e.g., as a political, social, cultural, and commercial space). In particular, our interest is in marketers' and consumers' SCRC of retailing activities and functions (customer service, display, entertainment, etc.; Levy and Weitz 2004) and less commercially-focused activities (e.g., parades and holiday celebrations). This SCRC may be for one or more stores in parts or all of the DRA. We use Portes' (1998) conception of SC to theorize about SCRC and its proximal benefits and more general positive and negative consequences.

Portes' (1998) theorizing about SC is an extension of earlier work on SC and economic behavior in immigrant communities (Portes and Sensenbrenner 1993). His conception of SC overlaps with that of other scholars, including Coleman (1980), Putnam (2000), and Fukuyama (1999), but Portes' views differ in breadth, focus, and clarity. For example, Portes notes that Coleman's definition of SC is vague (1998, p. 5). Coleman defines SC by its function as a variety of entities with two common elements, which consist of some aspect of social structures that facilitates certain individual or corporate actions of actors within the structure (p. 98). He argues that social relations form capital resources for individuals via processes such as establishing obligations; expectations and trustworthiness; channels for information dissemination; and norms and sanctions (pp. 103-4). Coleman notes that three forms of SC can be

valuable resources: trustworthiness that underlies a system of reciprocity; information that reduces search time and costs and allows actors to take action; and norms and sanctions that guide behavior and insure observance of norms. Similarly, Putnam and Fukuyama's definitions lack the specificity necessary to theorize about SCRC in the marketplace. Putnam defines social capital as stocks of social trust, norms and networks that people can draw upon to solve common problems, and Fukuyama as stocks of social values. In contrast, Portes stresses the distinction between the resources related to SC and the ability to obtain them via membership in different social structures. He argues that equating SC with the resources obtained via SC can lead to tautological reasoning. Consequently, we use Portes and Sensenbrenner's (1993) and Portes' (1998) more comprehensive conceptions to theorize about SCRC and develop this paper's research propositions (P1-P5).

We use a SC framework because its relevance in the marketplace is indirectly reflected by reports on its role in other facets of community life (Flora and Flora 1993; Putnam 1993; Woolcock 1998). Insights about SC also help reconcile differences between narrow and broad views of motives and relationships in the marketplace. Narrow views describe agents who seek self-interest via individual actions (transactions) in a social organization (market) with an exchange nexus (Lichbach and Seligmann 2000). In contrast, broad views stress how individuals' desires, institutions, and collective action in the marketplace are related to the ties among actors, negotiation of acceptable demands in social life, and consciousness of the larger social aggregate's outlook (Douglas and Ney 1998). Moreover, SC sheds light on how marketplace meanings and activities may be embedded in larger social structures. SC is an aspect of social embeddedness i.e., the contextualization of economic activity in on-going patterns of social relations that affect interactions among individuals and organizations in the marketplace (Coleman 1988; Polanyi 1944).

These matters raise issues about tensions between market logic and communal relations. Our views contrast with the idea that markets homogenize, suppress, and operate on or against consumers (Kozinets 2002). We suggest that consumers and marketers may jointly affect a marketplace's functioning and meaning and both reduce and heighten market-community tensions. Our discussion is structured in terms of components of the SC framework (sources, benefits, and consequences) and related propositions.

### **Sources and Benefits of SCRC**

Portes (1998) suggests that SC's sources lie in consummatory and instrumental motives (or expectations) that may be appropriated by members of a network or collectivity. Consummatory motives concern the expression and maintenance of basic values, commitments, and orientations that guide the affairs of a network or collectivity. Such motives may lead individuals to help others due to value introjection (e.g., norms or obligations) or a sense of bounded solidarity and identification (e.g., their actual or perceived shared membership or awareness of their common situation or fate). Value introjection operates via socialization into consensually established beliefs. Bounded solidarity is increased by factors related to members' sense of external opposition (distinctiveness of traits that distinguish them from the general population; amount of prejudice associated with their traits; and likelihood of exit from the situation) and social construction (members' collective identity and common memory; Portes and Sensenbrenner 1993).

Instrumental motives concern means-ends relationships, as reflected in expected reciprocity and enforceable trust. Individuals may help others due to expected reciprocity, albeit not necessarily in the same form or from the person they aid, e.g., they may help others to gain group approval. Enforceable trust involves the confidence that repayment is insured by the sanctioning capacity of the network or collectivity. It operates in terms of particularistic sanctions and rewards that are linked to group memberships and closure. It is positively related to outside discrimination and negatively related to options outside the group for securing social honor and economic opportunity. It is also enhanced by the collectivity's ability to confer unique awards on its members, monitor their behaviors, and publicize the identities of deviants (Portes and Sensenbrenner 1993).

Due to consummatory and instrumental motives, SC functions as a non-monetary form of capital. Scholars note SC's capital-like qualities. They suggest that it may be appropriable by the actors involved (Coleman 1988); convertible to other advantages (e.g., money and favors; Bourdieu 1985); and a complement or substitute for other assets (e.g., compensate for lack of funds via social connections or lower transaction costs; Anheier, Gerhands, and Romo 1985). They also observe that SC may be increased via use, diminished by non-maintenance and contextual changes (cf., Sandefur and Laumann 1998), and endowed to new parties or withheld from excluded parties (Hechter 1987).

*Implications for motives for SCRC.* The prior considerations and research in marketing support the expectation the marketers and consumers have diverse consummatory and instrumental motives for many types of SCRC in a DRA. This supposition is indirectly supported by evidence that normative commitment, which is associated with moral obligation toward the group and professional duty, is positively related to co-production in a life insurance sales agents' organization (Gruen, Summers, and Acito 2000). Similarly, some consumers may be jointly involved with marketers or other consumers in DRA activities due to value introjection, e.g., they may express their patriotic, religious, political, or ethical values in holiday events, parades, protests, etc.

External and internal factors are also apt to affect marketers' and consumers' feelings of in-group or bounded solidarity and identification. For instance, DRA merchants and shoppers may feel that they are subject to prejudice because they have social characteristics that distinguish them from other marketers and consumers in the population. This expectation is consistent with evidence of the cohesive effects and joint activity among brand community members due to derision and ridicule (Kozinets 2001).

A sense of identification due to recognition of common circumstances and common opposition also seems to exist in other contexts in which co-production exists. For example, SCRC due to bounded solidarity appears to occur among consumers: who sense their shared opposition to marketplace forces (Kozinets 2002); contest a marketer (Muniz and O'Guinn 2001); are in brand communities that coalesce due to competition between brands (O'Guinn and Muniz 2000); are brand devotees who work together due to necessity, have a common enemy or cause, and face similar challenges and threats; deal with derision, ridicule, and strong rivalry; and share history and marketplace abandonment (Muniz and Schau unpublished). Likewise, in DRA contexts, awareness of common circumstances and opposition are apt to arise due to threats from the openings of mass merchandisers, chain stores, and other retail complexes in the city.

In addition, marketers' and consumers' direct or vicarious participation in DRA activities and events may elevate their feelings of collective identity and common memory. This likelihood is indirectly supported by evidence of participation in and memories of community activities in other consumer contexts (Kozinets 2002; Schouten and McAlexander 1995). For similar reasons, consummatory motives associated with bounded solidarity may underlie marketers' efforts to help or facilitate help for other DRA marketers. In other words, they may engage in SCRC with other marketers due their sense of identification with business people in the area. This expectation is indirectly supported by indications that affective commitment, which is focused on positive emotional attachment to a professional marketers' organization, is positively related to members' involvement in co-production activities in the group (Gruen, Summers, and Acito 2000). Likewise, some consumers may engage in joint efforts with marketers or other consumers due to their identification with the DRA as a community symbol or sense of connection with others who patronize area stores (Grossbart and Pryor 2002).

Except for suggestions that consumers and individual marketers jointly build brand communities (McAlexander, Schouten, and Koenig 2002), there are few reports on co-production among consumers and marketers due to bounded solidarity. However, there is evidence of bonding, *communitas*, and co-

production among consumers and marketers in a temporary river rafting setting (Arnould and Price 1993). Indirect evidence of apparent bounded solidarity among consumers includes reports on how identification and bonding are rooted in common consumer experiences; sense of connection to other brand owners; consciousness of kind, responsibility to other members, and co-production in brand communities; and socially cohesive elements in subcultures of consumption (McAlexander, Schouten, and Koenig 2002; Muniz and O'Guinn 2001; Muniz and Schau, unpublished; Schouten and McAlexander 1995). SCRC among consumers and marketers based on bounded solidarity is also likely when distinctions between marketers' representatives and consumers become blurred at events for brand communities, consumption subcultures, and other subcultures (Kates 2002, 2004).

Instrumental motives are also apt to underlie SCRC in a DRA. For instance, motives linked to reciprocity should lead marketers to co-produce marketing activities with other marketers because they expect to receive recognition or unspecified future benefits, i.e., generalized reciprocity, from other marketers (Gruen, Summers, and Acito 2000) or from consumers. Consumers may also engage in SCRC with marketers because they expect to get recognition or favored treatment, e.g., respect, awards, and status privileges from retailers or other DRA patrons. Similarly, consumers may co-produce marketing activities with other consumers in the expectation of receiving recognition from those involved or other marketers or consumers.

External and internal factors are also apt to elevate SCRC related to enforceable trust among marketers and consumers. In terms of external factors, this SCRC may be elevated by the possible outside discrimination faced by DRA marketers and patrons and a lack of options for obtaining social honors and economic opportunities outside the DRA. In terms of internal factors, enforceable trust and SC among marketers and consumers are likely to be enhanced by their abilities to confer awards, monitor behaviors, and publicize the identities of deviants. These abilities should be more evident among marketers than consumers, because marketers are fewer in number, more organized (e.g., in professional groups), and have a more continuous presence in the DRA. The prior logic is consistent with the following expectation about motives for SCRC.

P1: Marketers and consumers have consummatory and instrumental motives for SCRC in the marketplace.

*Implications for SCRC on multiple levels.* An added implication of the prior reasoning is that SCRC is apt to occur at multiple levels. On the micro-level, SCRC may involve a relatively few marketers and/or consumers and one or two stores. (Retailer A, who was recommended by retailer C, may help retailer B find a vendor for store fixtures; a customer and her friend may help a retailer decorate her/his store; or a retailer A and a consumer may help a retailer B unload merchandise.) On a more meso-level, SCRC may involve a larger set of marketers and/or consumers and set of stores. (After a fire, a retailer may be helped by other retailers who are also located on a side street; or consumers and bar owners may cooperate to create and promote a charity event.) On the macro-level, SCRC may involve a larger and more diffuse collectivity of marketers and/or consumers and most or all DRA area and its stores. (All DRA retailers and many consumers may stage a DRA Halloween event.)

This paper envisions marketplace relationships as forms of social organization that involve the interplay of individual and collective-level factors. Through this interplay, marketers and consumers affect and are affected by outcomes that foster and constrain their individual and collective views and behaviors (Lichbach and Seligmann 2000). A SC perspective offers a useful basis for investigating this interplay, in terms of the pattern of relationships and resource linkages among actors (marketers and consumers); the social mechanisms that sustain and regulate their actual and imagined relationships (e.g., expressive and instrumental motives, norms, and sanctions); and the socio-cultural milieu in which they exist (Lin 2001).



Moreover, SC has research value because it links micro- and more general-levels of social analysis, by shifting the focus from the behavior of individual agents to the pattern of relations among agents, social units, and institutions (Flora and Flora 1993; Schuller, Baron, and Field 2000, p. 35). The multi-level (individual and collective) factors and different motives (instrumental and consummatory) in the SCRC framework provide useful bases for examining possible diversity and similarity in marketplace views and relationships. Investigating these matters helps us address tensions about the roles of agency and collectivity in narrower and broader views on social order and marketplace relationships. This logic leads to the following proposition.

P2: SCRC by marketers and consumers in the marketplace occurs on micro-, meso-, and macro-levels.

*Implications for benefits from SCRC on multiple levels.* Portes (1998) and others highlight specific benefits of SC (e.g., sympathetic treatment, information, moral and material support, brokering, and allocative and adaptive efficiencies; Burt 1992, 1997; Lin 2001; Nahapiet and Goshal 1998). The varied benefits of SC in other contexts indirectly support the idea that marketers and consumers may be jointly involved in a wide set of marketing and other activities due to SCRC. The benefits may include shared information and help with retailing functions at multiple levels ranging from a store to the whole DRA. As implied by the prior examples, there should be benefits on multiple levels.

P3: SCRC by marketers and consumers in the marketplace creates benefits on micro-, meso-, and macro-levels.

### **Consequences of SCRC**

Portes (1998) and other researchers note that SC may have other general positive and negative consequences (Bourdieu 1985; Putnam 1993). Norm observance or social control often is listed as a positive consequence of SC. It is reflected in varied ways, including rule enforcement among actors who try to maintain discipline and foster compliance. It lessens the need for formal or overt controls. It is often rooted in bounded solidarity and enforceable trust. However, Portes notes that SC's effects may not be complementary and may be in conflict. For instance, social controls may conflict with benefits from SC that stem from the ability to evade existing norms. Thus, a larger collectivity's ability to enforce rules may be undermined by networks that facilitate evasion of rules for private benefit. Portes suggests that this potential inconsistency underscores the need to avoid moralizing statements about the virtues of SC, social relationships, social controls, and collective sanctions. Instead, we should consider how actors may gain from or be disadvantaged by SC's less desirable consequences.

He highlights four negative consequences that occur because the factors that create appropriable SC may also constrain or direct individuals' actions away from positive consequences (Portes and Sensenbrenner 1993). First, outsiders may be excluded if strong ties, bounded solidarity, and trust that benefit members also restrict outsiders from access to economic benefits. Second, more affluent members' initiatives may be constrained by excessive claims by others who free ride on bonds and norms for mutual assistance. Third, the social controls and demands for conformity may restrict individual freedoms and outside contacts and encourage young and independent-oriented persons to leave. Fourth, downward leveling norms maybe discourage individual success, because it undermines cohesion, particularly in groups in which solidarity is based on a sense of common adversity and opposition to the mainstream or external society.

*Implications for consequences on multiple levels.* As in other contexts, there should be positive and negative consequences of SCRC in a DRA. Consistent with our prior reasoning, these outcomes should occur on micro, meso-, and macro-levels. For example, in positive terms, retailers may have less need to monitor their peers or rely on formal controls and contracts due to the social control and compliance that

results from SCRC in the DRA. Consumers may also save the time and costs that might otherwise be given to checking the adequacy of DRA marketers' offerings and prices. SCRC may also create public goods (e.g., when it produces parades, parking, and DRA beautification).

The possible meaning(s) of the DRA to marketers and consumers may be an added consequence of these elements. For example, beyond its role in fulfilling economic and consumption related functions, the DRA may also be seen as a multi-faceted locus of political, social, and cultural activities and meanings, and as source of civic pride for many marketers and consumers. Alternatively, such possible social, cultural, and civic activities and meanings may have negative connotations for some marketers and consumers. (A proposition about marketplace meanings is in the next section.)

There also may be other negative consequences. For instance, the norms, bonds, and expectations that underlie SCRC may act as barriers to new stores and, thereby, disadvantage some consumers or some marketers who might benefit from retail agglomeration effects that result from more stores offering goods in the same product categories. If similar factors lead marketers to favor local shoppers, nonresident consumers who shop in the DRA may also be disadvantaged. Successful merchants may be hampered by excessive requests for favors and support for charities. Retailers' employees and consumers may face sanctions if they patronize non-DRA stores. Retailers may also restrict their mixes of goods and services to avoid harm to other retailers in the DRA.

The prior examples illustrate possible positive and negative consequences of SCRC, including tensions between consumers, between marketers, and between consumers and marketers. Although it is not possible to predict specific consequences, these examples suggest that outcomes are likely to occur at different levels of aggregation.

P4: SCRC by marketers and consumers in the marketplace has positive and negative consequences on micro-, meso-, and macro-levels.

*Implications for marketplace meanings.* The prior discussion includes examples of how marketplace meanings may both shape and emerge from SCRC among marketers and consumers. The likelihood that these meanings may be social, cultural, economic, political, and consumption-related is consistent with views that suggest that: the creation of meaning is negotiated through the symbolism of the marketplace and is a basis for identification for those involved (McAlexander, Schouten and Koenig 2002); postmodern consumers are active links in the continual production and reproduction of images and symbolic meanings (Firat, Dholakia, and Venkatesh 1995); and socio-cultural factors are central, not peripheral, features of market processes (Granovetter 1985).

Marketers and consumers may not agree about some meanings or they may agree about some meanings but disagree about their valences (e.g., they may see a DRA as a site for night entertainment and socializing but disagree about its desirability). More generally, identical interpretations are unlikely, because: the market reflects tensions within and between the meanings and values of marketers and consumers (Penaloza 2000); monolithic meanings may not entirely dominate or preclude the individual expression and distinction in the marketplace (Kates 2002); and different actors in the marketplace may have different views because, like a consumption object, the marketplace has polysemic symbolic qualities that enable variation in interpretation and use (Holt 1997).

Thus, SCRC is likely to produce both shared and contested meanings about the marketplace. Yet, the existence of varied meanings does not preclude tolerance or reconciliation of differences. Research suggests that SC can lead to depersonalization of issues and concentration on common goals and interests rather than divisiveness (Flora and Flora 1993). Moreover, marketplace meanings (like brand meanings)

may be accepted, institutionalized to a certain extent, and sufficiently ambiguous or malleable to assume socially acceptable variations (Kates 2004).

P5: SCRC by marketers and consumers contributes to shared and contested economic, social, political, cultural, and consumption-related meanings about the marketplace.

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# Ants, Brand Loyalty, Variety Seeking, Market Topography, and Aggregate Adaptive Optimization

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## Abstract

*Brand loyalty is widely seen as having decreased, particularly since World War II. At an aggregate level it can be seen to be healthy for a society, or group within society, to variety seek, in relation to the rate of change of the market environment.*

## Introduction

Brand loyalty, or the lack of it, has been an important topic for a number of years and it regularly features among the top priorities for the MSI. This paper provides a framework for analyzing variety seeking behavior — or the resistance to loyalty — in consumers, at an aggregate level, and suggests that, depending on the market environment, brand loyalty may be an un-natural state, in a changing market place. The work of Alderson (1957; 1965) and others has been based in the systems paradigm where individuals can be considered as members of systems which have purpose beyond that of the sum of the individuals goals. This paper continues that work by considering one of the outcomes of the system which is not consciously known by its members — adaptive optimization to maximize the return on purchases.

Considerable research has been undertaken into adaptive optimization in computer and biological sciences (Davidor and Schwefel, 1992). It has much potential to be applied to the problems of the marketplace, particularly at an aggregate level. This paper is the result of a physicist and a social scientist having lunch together regularly and ‘talking shop’, as such it should be considered in the social physics stream of research with a focus on behavior and not the cognitive processes involved in variety seeking.

## Brand Loyalty and Variety Seeking

In spite of the fact that customers are satisfied with their experiences with a product their satisfaction rating does not predict repurchase (Barlow and Maul, 2000; Hennig-Thurau and Klee, 1997). They continue to exhibit variety seeking behavior.

While there has been prior research on variety seeking, it has focused on individual cognitive processes involved in variety seeking (McAlister, 1982), deriving a taxonomy of variety seeking behavior by individuals (McAlister and Pessemier, 1982), or the factors involved in variety seeking and how they can be taken advantage of by managers (Van Trijp, Hoyer and Inman, 1996). A proposed explanation, at an aggregate level, of this phenomena is developed below through the use of a metaphorical illustration.

## The Ant Metaphor: Finding Their Way

Ants walk across the land in lines, but every now and then one breaks from the group and seeks out an alternative path. The benefit of this pattern of behavior is that the member of the group who breaks away

can find superior routes and report them to the group, or confirm that the main path is the current optimum. Should the landscape, or topography, change, for example a land slip or the arrival of an anteater who resides along the previous optimum path, this behavior will help the group find a new optimum path between two points.

It can be seen, from computer simulations of adaptive optimization (Bonabeau, Dorigo and Theraulaz, 2000; Deneubourg, Goss, Franks, Sendova-Franks, Detrain and Ch  t  n, 1990; Dorigo and Gambardella, 1992), that the more frequently the topography of the landscape changes the more frequently an ant should break from the accepted path and seek another, if the optimum path is to be used as frequently as is ideal for the colony's benefit.

### **The Optimum Path in the Market Place**

How does a person find their way in the market place? They are faced with countless decisions, at many levels. There has even been suggestions that too much choice leads to less satisfaction for consumers (Easterbrook, 2003; Schwartz, 2003). How does the consumer, or in this case group of consumers, maximize the returns on their purchases, i.e. how do they ensure they're following the best path through the market?

If a person is satisfied with a brand of a certain product, say muesli, will they continue to purchase that one brand again and again without trying other brands? Perhaps at an individual level, but at an aggregate level we see that there is variety seeking behavior (Ehrenberg, 1964). Consumers are not loyal to their chosen brands. Like the ants we seek variety, perhaps only to check that we are on the right path — still getting the best muesli. How much variety we seek is dependant on the market place and its topographic change.

### **Topography and the Marketplace**

Topography, or the science of measuring the surface of a given environment, provides us a way of recognizing how much change is occurring in a landscape. It can also be used to measure change in the market place, i.e. are new products arriving, are other products disappearing, are products changing their quality, are new flavors being introduced, are prices changing in a way that effects relative value, etc..

### **The Relation between Topography and Variety Seeking**

It is proposed that variety seeking will be seen to be a function of changes in the topography of the market place. The higher the rate of change in the market place, the higher the rate of variety seeking within a given group of people. Therefore, the more change in the market place the less brand loyalty, regardless of the relative worths of the offerings.

### **Who Seeks Variety?**

In aggregate analysis of ants and humans it can be seen that there are leaders in most things, including variety seeking — market innovators or market leaders. There is no suggestion that the proposition of topographic change and variety seeking behavior can be used to explain individual shopping behavior. Rather it is a proposition related to behavioral evolutionary theory (Laland and Brown, 2002), which predicts aggregate or system wide behavior. However it is expected that the higher the rate of topographic change in the landscape, for ants, or in the market place, for consumers, the more members of a group that will engage in variety seeking behavior.

## CONCLUSION AND FUTURE RESEARCH

In some areas of loyalty study, i.e. membership of professional organizations, or unions, we would expect considerably less turnover, due to the relatively stable topography of that market. In others, due to the rapid and frequent changes in the market place topography, we would expect to see much variety seeking, for example ice creams, muesli, computer hardware, etc.

Future research will revolve around measuring market topography and testing this proposition using aggregate data. The authors welcome suggestions, particularly where significant data sets could be accessed.

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# Early Twenty-First Century Worldviews and Macromarketing

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## Abstract

*In order to provide better understanding of worldviews of the early twenty-first century that will likely influence the actions of marketers and macromarketing thought in the coming years, three religious worldviews (Buddhism, Christianity, and Islam) and three secular worldviews (Economism, Humanism, and what we term Transcendental Globalization) are compared and contrasted on six dimensions. Additionally, the concept of hope is used to better understand what these worldviews offer those who adopt them. Prospects for these worldviews and for those adopting them conclude the analysis.*

The postmodern world of the early twenty-first century is experiencing a crisis of meaning (Rohr 2001; Smith 2003). Pestilence, and war continue to manifest themselves on the global scene. Instead of soothing tensions among peoples of the world, religion is too frequently found to be inflaming such tensions. In this milieu, marketers still pursue commercial relationships – only now on an increasingly global scope. Accordingly, understanding major worldviews is increasingly important not only to transnational policy makers, and political leaders, but to non-governmental organizations (NGOs), marketers, and informed citizens who would like to inhabit a less threatening planet.

Klein (1997) and Mittelstaedt (2002) have reviewed the interplay of religion and markets. In every region of the world, religion affects what is traded, how trade occurs, as well as when and where trade occurs. Conversely, markets affect religion, as can be seen in developments in contraceptives that have led to the Catholic Church's condemnation of these, and to divided opinion about such contraceptives amongst the laity of the Catholic Church. Kale (2004) has extended this discourse on markets and religion to include globalization. Kale notes that the connection between spirituality, economics and globalization can be seen in contemporary writings about the globalization phenomena, such as Friedman's (1999) in which globalization is said to emerge from people's very souls and their deepest aspirations. Other researchers have noted the globalization-spirituality linkage in the early writings of Teilhard and St. Ignatius of Loyola who both envisioned a future when "the consciousness of all [would be] working together in a task as great as the world itself" (Teilhard 1967, 285).

In the area of vulnerable consumers, macromarketing scholars have prescribed other-centered love as a resource to improve the lives of impoverished consumers (Hill 2002). In the Judeo-Christian tradition, such agape love is a compassionate love that is viewed as an extension of love of God and a response to "love thy neighbor". Past research suggests intrinsic religiosity is positively correlated with altruism.

In order to provide better understanding of worldviews of the early twenty-first century that will likely influence the actions of marketers and macromarketing thought in the coming years, three religious worldviews (Buddhism, Christianity, and Islam) and three secular worldviews (Economism, Humanism, and a new worldview - Transcendental Globalization) are compared and contrasted. The six dimensions of comparison for these worldviews are 1) material QOL, 2) the nature of man, 3) source of evil/suffering,

4) being in community, 5) what is worshipped?, and 6) afterlife. While the uniqueness of individual worldviews is apparent at times (For example, Christianity's view of man as inherently evil without the redemption offered by a relationship with Jesus Christ.), similarity across some worldviews emerges in our analysis (For example, the exalted regard given material QOL by Economism and Transcendental Globalization.)

We incorporate Sciolo's recent work on the topic of hope as a final piece in our analysis of these six worldviews. Hope has recently been cited as an important component of what marketers offer consumers through brands (MacInnis and de Mello 2005). Sciolo proposes that the principle offering of any religion or system of spiritual understanding is hope. According to Sciolo's theory, three dimensions of hope are most important: 1) mastery (ultimate aims, positive future, empowerment), 2) attachment (trust, openness, mystical experience), and 3) survival (care, recruitment, and terror management). The six worldviews are reviewed using this lens of hope. Prospects for these worldviews and for those adopting them conclude the analysis.

## ***Buddhism***

### Material QOL

Buddhism has at its core the belief that desire or attachment is the root of all suffering, so focused material pursuits or prosperity are naturally not looked upon favorably. As Renard notes, Buddhist material life should be survivable but austere.

### Nature of Man

Man is seen as a being that can realize enlightenment. Widespread human inclinations to focus on desires and imbalances are symptoms of not being enlightened.

### Source of Evil/Suffering

Suffering is seen as a universal aspect of human existence brought about by focus, attachment, or desire. The Eightfold Noble Path, a Buddhist teaching, provides a guide for elimination of this attachment-based suffering.

### Being in Community

Early Buddhist missionary efforts have created many distinct Asian Buddhist nations and traditions. Buddhism has a very well-defined culture and community, even if universalist tendencies are sometimes present.

### What is Worshipped?

Sometimes local deities are recognized, but these are not central to the Buddhist belief system. Siddhartha Gautama (Buddha) is revered as a teacher, and sometimes lesser enlightened individuals are recognized.

### Afterlife

Nirvana is the ultimate goal of the Buddhist, but other afterlife states (heavens and hells) are sometimes believed to exist. Nirvana is not described to have any attributes.

## ***Christianity***

### Material QOL

Material pursuits and prosperity viewed as a blessing, but too much emphasis on this life is viewed unfavorably. Certain ethical guidelines, similar to those of Judaism and Islam, should guide material conduct.

### Nature of Man

Man is on a lower level than God and angels. Individuals are capable of performing righteous acts with God's assistance. Humanity is many times considered to be inherently evil or rebellious towards God. The fall, or first act of disobedience to God, is viewed as particularly significant in determining man's standing.

### Source of Evil/Suffering

Man's own choice to disobey God is the recognized source of evil and suffering. Whether or not man is considered to have an evil nature, the principal source of problems in the world is this choice, especially the first such choice by Adam.

### Being in Community

Christians are part of the universal church. Many doctrinal divisions exist, including broad Protestant and Catholic divisions. Belief in Christ's death, Bible, and the afterlife provide a common link. Membership is determined, with differing emphasis, by an individual's beliefs, profession, and baptism.

### What is Worshipped?

One God existent in three persons (this is the "Trinity" doctrine) provides the center of worship. God the father is similar to the Jewish concept. The Holy Spirit is more personal and close to individuals. Jesus Christ is considered to be earthly incarnation of the Son of God but still on an equal plane with first two persons.

### Afterlife

The afterlife is seen as a place of judgment or reward. Differing emphasis is put on one's own deeds, but an individual's relation to Christ's death figures prominently into judgment as a source of grace for bad deeds.

## ***Islam***

### Material QOL

As Kuran notes, material pursuits and prosperity are seen in a positive light (even Muhammad was merchant), but should be in accordance with Islamic traditions, such as alms-giving and a prohibition on interest.

### Nature of Man

Capable of choosing good (Islam) over evil and good by nature. Created by God and situated on a lesser plane than God and spirits.

### Source of Evil/Suffering

Choosing to disobey God is the principal source of problems. A devil figure ("Iblis" or "Shaytan," a jinn) contributes to evil along with many lesser jinn (evil spirits).

### Being in Community

Muslims are a part of the umma, or universal Muslim community. Principal doctrinal divisions are Sunnis and Shi'ites. All Muslims support the common links of the five pillars, Muhammad, and the Koran.

### What is Worshipped?

One God (this is an important facet of Islamic doctrine), described through Ninety-nine Beautiful Names. Seen as merciful, all-powerful, close to individuals, and in control of all worldly happenings.

### Afterlife

Day of judgment, person's good and bad deeds weighed. Paradise/Hell assigned accordingly. Certain faiths, "Peoples of the Book" (Christianity, Judaism) typically seen as closer to salvation than members of other faiths.

## SECULAR WORLDVIEWS

### ***Economism***

(A variety of inputs have been used to compile a profile of Economism. Woehrling's (2003) critique of theological economics, and Friedman's neo-liberal economic views are principal to our analysis. Frank's (2005) notes on the economics profession's guiding tenet: self-interest, as well as Stalk's (2005) update on corporations

### Material QOL

It is seen as the most important factor in society. From it, individuals are able to draw both purpose and self-motivation. Wealth is viewed as a good influence in society, while poverty or lack from any source is viewed negatively.

### Nature of Man

Above all, humanity is seen as self-interested. This is not interpreted as "good" or "bad," but rather leads to the important conclusion that individuals will usually make their decisions in such a way as to maximize their own personal satisfaction.

### Source of Evil/Suffering

Most problems, and the barrier that holds mankind back from utopia, come from scarcity. Material want and dissatisfaction are introduced because individuals are forced to forgo certain benefits that are precluded by scarcity. Reductions in economic and political freedoms are also seen as sources of dissatisfaction and scarcity.

### Being in Community

An individual is part of the collection of all economic agents, who purchase from and provide goods and services to other economic agents. People also exist as citizens in government, whose primary role should be that of guarantor of economic rights (Friedman, 1962).

### What is Worshipped?

Because deity is usually not considered to play a role in man's life, individuals themselves and the process of economic exchange and growth provide the unifying and all-important pieces of man's existence.

### Afterlife

This period is typically assumed to be non-existent, or simply the legendary product of individual cultures and backgrounds. It may have an affect on a person's life and actions, but this is simply their own reaction to their beliefs.

## ***Humanism***

Humanist Manifesto I; Noebel (1996)

### Material QOL

It is seen as a practically important part of human existence, but one that should be of little significance to each individual. As the “Humanist Manifesto I” notes, a socialist, equality-based society and the eventual absence of material cares present the best path towards human progress.

### Nature of Man

Life is entirely biological, and behavior is determined by environmental factors such as family, prominent societal institutions, government. As Noebel notes, humans are seen as capable of forward evolution and, eventually, self-perfection.

### Source of Evil/Suffering

Ineffective societies and environments are the only sources of suffering. Evil is a concept that does not necessarily have a standard definition or source, but can generally be recognized as societal influences hindering the forward progression/evolution of man.

### Being in Community

Man is a part of the universal, physical community. Political, intellectual, and economic institutions provide a framework for the secular community. Mankind's evolution or progress can be aided through these entities.

### What is Worshipped?

No deities are believed to exist, although the society at large and the process of evolution (physical and societal) can play similar roles as universal, all-controlling forces.

### Afterlife

No afterlife is recognized, as physical death brings an end to all biological processes.

## ***Transcendental Globalization***

(Thomas P.M. Barnett's book *The Pentagon's New Map* serves as the foundation for this worldview which poses four flows as being essential to the vitality of globalization. These flows are 1) goods and services, 2) investments, 3) people (emigration/immigration), and 4) security. The developed world's military and para-military forces are proposed to be the needed agents for snuffing out regional trouble spots that endanger the advance of globalization, such as the genocide that occurred in Rwanda, or the Taliban's nurturing of terrorist training camps. . While Barnett does not explicitly label globalization as a worldview, he implicitly suggests it is one. The structure of this implicit suggestion is captured below. On the same topic, Gray (2000) has described globalization as a religious delusion.

### Material QOL

Material life is seen as a fundamental need that motivates humanity but in a smaller manner than in Economism. The "good life" is an important goal, but it is not the purpose of life. A GDP per capita of \$10,000 (US) is seen as the threshold for obtaining an appropriate level of happiness. After this, Gains in material QOL don't correlate with happiness (Diener and Seligman 2004; Easterbrook 2005). McDonald's franchises in a country signify a society's warring tendencies have been curbed (Friedman 1999).

### Nature of Man

Man needs rules. Misalignment of rules triggers conflict and wars. With the right rules and with the right alignment of rules, interconnectedness and prosperity can be realized and perpetuated. Man is a multi-faceted being that has a capacity for interconnectedness and self-improvement. This capacity is what primarily determines their actions and outlooks. Individuals can likewise be separated into two broad descriptive categories, those who share a part of the mainstream, connected outlook on life and those who do not.

### Source of Evil/Suffering

Tribalism is the source of evil and suffering. Contributing to the formation of tribalism is fear and a crisis of meaning. Evil is recognized as the condition of being cut off from globalization and opposing the mainstream international community. Evil is recognized as the condition of being cut off from globalization and the mainstream international community. Political and economic repression, virtually non-existent in the larger community, are very much present in a cut-off sector of the planet, and they find their source in the very fact that that sector of the population is isolated from the rest of the planet.

### Being in Community

The mainstream globalizing "core" community of developed countries is expanding and provides the basis for connectedness. Another, "gap" community of countries is detached from or not firmly connected to the core. Here, individuals do not necessarily share common values across tribes or groups. Humanity is separated into two broad groups that increasingly provide identity for individuals.

### What is Worshipped?

Globalization, itself, is projected to have powers similar to a deity. It is unstoppable. It is increasingly omnipresent. It brings salvation from tribalism and strife. It imparts a destiny of global harmony. It paves the way for self-actualizing individuals. In these ways, globalization is suggested to be

transcendent, as well as offering transcendence to those who become part of the unfolding network of connections around the planet.

### Afterlife

Kant's eternal peace awaits a world totally connected and mutually dependent. Individual afterlife is generally considered to be unimportant.

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Major Worldviews						
Buddhism		Christianity		Economism		Humanism
Transcendental Globalization		Islam				
<b>Material QOL</b>	Buddhism has at its core the belief that desire/attachment is the root of all suffering, so focused material pursuits or prosperity are naturally not looked upon favorably. As Renard notes, Buddhist material life should be survivable but austere.	Material pursuits and prosperity viewed as a blessing, but too much emphasis on this life is viewed unfavorably. Certain ethical guidelines, similar to those of Judaism and Islam, should guide material conduct.	It is seen as the most important factor in society. From it, individuals are able to draw both purpose and self-motivation. Wealth is viewed as a good influence in society, while poverty or lack from any source is viewed negatively.	It is seen as a practically important part of human existence, but one that should be of little significance to each individual. As the Humanist Manifesto I notes, a socialist, equality-based society and the eventual absence of material cares present the best path towards human progress.	As Kuran notes, material pursuits and prosperity are seen in a positive light (even Muhammad was merchant), but should be in accordance with Islamic traditions, such as alms-giving and a prohibition on interest.	A GDP per capita of \$10,000 (US) seen as the threshold for obtaining an appropriate level of happiness. After this, gains in material QOL don't correlate with happiness. McDonald's franchises in a country signify a society's warning tendencies have been curbed.
<b>Nature of Man</b>	Man can be seen as a being that can realize enlightenment. Widespread human inclinations to focus on desires and imbalances are symptoms of not being enlightened.	Man is on a lower level than God and angels. Individuals are capable of performing righteous acts with God's assistance. Humanity is many times considered to be inherently evil or rebellious towards God. The Fall, or first act of disobedience to God, is viewed as particularly significant in determining man's standing.	Above all, humanity is seen as self-interested. This is not interpreted as "good" or "bad," but rather leads to the important conclusion that individuals will usually make their decisions in such a way as to maximize their own personal satisfaction.	Life is entirely biological, and behavior is determined by environmental factors such as family, prominent societal institutions, government. As Noebel notes, humans are seen as capable of forward evolution and, eventually, self-perfection.	Capable of choosing good (Islam) over evil and good by nature. Created by God and situated on a lesser plane than God and spirits.	Man needs rules. Misalignment of rules triggers conflict and wars. With the right rules and with the right alignment of rules, interconnectedness and prosperity can be realized and perpetuated. Individuals can be separated into two broad descriptive categories, those who endorse connectedness and those who don't.
<b>Source of Evil/Suffering</b>	Suffering seen as a universal aspect of human existence brought about by focus/attachment/desire. The Eightfold Noble Path, a Buddhist teaching, provides a guide for elimination of this attachment-based suffering.	Man's own choice to disobey God is the recognized source of evil and suffering. Whether or not man is considered to have an evil nature, the principal source of problems in the world is this choice, especially the first such choice by Adam.	Most problems, and the barrier that holds mankind back from utopia, come from scarcity. Material want and dissatisfaction are introduced because individuals are forced to forgo certain benefits that are precluded by scarcity. Reductions in economic and political freedoms are also seen as sources of dissatisfaction and scarcity.	Ineffective societies and environments are the only sources of suffering. Evil is a concept that does not necessarily have a standard definition or source, but can generally be recognized as societal influences hindering the forward progression/evolution of man.	Choosing to disobey God is the principal source of problems. A devil figure ("Iblis" or "Shaytan," a jinn) contributes to evil along with many lesser jinn (evil spirits).	Tribalism. Evil is recognized as the condition of being cut off from globalization and opposing the mainstream international community. Political and economic repression, virtually non-existent in the larger community, are very much present in the countries of the planet's gap- those cut off from the developed core countries.
<b>Being in Community</b>	Early Buddhist missionary efforts have created many distinct Asian Buddhist nations and traditions. Buddhism has a very well-defined culture and community, even if universalist tendencies are sometimes present.	Christians are part of the universal church community. Many doctrinal divisions exist, including broad Protestant and Catholic divisions. Belief in Christ's death, Bible, and the afterlife are determined, with differing emphasis, by an individual's beliefs, profession, and baptism.	An individual is part of the collection of all economic agents, who purchase from and provide goods and services to other economic agents. People also exist as citizens in government, whose primary role should be that of guarantor of economic rights (Friedman, 1962).	Man is a part of the universal, physical community. Political, intellectual, and economic institutions provide a framework for the secular community. Mankind's evolution or progress can be aided through these entities.	Muslims are a part of the umma, or universal Muslim community. Principal doctrinal divisions are Sunnis and Shi'ites. All Muslims support the common links of the five pillars, Muhammad, and the Koran.	The mainstream globalizing "core" community of developed countries is expanding and provides the basis for connectedness. Another "gap" community of countries is detached from or not part of the core. These nations do not necessarily share common values across tribes or groups.
<b>What is Worshipped?</b>	Sometimes local deities are recognized, but these are not central to the Buddhist belief system. Siddhartha Gautama (Buddha) is revered as a teacher, and sometimes lesser enlightened individuals are recognized.	One God existent in three persons (this is the "Trinity" doctrine) provides the center of worship. God the Father is similar to the Jewish concept. Jesus Christ is the Son of God, and the individual, Jesus Christ considered to be earthly incarnation of the Son of God but still on an equal plane with first two persons.	Because deity is usually not considered to play a role in man's life, individuals themselves and the process of economic exchange and growth provide the unifying and all-important pieces of man's existence.	No deities are believed to exist, although the society at large and the process of evolution (physical and societal) can play similar roles as universal, all-controlling forces.	One God (this is an important facet of Islamic doctrine), described through Ninety-nine Beautiful Names. Seen as merciful, all-powerful, close to individuals, and in control of all worldly happenings.	Globalization, itself, is projected to have powers of a deity. It is unstoppable. It is increasingly omnipresent. It brings salvation from tribalism and strife. It imparts a destiny of global harmony. It paves the way for self-actualizing individuals.
<b>Afterlife</b>	Nirvana is the ultimate goal of the Buddhist, but other afterlife levels (heavens and hells) are sometimes believed to exist. Nirvana is not described to have any attributes.	The afterlife is seen as a place of judgment or reward. Differing emphasis is put on one's own deeds, but an individual's relation to Christ's death figures prominently into judgment as a source of grace for bad deeds.	This period is typically assumed to be nonexistent, or simply the legendary product of individual cultures and backgrounds. It may have an affect on a person's life and actions, but this is simply their own reaction to their beliefs.	No afterlife is recognized, as physical death brings an end to all biological processes.	Day of judgment, person's good and bad deeds weighed. Paradise/Hell assigned accordingly. Certain faiths, "peoples of the Book" (Christianity, Judaism) typically seen as closer to salvation than members of other faiths.	Kant's eternal peace awaits a world totally connected and mutually dependent. Individual afterlife is generally considered to be unimportant.

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# Macromarketing Implications of Religious Fractionalization and Religious Affiliation

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## Abstract

*Macromarketing has demonstrated an interest in the effects of religion on marketing and marketing systems, and the effects of marketing systems on religions and religious institutions. This paper expands the discussion to include the religious distributions of nations, in an attempt to better understand the effects of faith on the development of markets as social provisioning systems.*

## Introduction

In recent years there has been a growing interest among macromarketers in the effects of religious organizations and religious beliefs on marketing systems, and the effects of marketing systems on religion and religious beliefs. Mittelstaedt (2002) laid out a framework for understanding the avenues through which religious beliefs and organizations affect when, how and where market exchanges occur. Klein (1997) has examined the market implications of Catholic Social teaching on marketing systems, as well as the role of religious organizations as market competitors. Hill (2002) considered love as a market orientation, with implications for markets and market systems. Most recently, Kale (2004) explored the effects of spirituality on a globalizing economy. Conceptually, then, great strides have been made in our understanding of the relationship between matters of conviction and commerce.

To date, however, macromarketing scholars have set aside empirical questions of the effects of religion on marketing, and on externalities of interest to macromarketers. Are there relationships between the religious convictions of a country and its objective quality of life? Does the quality of governance vary with religious demographics? Can religion explain long term economic growth? To the extent that each of these is an important objective of an effective provisioning system, this paper intends to explore relationships between the religious constitution of countries and the aspirations of well-functioning marketing systems.

The purpose of this paper is to examine the relationships, at the level of nations, between distribution of religious faith and the political, social and economic development of countries. Data collected by Barrett and Johnson (2002) of faith affiliation is contrasted with the United Nations Human Development Index (2004), estimates of political stability by the World Bank Institute (Kaufmann, Kraay and Mastruzzi 2003), and measures of 15- and 25-year economic growth (United Nations 2004). Results indicate that the nature and distribution of religious groups affects both human development and political stability, but that effects on long term economic growth are channeled through human development and political stability. Consequences for macromarketing are considered.

Few countries are religious monoliths. For historic, cultural, political and economic reasons, people follow different paths of spirituality and religious affiliation. Both the nature of religious belief and the diversity of religious opinion affect the character and trajectory of political and social life in a country, and as a consequence its economic and human development. To the former, Mittelstaedt (2002) discussed the effects of religious affiliation on the social and economic life of countries, while Kilbourne,

et al. (1997) have addressed the latter by laying out the basic tenets of dominant social paradigms on a country's economic and market development. Within this context, we propose that the religious diversity of a country moderates the effects of religious life on social, economic and market activities, while the presence of a dominant religious community sets the tone for the dominant social paradigm.

### **Religious Fractionalization**

What is fractionalization, and how is it the same or different from diversity? For our purposes we define fractionalization as the diversity, in number and proportion, of religious communities within a society. Both number and proportion are important in establishing the religious makeup of a country. A country might be evenly split among three religious sects, and we would expect that each would then have an influence on the cultural makeup of a country. Conversely, a country may be divided among three religious sects, one constituting 80% of the population while the other two reflect only 20% of believers. Here, the variety of religious belief would be the same, but the social and political implications of religious affiliation would be different. Put another way, the diversity would be the same, but the fractionalization of belief would vary.

To capture the fractionalization of religious belief within countries, a Herfindahl-Hirshman Index of religious belief was calculated, as the sum of the squared probabilities of drawing at random members of a religious group,

$$RF = 1 - \sum_{i=1}^n (\%RA_i)^2,$$

where RF = religious fractionalization and RA is religious affiliation. In this form,  $0 \leq RF \leq 1$ , where RF = 1 indicates maximum religious homogeneity and RF = 0 indicates maximum religious heterogeneity.

Data were collected for each of 238 countries, based on religious survey data of Barrett and Johnson (2002). Barrett and Johnson report proportional affiliation of adherents to 19 of the largest religions of the world, as well as non-believers and atheists (see Table One). Table Two reports the most and least religiously fractionalized countries in the world. The most religiously fractionalized country in the world is the Central African Republic (20% Sunni, 20% Indigenous, 18% Roman Catholic, 14% Protestant, 12% Non-denominational Christian), followed by Estonia (30% non-religious, 20% Orthodox Christian, 17% Protestant, 10% Atheist, 3% Non-denominational Christian). Prior to its collapse, Yugoslavia was the second most fractionalized country. The most religiously homogeneous country in the world is the Western Sahara (99.4% Sunni Muslim). The popular example for religious homogeneity, Saudi Arabia, is only 93.7% Sunni.

Note that both lists include countries large (e.g., United Kingdom) and small (Christmas Island), rich (Italy) and poor (Somalia), stable (Australia) and unstable (Kenya). This suggests to us the following. First, religious fractionalization may play a role in political-, economic- and human develop, but in conjunction with other factors. Second, the effects of religious fractionalization could be affected by the dominant religion of a nation. Given these conditions, the effects of religious fractionalization need to be considered in the context of other variables.

### **Effects of Religious Fractionalization**

Religious diversity is likely to have two effects of the social life of a nation. On the one hand, religious diversity can undermine social cohesion in a country. Studies of the effects of ethnic and linguistic fractionalization have found that as these forms of fractionalization increase, so too does political instability (Barro and McCleary 2003). Alternatively, Richard Florida's (2002) work on tolerance and economic development in US cities finds that diversity leads to greater social tolerance, which leads to

increased economic development. Given these findings, we can expect religious fractionalization to have an effect on economic development, but cannot predict, *a priori*, the direction of its effect. Religious dominance (defined as 40% or more of a single religious faith) may play a moderating role, as well.

Three effects of religious fractionalization were measured. First, we considered the effects of religious fractionalization on political stability, a necessary component for social and economic stability. Religious fractionalization and religious dominance were regressed on the Kaufmann, Kraay and Mastruzzi's (2003) Index of Good Governance (see Table Three). This multi-item measure summarizes a number of factors of good governance, and we expected that increased religious fractionalization would stress these political indicators of governance.

Second, we considered the effects of religious fractionalization on quality of life. We regressed religious fractionalization, religious dominance and governance on the United Nations Human Development Index, a measure that reflects health, education and economic prosperity (see Table Four). We expected that greater religious diversity would affect social tolerance, and that this would manifest itself in these objective measures of quality of life.

Finally, we asked whether religious fractionalization had an effect on long term economic growth. Because of the importance of political stability, and worker health and education on economic growth, these were included as factors in assessing the direct and indirect effects of religious fractionalization on long term economic growth. United Nations (2004) measures of annual economic growth from 1975-2002 and 1990-2002 were used to assess the effects of religious-, political- and social capital for two important periods of time. In 1973, the United States went off the gold standard, marking the beginning of the modern era of globalization. In 1989 the Berlin Wall fell, bringing Eastern and Central Europe, as well as large parts of Asia, into the global economy. In the wake of these changes, what role did religion play?

## Findings

Table Five reports the standardized  $\beta$  coefficients for the regressions described above. Religious fractionalization has a significant, negative effect on good governance, indicating that the greater the religious diversity of a country, the less likely it is to be stable, responsive or effective. Protestantism, Anglicanism and Chinese folk religion, as dominant religions within a country, tend to increase the effectiveness of governance, while Orthodoxy, Buddhism, Sunni and Shia Islam, as well as indigenous beliefs, are negatively associated with good governance. In addition, religious fractionalization has a negative effect on human development, as does dominant presence of indigenous religions. Good governance and Orthodox Christianity, on the other hand, are associated with improved human conditions. Finally, the effects of religious fractionalization on long term economic growth appear to be absorbed by other factors, including good governance and human development. In the last quarter of the 20<sup>th</sup> Century, quality of life, in terms of education and health had the greatest effect on long term economic growth, while in the period following the fall of Communism, effective political governance was most important. Again, Orthodoxy was negatively associated with growth. Non-religiousness was strongly associated with Globalization growth, while Hinduism and Buddhism were positively associated with Post-Communist growth.

## Implications and Future Directions

It appears that religion plays a role in shaping the political, economic and human development growth of countries, but in different ways. Religious fractionalization appears to make it more difficult for nations to develop politically, and to establish basic social foundations of healthcare and education. On the other hand, some forms of religion, if dominant in a society, appear to affect governance, quality of life and long term economic growth. Some are positive, while others negative. While not conclusive, these

findings indicate that understanding the role of religion in the market is important to understanding the consequences of market activity – political, social and economic.

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**Table One: Religions of the World**

<b>Religion</b>	<b>% of World Population</b>
<b>Christian</b>	
<input type="checkbox"/> <b>Roman Catholic Christian</b>	<b>17.5%</b>
<input type="checkbox"/> <b>Non-Denominational Christians</b>	<b>6.4%</b>
<input type="checkbox"/> <b>Protestant Christian</b>	<b>5.7%</b>
<input type="checkbox"/> <b>Orthodox</b>	<b>3.4%</b>
<input type="checkbox"/> <b>Anglican</b>	<b>0.8%</b>
<input type="checkbox"/> <b>Marginalized Christians</b>	<b>&gt; 0.1%</b>
<b>Muslim</b>	
<input type="checkbox"/> <b>Sunni Muslim</b>	<b>18.3%</b>
<input type="checkbox"/> <b>Shia Muslim</b>	<b>1.3%</b>
<b>Hindus</b>	<b>13.4%</b>
<b>Non-Religious</b>	<b>12.7%</b>
<b>Chinese Folk-Religionists</b>	<b>6.4%</b>
<b>Buddhists</b>	<b>6.0%</b>
<b>Ethnoreligionists</b>	<b>3.8%</b>
<b>Atheists</b>	<b>2.5%</b>
<b>Neoreligionists</b>	<b>1.7%</b>
<b>Sikhs</b>	<b>0.4%</b>
<b>Jews</b>	<b>0.2%</b>
<b>Spiritists</b>	<b>0.2%</b>
<b>Baha'is</b>	<b>0.1%</b>
<b>Confucianists</b>	<b>0.1%</b>
<b>Jains</b>	<b>0.1%</b>
<b>Shintoists</b>	<b>0.1%</b>
<b>Taoists</b>	<b>&gt;0.1%</b>
<b>Zoroastrians</b>	<b>&gt;0.1%</b>
<b>Other</b>	<b>&gt;0.1%</b>

Barrett and Johnson (2003)

**Table Two: Most and Least Religiously Fractionalized Countries in the World**

<b>Rank</b>	<b>Most Fractionalized</b>	<b>Least Fractionalized</b>
1	Central African Republic	Western Sahara
2	Estonia	Martinique
3	Saint Vincent and the Grenadines	Moldova
4	Suriname	Tunisia
5	New Zealand	Yemen
6	South Korea	Saint Pierre and Miquelon
7	Malawi	Somalia
8	Ghana	Cape Verde
9	Kenya	Italy
10	Australia	Mayotte
11	Guyana	Sweden
12	Lesotho	Spain
13	Trinidad and Tobago	Colombia
14	Barbados	Libya
15	United States	Iraq
16	Christmas Island	Wallis and Futuna Islands
17	Netherlands	Peru
18	Comoros	Guadeloupe
19	Canada	Malta
20	Tanzania	Luxembourg
21	Latvia	Venezuela
22	United Kingdom	Norway
23	Channel Islands	Djibouti
24	British Virgin islands	Ecuador
25	Falkland Islands	Mexico



**Table Three: Index of Good Governance**

<b>Governance Indicator</b>	<b>Defined</b>
Voice and Accountability	<i>The process by which those in authority are selected and replaced</i>
Political Stability and Absence of Violence	<i>The likelihood that the government in power will be destabilized or overthrown by unconstitutional and/or violent means</i>
Government Effectiveness	<i>Quality of public service provision, quality of bureaucracy, competence of civil servants, independence of the civil service from political pressures, credibility of the government's commitment to policies</i>
Regulatory Quality	<i>Incidence of market-unfriendly policies, as well as burdens imposed by excessive regulation</i>
Rule of Law	<i>Extent to which agents have confidence in and abide by the rule of law</i>
Control of Corruption	<i>Perceptions of corruption, defined as the exercise of public power for private gain</i>

Kaufmann, Kraay and Mastruzzi (2003)

**Table Four: 2004 United Nations Human Development Index**

<b>Index Component</b>	<b>Basis of Measure</b>
Life Expectancy Index (33%)	<i>0-1 index, based on life expectancy at birth (in years), 2002 estimates</i>
Education Index (33%)	<i>0-1 index, based on adult literacy rate (% age 15 and above), 2002 estimates, and combined gross enrollment ratio for primary, secondary and tertiary schools, 2001/2002 estimates</i>
GDP Index (33%)	<i>0-1, based on GDP per capita (Purchasing Power Parity of US\$), 2002</i>

United Nations (2004)

**Table Five: OLS Regression Results**  
**Standardized Beta Coefficients**

<b>DV</b>	<b>Good Governance</b>	<b>Human Development</b>	<b>Economic Growth '75 -'02</b>	<b>Economic Growth '90 - '02</b>
<b>Human Development</b>	----	----	<b>.209<sup>c</sup></b>	-.017
<b>Good Governance</b>	----	<b>.686<sup>a</sup></b>	.025	<b>.294<sup>b</sup></b>
<b>Religious Fractionalization</b>	<b>-.206<sup>a</sup></b>	<b>-.130<sup>b</sup></b>	-.058	-.064
<b>Roman Catholicism</b>	-.116	.010	-.039	.073
<b>Protestantism</b>	<b>.179<sup>c</sup></b>	.014	-.058	.073
<b>Non-Denominational Christian</b>	-.084	-.040	-.045	-.003
<b>Anglican</b>	<b>.140<sup>b</sup></b>	.014	-.007	.005
<b>Orthodox Christian</b>	<b>-.144<sup>c</sup></b>	<b>.128<sup>c</sup></b>	<b>-.248<sup>b</sup></b>	<b>-.186<sup>c</sup></b>
<b>Hindu</b>	-.051	-.046	.079	<b>.139<sup>c</sup></b>
<b>Jewish</b>	.012	.052	-.024	.023
<b>Buddhist</b>	<b>-.134<sup>c</sup></b>	.008	.145	<b>.248<sup>a</sup></b>
<b>Sunni Muslim</b>	<b>-.416<sup>a</sup></b>	-.089	-.105	-.109
<b>Shia Muslim</b>	<b>-.209<sup>a</sup></b>	.045	.001	-.022
<b>Chinese Folk</b>	<b>.124<sup>c</sup></b>	-.002	.031	.094
<b>Indigenous</b>	<b>-.152<sup>b</sup></b>	<b>-.147<sup>a</sup></b>	.022	-.042
<b>Other</b>	-.022	.033	-.054	-.008
<b>Non-Religious</b>	-.049	.049	<b>.233<sup>a</sup></b>	.112
<b>n</b>	187	170	159	145
<b>F</b>	4.831 <sup>a</sup>	15.865 <sup>a</sup>	1.810 <sup>b</sup>	3.793 <sup>a</sup>
<b>R<sup>2</sup></b>	.296	.622	.178	.335
<b>Adj. R<sup>2</sup></b>	.235	.583	.080	.247

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# Women and Development in Uganda

Terri L. Rittenburg\*

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## Abstract

*This study examines development issues in Uganda, with a focus on the role of women in this African nation. Uganda is a poor country facing many challenges; its situation parallels other war-torn countries macromarketers have studied. Through observation, field notes, and interviews, data were collected to identify emergent themes related to women and development, investigating these issues from a macromarketing perspective. A number of positive factors favoring development as well as challenges to development are identified. Specific macromarketing issues include a need for marketing training and assistance and marketing channel structural issues. Further research is needed to more clearly understand marketing problems in Uganda and identify possible solutions to these problems.*

Once described by Winston Churchill as the ‘Pearl of Africa’, the east African country of Uganda is a place of many contrasts. Though blessed with fertile lands, regular rainfall, a good growing climate, and sizable mineral deposits (CIA 2004), Uganda’s historical political strife has slowed its economic development. Recent developments are positive, however; Uganda’s prospects appear bright, with multi-party elections scheduled for March 2006, growth in foreign investments, AIDS cases down, and education up (*International Herald Tribune* 2004). The nation faces many challenges as it strives to join the global economy. The purpose of this paper is to examine the issues and challenges related to Uganda’s development and further, to explore the role of women in this development. A macromarketing perspective will be taken in identifying the systemic issues crucial to the success of Ugandan development.

## Background

Established as a British protectorate in 1894, Uganda gained independence in 1962. Despite an optimistic beginning and an orderly and relatively harmonious transition to independence, within a few years Uganda became notorious for its tyranny and oppression. Under the dictator Idi Amin, the government and economy were in a state of siege. Under Amin, the economy crumbled and public services disintegrated (*Europa World Yearbook* 2004; Leggett 2001).

Uganda’s situation began to turn around when the National Resistance Movement captured the capital city of Kampala in 1986. A new government was installed, and an economic recovery program was introduced in 1987. Inflation, over 200 percent at the program’s inception, had dropped to 4 percent by 2000 (Leggett 2001). Since 1986, dramatic strides have been made on several fronts. Public services have been restored, infrastructure repaired, and the economy has undergone transformation. Despite continued opposition, the government led by Yoweri Museveni has made progress in democratization, particularly at local levels, through a local council structure. An ambitious program of universal primary education (UPE) is underway, aimed at providing free education for four children from every family. UPE has increased public spending on education to 4 percent of GDP; this includes construction of classrooms, improvements to teacher training, and provision of free textbooks for children (Leggett 2001).

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\* This study was made possible by funding from the U.S. Department of State and the League of Women Voters of the U.S. The author also wishes to thank anonymous reviewers for their helpful comments.

Despite the dazzling progress made in the last 18 years, Uganda's problems still abound. Though Ugandans have put the bloody dictatorship of Amin behind them, peace remains an elusive target. The Lord's Resistance Army (LRA), under the leadership of Joseph Kony, brought together a small, hard-core group of rebels from different movements (Leggett 2001). Active in the northern part of Uganda for the past 18 years, the LRA initially targeted only government troops, but began to engage civilians in 1991-92 when civilian militias were mobilized against it. Attempts at peace talks have failed, and the LRA continues brutal tactics against civilians to maintain its resistance operation. At least 1.6 million people have fled their homes in northern Uganda to escape the LRA, devastating the agricultural economic base of this region. As of 2003 it was estimated that the LRA had snatched around 20,000 children from rural villages (WPR Special Correspondent 2003). Although Sudan has scaled back its support of the LRA and cooperated in a 2002 operation to allow Ugandan forces to enter its territory to attack LRA bases, the group endures. The International Criminal Court began investigating the LRA for war crimes in July 2004 (Clark 2004).

On the economic front, Uganda's picture has brightened, but many still live in poverty. Uganda faces the same challenges as many other former colonies in transforming itself from an imperial trading system to an independent player in the global market. Uganda remains primarily an agrarian economy, dominated by small family farms. Over 80 percent of the working population is employed in agriculture (*Europa World Yearbook* 2004). Most rural Ugandans still collect water by hand, gather firewood by hand, dig by hand, and harvest by hand (Leggett 2001). A prime example of economic dualism, Uganda consists of the almost bizarre juxtaposition of the modern, affluent capital city of Kampala with impoverished rural villages comprised of mud-brick huts and little access to electricity or running water. There is a clear geographic pattern to this imbalance. An artifact of colonial development, the 'fertile crescent' around Lake Victoria drew infrastructure development, leading to economic disparities between this region and the poorer, drier northern districts. Such industrial development as has taken place has reinforced this geographic development pattern, from Jinja in the east to Masaka in the west, forming a corridor with Kampala at its center. While uneven development has been an ongoing trend since pre-colonial times, the regional imbalances have been exacerbated by further impoverishment and marginalization of the north, coupled with the unrest created by the LRA. As Leggett (2001) notes, "Collectively, they have failed to use economic development as a means of promoting equity and consolidating nationhood, as well as a means of achieving sustainable growth" (p. 57). Furthermore, Uganda's recovery has been achieved without any fundamental improvement in the basic structure or capacity of the economy. "Uganda is completely dependent on aid, and while dependency continues, so does poverty" (Leggett 2001, p. 60). According to the World Bank (2003), 82 percent of Uganda's population is living on less than \$1 a day, an indicator of the international poverty line. Clearly there is much to be done.

The specter of AIDS has devastated much of Africa, Uganda included. Yet here again, there is cause for optimism of late. Spreading on the shores of Lake Victoria in the late 1970s, Uganda's first AIDS case was diagnosed in 1982. AIDS prevalence peaked at a little over 30 percent (measured among antenatal clinic attendees in major urban areas) in 1990, and has declined steadily since 1992 to a current estimate of 4.1 percent of adults with the virus (Avert.org 2004). In fact, Uganda's public education campaign to reduce casual sex is held up as a model for other countries in their AIDS-reduction efforts (*CultureGrams* 2004). Uganda has benefited from money channeled into Africa to assist with cutting HIV/AIDS, and is showing positive results (Avert.org 2004). Nonetheless, the ravages of AIDS over a period of 20+ years clearly have extracted a huge human cost. Life expectancy in Uganda hovers between 40-45 years (43 male, 45 female) (*CultureGrams* 2004). The social cost to families and the large number of orphans whose parents have been lost to AIDS create major challenges.

## Women and Development

As in any country, women have an integral role to play in Uganda's development. "Since women form the majority of the Ugandan poor, it means that they are more vulnerable to the effects of poverty than their male counterparts" (Bainomugisha 1999). According to Bainomugisha (1999), women in Uganda have always been the main actors in the development process, though their contributions have not always been recognized. Snyder (2000) argues that women's substantial cash and in-kind contributions to the national and household economy remain inadequately recognized in such key documents as the national budget.

From a historical perspective, some efforts have been made to increase the visibility of women's roles in Uganda. The Uganda Council of Women was formed in 1966 for the purpose of representing women's groups and clubs and articulating their rights and interests, but this group was not very effective. Women's political participation increased with the NRM government, which took power in 1986; more women began to be selected for senior government positions, the first female judges were appointed, and by 1988 the Directorate of Women's Affairs was established to coordinate women's issues. More women were elected to office; as of 1999, 16 percent of parliamentarians were women and 16 percent of District Resident Commissioners (RDCs) were women (Bainomugisha 1999).

Since so much of Uganda's economy is concentrated in the agricultural sector, the contributions of women and children may tend to be invisible, as they are workers on family farms. Snyder (2000) characterizes women's role as significant in agriculture and in micro and small enterprises. "Women owners are more likely than men to be working at home or by the roadside; their enterprises survive longer than those of men. Women's tenure of premises is likely to be less secure than that of men, and women are more often found in semi-permanent, temporary and roof-only structures. Men are more likely than women to use banks . . . [and to] belong to formal business support groups, while women are more prone to informal ones" (Snyder 2000, p. 9). She summarizes women's critical role in Uganda's economic growth on the following bases:

- Agriculture, the main source of GDP, is a female-intensive sector of production.
- Women comprise 'perhaps the majority' of all entrepreneurs in the informal micro- and small-enterprise economy—the fastest growing job-creation sector in Africa, accounting for up to 40 percent of GDP.
- Women reproduce the labor force both as mothers and increasingly as providers of a significant portion of total family income, estimated at 50 percent in two-spouse households and 100 percent in the 29 percent of households where women are sole providers.
- Allocations of income show clear gender differences. Men tend to first retain a share of income for personal use, while women's earnings are invested first of all in child and family requirements, including schooling and health care, then in expanding their businesses.
- Uganda's persistent poverty underlies the urgent need to broaden the economic base. Women's preferential investment in nutrition and schooling of the young confirm that poverty cannot be eliminated without them.
- Women entrepreneurs offer great potential for the simultaneous increase of people's well-being and growth of the country's wealth (Snyder 2000, pp. 10-11).

While women's political clout was slow in coming, Snyder (2000) found that women's entrepreneurship grew substantially during the Amin regime, when men either ran away or were killed. Some women acquired a goat or cow to get milk or money to care for their children; others took over running large businesses in their husband's absence. Where whole families went into exile, women either found paid employment or something to sell, many returning to Uganda with their experience and equipment in

which they'd invested. "They did not want to come back with just the Bible they went with" (Snyder 2000, p. 21).

Despite the great involvement of Ugandan women in development, disparities between men and women remain. According to the United Nations Development Program's 1997 report on human development in Uganda, there is still a great dichotomy between women and men with regard to access to productive resources, poverty levels, education, employment opportunities and participation in the political process. While the preponderance of the agricultural labor force is women (70 percent) and the bulk of food production (70-80 percent) is undertaken by women, only 7 percent of women own land. Gender disparities cut across all social indicators, capability indices and indicators of political and economic participation (United Nations 1998). So while Uganda's economy overall is improving, women's economic empowerment lags behind. As Sen points out (in Agarwal 2003), "The poor do not have to actually get poorer for the distribution system to be thoroughly unjust; the issue is the relative sharing of gains, not the presence of an actual loss from the prevailing system of interrelations" (p. 327).

Based on her study of women in Uganda, Snyder (2000) presents a development model based on four strategies: personal empowerment, factors of production, institutions, and national and local policies. These strategies will be revisited later in this paper.

### **Marketing and Development**

Issues related to development are integral to macromarketing. As Farmer (1987) demonstrates, marketing has a critical role to play in a country's social and economic development. Development is a crucial goal for Uganda (Museveni 1999). With GDP per capita purchasing power parity estimated at U.S. \$1,400 (CIA 2004) and a Human Development Index ranking of 146 among 177 countries (United Nations Development Programme 2004), Uganda certainly is one of the poorest countries in the world. Based on Shultz, Belk, and Ger's (Shultz 2001) depiction of haves and have-nots in the global economy, clearly Uganda is a country of have-nots; and its trend of uneven development discussed earlier characterizes Uganda as a country of have-nots with a small elite of haves concentrated in the Kampala area.

In examining what role macromarketers can play in identifying the problems and (ideally) reducing the suffering of poverty-stricken people in developing countries, research into the structural issues of marketing systems in such countries is a beginning. Shultz (1997) advocates multiple-method field work in war-torn transition economies as a methodology for gaining greater understanding of the problems and the players involved. He demonstrated this approach as a means of enabling macromarketers to collect data needed to effect policy change and enhance life quality for consumers in Vietnam, Cambodia, Croatia, and Bosnia-Herzegovina. Ultimately, as noted by Fisk (1967), improving life quality and standards of living is the goal of macromarketing research. Uganda's situation seems comparable to these countries, based on its history under the ruthless despot Amin, the continuing struggle for peace, and the refugees absorbed from Rwanda's civil war.

A further issue related to development is the role of women in a society. The United Nations Development Programme (2004) measures the capabilities of women in a country by examining women's participation in political and economic decision making. In UNDP's 2004 report, Uganda's gender-related development index (GDI) was ranked 113 out of 144 countries, placing it fairly low in gender development. In terms of seats in parliament held by women, Uganda's parliament is 24.7 percent women (about the same as Switzerland) and ranked 28th, contrasted with Sweden with 45.3 percent and ranked first. In estimated female-earned income (in PPP US\$), Uganda ranks 124<sup>th</sup> with PPP US\$1,088, but 25<sup>th</sup> in its ratio of female-earned income to male-earned income at 66 percent. As discussed earlier, women's contributions to earning may be less visible than men's (Snyder 2000).

## METHODOLOGY

This study was conducted as an exploratory analysis to identify issues of women and development in Uganda from a macromarketing perspective. The author, in Uganda to conduct workshops for women interested in running for public office, capitalized on this opportunity by collecting data. Data were collected through observation, field notes and interviews, as advocated by Shultz (1997). In addition, feedback and comments from 47 workshop participants provided further insights.

### Results

A number of themes emerge from this research related to women and development in Uganda. These emergent themes are explicated below, grouped as positive factors contributing to development and as challenges or needs that hamper development.

### Factors Contributing to Development

**Women's support networks and organizations.** Because of the nature of our project in Uganda, we were in a unique position to observe a number of women's organizations. It should be noted that, since we were sponsored by the League of Women Voters of the U.S. and our workshops related to women's role in grassroots democracy, our hosts made a concerted effort to show us these types of groups. The initiatives of several of these organizations were quite impressive. A few specific examples include:

- Acfode (Action for Development). This organization, whose purpose is advocacy for gender equality and equity, has been touted for its role in furthering women's place in Ugandan society (Snyder 2000). Acfode's approach is to create an enabling environment, identifying causes of gender inequality and inequity; build capacity for women and girls by facilitating their acquisition of skills (such as through scholarship and training programs); and empower women and girls to advocate for their rights (Acfode 2002). Its publications provide practical assistance to women participating in leadership positions in their communities.
- FIDA, an organization for women attorneys. This group, having grown from five at its inception to a membership of 240 at the time of our visit, provides professional development for women lawyers, but it also provides free legal aid services to women and children as a means of empowering vulnerable groups.
- Women's Education Centre, Kampala. Founded as a Christian Vocational School by the Diocese of Kampala, the Women's Education Centre offers vocational training in the areas of: tailoring and designing, home economics, food science and technology, computer basics, English language for beginners, and needlework, knitting and weaving. It also provides a day care center and nursery school. More recently, a school for AIDS orphans has been created there to help children who have been out of school catch up; the children are mainstreamed into the public school system once they are working at their appropriate grade level. Another program, "Feed My Lambs," works with the World Food Program to provide food for children.
- Bulenga Women's Family Promotion Association, Kampala. This women's association is representative of regional groups in Uganda. It provides networking and a women's support group; also, women members work together to manufacture craft products and market them.
- Family Health Improvement Program. A number of education and information initiatives are developed to improve family health. Some we witnessed are the Moringa Tree

project, aimed at planting moringa trees (known as “miracle trees”), which provide many benefits for multiple purposes through their bark, leaves, flowers, pods, and seeds; the feast stove, a more fuel-efficient way of providing hot meals for the family; and the tippy tap project, designed to teach families sanitation methods attainable without clean running water. As the primary caregivers in their families, women are the main targets of these programs.

Though we did not visit them, there are a number of other women’s support organizations in Uganda, including: Women Engineers, Technicians and Scientists in Uganda (WETSU); Association of Uganda Women Medical Doctors (AUWMD); Uganda Women’s Finance Trust (UWFT); Uganda Women’s Media Association (UMWA); National Association of Women’s Organizations in Uganda (NAWOU); and Uganda Women Parliamentarians Association (UWOPA). The Uganda Women’s Network (UWONET) coordinates among these various groups to advocate and lobby for women’s issues (UWONET 1999).

**Women’s business initiatives.** Besides the Bulenga Women’s Association mentioned in the previous section, we observed a number of business initiatives led by women. A common theme was agricultural projects. We visited heifer, goat, chicken and pig projects begun by women. Monica, our informant who began the heifer project with her husband, said their motto is “send a cow”! The initiator gives a calf to another, who raises it and gives its offspring to another, and so on, to provide meat, milk, and income among an expanding network of families. Among workshop participants, a large number wanted to learn about marketing so they could begin or expand similar home businesses; the motivation they most often cited was to provide for their families, with particular emphasis on paying school fees for their children so they can be educated. A very comprehensive women’s project we visited was the Komamboga Women’s Project, wherein several types of animals and crops are grown, in addition to nutritional training, brick making, and a model home demonstrating good sanitation methods.

**Involvement in life improvement.** Several of the foregoing examples relate to life improvement efforts. Besides those with a particular women’s focus, there are others to which women contribute:

- African Centre for the Treatment and Rehabilitation of Torture Victims (ACTV). The ACTV, founded by a doctor and his wife, was created to ease the suffering of victims of torture and to intervene on their behalf in obtaining legal recourse where possible. The people they assist are primarily victims of police or military torture. The organization relies on physicians and attorneys to donate their time to the cause of assisting torture victims.
- Kampala School for the Deaf. The founder of this school, who began on a shoestring budget in a facility that is renovated one room at a time, told a moving story explaining her motivations in starting the school. As in many cultures, there is a struggle for the acceptance of disabled people. Further, because of the enormous task of trying to implement universal primary education in a country where historically a large portion of children did not receive education, the facilities and programs for those with special needs are not nearly adequate for the demand. Based on the founder’s compassion for children left out of traditional schools, the Kampala School for the Deaf was begun for deaf children between the ages of 7 and 14.

**Women’s political involvement and participation.** As noted earlier, women comprise nearly 25 percent of Uganda’s parliament. In addition to seats gained in district elections, a few parliamentary seats are set aside for representatives of women, youth, and disabled citizens—so women are guaranteed a nominal representation.



Besides the national parliament, Uganda has a decentralized system of local councils to ensure local representation and participation. The local council levels are labeled LC1 through LC5. LC1 councils are for villages and cells, LC2 for parishes and wards, LC3 for sub-counties and divisions, LC4 for counties and municipalities, and LC5 for districts and cities (Acfode 2000). Among our workshop participants, virtually all were elected representatives on local councils, primarily in the LC1 to LC3 levels; and these 47 women represented just a small portion of the country, surrounding Jinja, east of Kampala, and the Wakiso district, west of Kampala. A recurring theme among women in and out of our workshops was the drive to make life better in Uganda. Many expressed interests in community projects targeting such issues as literacy and education, health and sanitation, and hunger and food provision. Granted, the women with whom we had contact were likely to be a more activist segment than the average Ugandan woman. Given that caveat, however, there was a definite air of optimism and the feeling that Uganda is on the move and that women in Uganda play a critical role in this movement.

**Anti-corruption forces.** One problem many developing countries face is corruption, which not only creates inefficiencies in the economy but saps resources and keeps aid from reaching its intended recipients. While Uganda is certainly not without corruption, we observed evidence of action against corruption. In our visit to Acfode headquarters, a banner proclaimed it a “corruption-free zone”, bringing this issue into the open. When we visited parliament, we had the opportunity to listen to two debates; both centered on issues of accountability, and in both cases an individual was questioned about his use of resources.

A third example related to corruption was our personal experience in Uganda in contrast to the experiences of colleagues on the same project who visited other countries in Africa. We representatives to Uganda were never once asked to pay any kind of bribe or grease money. We traveled freely in the country (with a local driver) and never faced any problems that might illustrate corruption. In comparison, other teams reported demands for bribes, some under rather terrifying circumstances (Nigeria provided a particularly bad example). The contrast made Uganda appear indeed to be a corruption-free zone!

**The contributions of NGOs.** While in Uganda, we crossed paths with a number of representatives of nongovernmental organizations, there to provide assistance and aid to Ugandans. These included medical professionals and representatives of micro-loan organizations, both providing much-needed services. Snyder (2000) attests to the increasing number of micro-financing organizations operating in Uganda, making capital more available to women. And, as Leggett (2001) points out, Uganda continues to depend heavily on foreign aid, and this aid comes from foreign governments and from NGOs. An observer in Kampala sees constant evidence of foreign NGOs on signs and offices.

### **Challenges to Development**

**Women’s struggle for equality and equity.** The fact that organizations such as Acfode and FIDA have missions of empowering women illustrates that women do not enjoy equal power yet in Ugandan society. One poster which caught this observer’s eye may help to shed light on the context in which this struggle takes place: “Say no to polygamy!”. Polygamy is practiced not only among the 16 percent of Ugandans who are Muslim (CIA 2004), but also among Christians and those who practice traditional African religion. Women in Uganda are faced not just with questions of self-fulfillment and economic equity amidst abundance, as perhaps some of their sisters in affluent societies are, but also with issues of life and death, survival and extreme poverty, abduction, rape and torture, rampant AIDS and HIV. This statement is not made to trivialize the struggles of women in rich societies for full equality; it is intended to draw attention to the dire circumstances under which many Ugandan women and girls live and the tenuous grasp many have on any sort of equality. Until some of the structural issues in Ugandan society can be addressed, the plight of women is not likely to improve substantially.

**Conflict and terrorism.** As noted earlier, no resolution has been made of the LRA insurgencies in the northern part of Uganda. As visitors, we stayed in the southern part of the country near Kampala with little risk of danger. But upon our arrival at the airport in Entebbe, we were warned by American military representatives not to venture into the northern part of the country because of the unrest there. The continuing conflict is a factor which hinders development and poses particular dangers for women and children (see McKay and Mazurana 2004).

**AIDS/HIV and other health issues.** While Uganda's battle with AIDS is touted as a relative success story (*CultureGrams* 2004), AIDS and HIV have taken a huge toll on Ugandan lives. This observer's visit to a school for AIDS orphans in Kampala served as a stark reminder of the tragic costs being passed to the next generation. The children's recitation of a poem about AIDS provided heart-wrenching evidence of the devastating human effects of this disease. The deaths of parents, displacement and, in some cases, infection of children will have long-term effects on Ugandan society and extract both economic and social costs.

With respect to health care in general, risks for typhoid fever, malaria, trypanosomiasis, and schistosomiasis are rated very high (CIA 2004). Access to medical care is quite limited; Leggett (2001) reports a doctor-to-patient ratio of 1:25,000. Coupled with the problem of poor sanitation and lack of clean water supplies, it is no wonder that life expectancy is about 45 years (CIA 2004). Foreign aid and NGO assistance help in these areas, but health care remains a major challenge.

**Imbalances in development.** Uganda exhibits imbalances in development in several ways. As discussed earlier, women and children tend to be disproportionately affected by poverty (Bainomugisha 1999). Uganda's economic dualism is also quite evident in comparing south to north, the fertile crescent surrounding Kampala with the more drought-ridden lands in the northern part of the country, and in comparing the Kampala urban area with rural parts of the country (Leggett 2001). Kampala, a modern city with world-class amenities, exists in sharp contrast to much of the country, where paved roads, running water (or safe, clean water), basic sanitation and electricity are lacking.

**Educational differences.** Uganda is making strides in the area of education. According to CIA (2004) estimates, 69.9 percent of Ugandan adults (ages 15+) can read and write; literacy among men is 79.5 percent and among women 60.4 percent. The Universal Primary Education law is an ambitious attempt to make education available to all children. But it should be noted that this law provides free education (no school fees) to four children per family (Leggett 2001). In a country where fertility rates average 6.64 children per woman (CIA 2004), this still leaves some children out. Traditionally, the trend has been to educate males over females. The inroads of Acfode and other organizations may be changing this situation somewhat, but clearly much progress is desired in the area of education to meet the needs of all Ugandans.

We observed huge differences in the school facilities for wealthy students versus poor. Most schools struggle for basic resources and equipment and usable classroom space; such was the case in most schools we visited. One workshop participant set the goal of planting an acre of cassava at every school. Her reasoning was that the children would learn a useful skill in growing the cassava, and that it would provide food, because it's hard for children to concentrate on their studies when they are hungry.

**Mechanisms for training and assistance.** One of the positive forces discussed earlier was the women's support networks and business initiatives. The flip side of this coin is that many women with home-based business and/or agricultural operations need assistance in understanding how to market their products. In fact, business assistance in general appears to be a major need for female entrepreneurs. As noted earlier, men tend to have more access to capital (Snyder 2000), giving them an advantage in starting businesses; even with increased availability of funding through micro-financing organizations, capitalization is a

barrier for many women. Moreover, the nature and size of women's businesses may have further disadvantages in identifying and reaching target markets. The women in our workshops overwhelmingly wanted to learn basics about marketing, both to aid in marketing themselves as political candidates and to help with their own businesses and community-based projects. Many of these women were subsidized for the workshops, so higher education is a goal beyond their dreams. The major theme observed is a need for practical training to be made available to women with families to assist them in their business endeavors.

**Marketing channels.** In addition to the need for basic marketing skills, there appears to be a lack of adequate marketing channels for Ugandan women's products to reach target markets. Since so many of these businesses are very low-budget operations, the focus tends to be on production and not on distribution. As women make the transition from raising or making things for the subsistence of their families to producing for external markets, a better understanding is needed of how to identify target markets, assess their needs, and find ways of reaching those markets.

### **Discussion**

The themes emerging from this research might be summarized through this characterization: women are actively involved in development in Uganda, on economic, political and social fronts. Through the leadership of women in organizations such as Acfode, women are gaining empowerment and leadership skills to aid their causes. Moreover, leadership of both men and women at top levels of government is assisting in creating opportunities for women. Even so, much of the Ugandan economy remains in subsistence farming, and many women are struggling to eke out the financial means, not only to feed their children, but to buy them school uniforms and books and to pay secondary school fees so that their children can be educated.

In terms of challenges to development, women's struggle for equality and equity is ongoing, but progress is being made. The same might be said of the AIDS/HIV issue; the situation is improving, although the effects will be felt for a long time. More troubling perhaps is the conflict and terrorism plaguing the northern part of Uganda, with no solution in sight at this time. Imbalances in development call for greater attention to the needs in rural areas. It is this observer's impression that this problem is recognized, but that there is so much to be done that the easier things, focusing in the region near Kampala, are being done first. Educational differences remain, but here too, progress is being made. The purpose of Universal Primary Education is to address these differences. UPE requires that at least two of the four children per family must be girls (Snyder 2000). Families still must pay for school uniforms, books, and other necessities, though the government is looking into providing primary school books. So progress is being made through UPE, though poor families still face hardships, and there is no free secondary education.

The last two challenges identified are most directly related to macromarketing: the need for mechanisms for training and assistance, especially in the areas of marketing and entrepreneurship, and the need for marketing channel development. In talking with elected officials and university representatives, it appears that university resources in Uganda that might be suited for this training, particularly the business school at Makerere University, are stretched thin in trying to meet burgeoning demand. Partnerships between higher education institutions in Uganda and other countries may be one solution to providing the needed expertise. In fact, structurally, the cooperative extension service in the U.S. might provide a model for assisting people in both agricultural and other types of small businesses. A fruitful direction for macromarketers might be in developing such a partnership and designing requisite training programs.

Further study is needed to develop a clearer understanding of the marketing channel issue. Informants expressed a need for understanding how to sell their products; this need may well indicate a much broader range of needs, relating to a host of marketing functions, such as product quality, identifying target

market segments and assessing their needs and wants, pricing, communication, and distribution issues. Much of this is likely beyond the scope of the individual, home-based business, and may suggest a need for cooperatives or other organizations that can take on these functions for groups of entrepreneurs. The creation of intermediaries to provide expertise and service to small businesses in marketing their products may be one approach. Perhaps the women's associations provide a framework to explore as a means of fulfilling this need. What is clear from these findings is that many small-business operators recognize that they need help, and further study is required to clarify the nature of help that would be most beneficial.

## Conclusions

Uganda is a beautiful country of warm, gracious people. It is a country making strides forward despite the hardships its people have endured and continue to endure. From the perspective of this author, macromarketing has an important role to play in bringing Uganda out of the cycle of poverty that grips much of the population.

This research, exploratory in nature, certainly has limitations, but is intended only as a first step in identifying some of the issues related to women and development in Uganda and the role macromarketing might play in addressing these issues. Based on the findings of this preliminary study, it appears that macromarketing perspectives may be valuable in understanding structural problems faced by small business owners in Uganda and in finding solutions to these problems. Further research is needed to focus on these market structure issues, so that marketing may indeed fulfill its potential as a mechanism for bringing development and a better standard of living to the poor in Uganda.

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# Relationship Marketing – Competitive Strategy or Destruction of the Market?

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## Abstract

*In this study we redefined the concept of relationship marketing, equated it to the Chinese cultural framework of guanxi and attempt to conceptually relate it to the market system.*

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## Introduction

The so called “relationship marketing” paradigm dominates modern marketing practice and scholarship. Its novelty is emphasized despite the recognition that the ideas are not new and that society, as we know it, has always consisted of a network of relationships (Berry 2002; Gummesson 2002; Palmer 2002; Sheth and Parvatiyar 2002). Research has proliferated and many grandiose claims have been made for the paradigm’s appearance as a new challenge to “traditional” marketing practice and scholarship (e.g., Brodie et al. 1997; Gummesson 2002). Indeed, Gummesson (2002, p. 38) using the sociology of science arguments of Kuhn (1962) almost hints at a conspiracy to restrict the progress of this new “relationship marketing” paradigm as follows:

As is characteristic of paradigm shifts, mainstream researchers, educators, and practitioners--who are in majority--attempt to force those who deviate from standard thinking--who are in minority—to adhere to the rules and regulations of “normal science” and to squeeze new thinking into the old costume. This resistance slows down and partly distorts the introduction of new marketing behavior.

He states this, disregarding Popper’s (1959) arguments for scientific progress by critical destruction, and notwithstanding the evidence which suggests, for example, by the acknowledged proliferation of research, the use of the term in practice and even the existence of a journal of its own, that the paradigm has been, if anything, too readily and uncritically accepted in marketing (e.g., Berry 2002; Brodie et al. 1997; Gummesson 2002; Hunt et al. 2002; Palmer 2002; Sheth and Parvatiyar 2002). Indeed the literature and the research is plagued by imprecision, definitional problems (as recognized by Gummesson (2002, p. 39)), the general poor specification of the nature of the paradigm and its philosophical implications for the economic functioning of industries or nations. Further, it appears that the psychological and sociological literature as well as the historical basis of trade in networks of human relationships most recently extensively emphasized in the examination of Chinese traditional values and labeled as Guanxi has been largely overlooked (e.g., Berscheid 1994; Ellis and Pecotich 2001a, 2001b, 2002; Lovett et al. 1999; Pecotich and Chia 2002; Seung and Luo 2001; Xin and Pearce 1996). It is our purpose to make a preliminary attempt to clarify some of these issues and on this basis to question its philosophical value as a strategy leading to the Macromarketing goal of human welfare.

## Relationship Marketing Defined

In the western (particularly the US and European) literature there has been a explosion of definitions of *relationships marketing* without clear agreement as to its nature and or specification of its context or level

of application (e.g., Grönroos 1997, 2000; Gummesson 2002; Morgan and Hunt 1994; Parvatiyar and Sheth 2000). The term has been used to describe relationships both at the individual and at the organizational level with terms such as: “affinity marketing, loyalty marketing, cross selling, up selling, co-branding, co-marketing, customer-supplier partnering, personalized one-to-one relationship key account management and solution selling” (Sheth and Parvatiyar 2002, p. 10), and there has been a failure to clearly separate, enumerate and integrate the two elements (i.e. *relationships* and *marketing*). Recently Gummesson (1999, p. 24; 2002, p. 39) has emphasized the long term nature of the relationship and taken a very broad view by referring to:

*Total relationship marketing* is marketing based on relationships, networks and interaction, recognizing that marketing is embedded in the total management of the networks of the selling organization, the market and society. It is directed to long term win-win relationships with individual customers, and value is jointly created between the parties involved. It transcends the boundaries between specialist functions and disciplines. Total relationship marketing embraces not just the supplier-customer dyad as does one-to-one marketing and CRM (customer relationship management) but also relationships to a supplier’s own suppliers, to competitors and to middlemen; these are all *market relationships*.

Sheth and Parvatiyar (2002, p. 10) elaborate further by suggesting that: (1) “it is a one-to-one relationship between the marketer and the customer (cannot exist at an aggregate level); (2) it is an interactive process and not a transaction exchange; and (3) it is a value-added activity through mutual interdependence and collaboration, between suppliers and customers. The picture is somewhat completed when one notes the emphasis on “mutual exchange and fulfillment of promises” by Grönroos, (1990, p. 7). *Relationship marketing* may therefore be viewed “as a very broad type of relatively long term individual human business relationship involving a degree of collaboration and interdependence, which is based on the expectation of a fulfillment of promises in interactive marketing exchanges.”

It is noteworthy that this attempt at enumeration has not fully resolved the issues as the two key terms – marketing and relationships – still appear on both sides of the definitional equation and the equation is consequently tautological. It is, therefore, necessary to define both the key terms before proceeding further. Issues associated with the “nature and scope of marketing” have undergone extensive debate and have to large extent been resolved (Hunt 1976b, 1976a, 1983) and it is not essential for us to revisit this matter but rather take it as given. The nature of relationships, however, is more central to the purposes of our study and needs to be enumerated. The American Heritage Dictionary (Anonymous 1992) defines a relationship as: (1) The condition or fact of being related - connection or association; (2) connection by blood or marriage, kinship; (3) A particular type of connection existing between people related to or having dealings with each other: *has a close relationship with his sibling*; and (4) A romantic or sexual involvement. There are, therefore, many kinds of relationships but they all involve a connection or association or to elaborate “a mental connection or relation between thoughts, feelings, ideas, or sensations - a remembered or imagined feeling, emotion, idea, or sensation linked to a person, object, or idea”(Anonymous 1992). Our interpretation of this and the related psychological literature (Berscheid 1994) is that a degree of emotional commitment and intimacy is necessary, and that process and content issues are involved. In the relationship marketing context the strategic prescriptions essentially specify the processes necessary to establish the relationship the nature of which is the content. An interaction between persons can be conceptualized in terms of their needs, thoughts, and motives in relation to one another in the context of the specific social (marketing) situation in which their interaction transpires (Rusbult and Van Lange 2003, p. 352).

Thus, a major purpose of relationship marketing is to establish corresponding interests that minimize information-seeking and that are unlikely to present moral dilemmas, but rather through coordinating activities ensure mutual beneficial outcomes. To rephrase, *relationship marketing* is “a very broad type of relatively long term, voluntary, individual, human business association involving a degree of emotional commitment, trust, intimacy, collaboration and interdependence, which is based on the expectation of a reciprocal, fulfillment of promises in interactive marketing exchanges for mutual benefit.”

### **Relationship Marketing and Chinese, Interpersonal Connections - Guanxi**

Given this emphasis on *relationship marketing* in much of the western literature it is somewhat surprising that very little attention has been paid to the Chinese variant of the concept. Labeled simply as *guanxi* it basically means a *relationship*. However, its implications are broad, complex and may be culture bound. The Chinese culture is deceptively varied and although built on a foundation of over 5,000 years it has undergone unmatched social and cultural transformation (Bond and Hwang 1986; Chan 1963a, 1963b; Chen 1973; Chen 2001; Cheng and Chan 2000; Wilson et al. 1979). Besides the historical transformations (e.g., wars and political changes) three influences have shaped the Chinese culture, as it exists at the beginning of this millennium: the traditional values, Marxism and Mao's philosophy, and the pragmatic approach of Deng (Pecotich and Yang 2001). The most enduring of these influences, and indeed the one that has been integrated into the Chinese psyche is the complex amalgam labeled "traditional Chinese values" (Pecotich and Chia 2002). The traditional values in turn have been shaped by Confucianist, Taoist, Buddhist and Feudalistic philosophies (Zheng 1997). It is these ancient sources that form the basis of personal associations referred to as a *guanxi* or networks of informal relationships and exchanges of favors that dominate business (Yang 1994). The nature of these relationships although postulated to have significant differences to western business practices have surprising similarities to the notions advocated by the proponents of *relationship marketing*.

*Guanxi* as practiced has both prescriptions for relationship formation and an understanding of the end result (content) of such relationships. For example, although our concern is with "content" the "process" prescription for network formation and expansion is to find an intermediary who introduces a newcomer to a stranger, and who establishes the trustworthiness of the prospective partner (Lovett et al. 1999). The relationship may be solidified by a skillful exchange of favors and gift giving. Similarly to *relationship marketing* this is not a simple exchange, transaction or barter but a longterm "relationship in which the participants quickly begin to cement their ties through exchanges of respect and affection, as well as material objects or specific favors" (Lovett et al. 1999, p. 233). *Guanxi* involves a subtle use of informal power within which a great emphasis is placed on face (*mianzi*). Although associated with Western terms like "prestige" or "reputation" it is a broader concept that can be defined as "the respectability and/or deference which a person can claim for himself from others" (Ho 1976, p.883) or simply "a positive public image" (Hsu 1996, p. 71).

In China face is a social phenomenon which refers to two separate but related concepts: *lian* is the confidence of society in a person's moral character, while *mianzi* represents social perceptions of a person's personal prestige, reputation or esteem. As face translates into power and influence it is important to avoid its loss. For example, loss of *lian* would result in a loss of trust, while a loss of *mianzi* may result in a loss of authority (Lovett et al. 1999). Given that the Chinese value orientation is directed at social harmony and work excellence respectively conflict avoidance is a common cultural characteristic (Goffman 1955; Ho 1976; Hsu 1996). Face, therefore, is an important regulating force in social interactions. *Guanxi* members are connected through an unwritten code of reciprocity and equity. *Renqing* a form of social capital represents an informal expectation of reciprocity which if not met compromises the *guanxi* network. A person who does not reciprocate is viewed as untrustworthy. Trust in turn is postulated to consist of three entities; integrity, benevolence, and ability (Mayer et al. 1995). All three must be present for a successful relationship.

In attempting to establish East-West differences writers have disregarded the relationship marketing prescriptions, for example: (1) both are humanistic in their approach deemphasizing the impersonal and universalistic quality of the Protestant ethic; (2) rather than focusing on any particular transaction both are concerned with long-term pattern of behaviors grounded in ethical norms rather than the discrete-transaction paradigm based on classical western contract law; and (3) both believe that trust, commitment and loyalty and not a conflict oriented legal system will be



the basis of the “new” economy (Gummeson 2002; Lovett et al. 1999; Yang 1994; Yao 2000). So to reiterate while some tend to emphasize subtle difference using the inappropriate broad brush eastern-western dichotomy, the above discussion suggests that *guanxi* is also a very broad type of relatively long term, voluntary, individual, human business association involving a degree of emotional commitment, trust, intimacy, collaboration and interdependence, which is based on the expectation of a reciprocal, fulfillment of promises in interactive marketing exchanges for a mutual benefit. Hence, *guanxi*, an ancient system of relationship formation and management, may have universal application and is simply a variation of modern marketing prescriptions labeled as relationship marketing.

### **The Market System, Competition, Guanxi and Relationship Marketing**

Since the collapse of the Eastern block and the end of progressivism the transforming and developing countries of the world have moved towards a market-based economies and the ideological debate between socialism and capitalism seems to have paused (Nee 1989, 1992; Pecotich et al. 1994; Pecotich and Shultz 1998; Shultz and Pecotich 1997). Nonetheless, fundamental questions concerning the philosophical basis of the market system, competition and social justice remain (Chua 2003; Easterly 2001; Krugman 1997). With particular reference to this paper – in marketing we have the adoption of a “new” paradigm of *relationship marketing* (e.g. as far back as 1990 Heide and John have suggested that relationship marketing is a *fait accompli* (Heide and John 1990)) without any discussion or enumeration of its impact on the competitively based market system. This is despite its growing importance as a western business practices and its position as a virtual clone of the dominant Chinese cultural business practice - *guanxi*. The advocates of *relationship marketing* and *guanxi* abound and arguments are presented for their benefits in terms of social and economic efficiency, and this “cooperative” approach is presented as superior to the “adversarial” market system (e.g. Berry 2002; Grönroos 1990, 1997, 2000; Gummeson 1999, 2002; Klein et al. 1994; Lovett et al. 1999; Sheth and Parvatiyar 2002). Lovett, Simmons and Kali (1999, p. 243) in particular argue that “western businesses which are able to conduct transactions through trust-based agreements and long-term net-works of relationships will increasingly out compete those using traditional contracting methods.” The crux of their argument rests on the reduction of broadly defined transactions costs that are postulated to consist of “the opportunity costs resulting from the loss of flexibility” as well as “the legal costs of making and enforcing contracts.” Their position is conditional on the extent to which the new system is able to “rapidly accept new exchange partners on the basis of ability.” Their argument loose force when one notes that it is based on a future postulated change in the relationship structure, and in that they seem to disregard the long standing argument for the advantages of the market system and the basis of anti-trust (Hayek von 1960; Lindblom 1977, 2001; Porter 1980, 1985; Scherer 1980; Von Mises 1963). Whatever the future may hold as Lovett, Simmons and Kali (1999, p. 243) later recognize the present emphasis is on loyalty and “(t)he result is that talented individuals are either suffocated or squeezed out of the business and that the business itself is unable to achieve growth or diversification.”

One does not have to take an extreme position to recognize the possibility that relationship marketing and or *guanxi* may be anti-competition and corruptive of the market system. The market is a process, actuated by the interplay of the actions of the various individuals. It involves cooperation in the sense that there is acceptance as to how the system is to operate, but this can not be collusion that subverts the market (e.g., Hayek von 1960; Lane 1991; Lindblom 1977, 2001; Porter 1980, 1985; Scherer 1980; Von Mises 1963). The market is postulated to be free and prices are set through a competitive interplay without interference from institutional forces. The market determines nature of production as well as the price and quantity of what is produced. According to Von Mises (1963, p. 274), “(i)n the market economy, competition manifests itself in the fact that the sellers must outdo one another by offering better or cheaper goods and services, and that the buyers must outdo one another by offering higher prices ... It means the opportunity to serve the consumers in a better or cheaper way without being restrained by privileges granted to those whose vested interests the innovation hurts.” Workable competition is therefore, a vital component of the market system leading to greater efficiency and human welfare. At the layman level it may be described

“as the action of endeavoring to gain what another endeavors to gain at the same time.” More formally Hunt (2000, p., 135) has defined it as “the constant struggle among firms for comparative advantage in resources that will yield marketplace positions of competitive advantage for some market segments and, thereby, superior financial performance.” It seems that competition is a kind of behavior involving “structure” (the environment in which the firm must compete) and processes. It involves the conditions prevailing in the market in which rivals sellers try to increase their profits at one another's expense. In the economic sense it may range from perfect competition in which numerous firms produce or sell identical goods or services to oligopoly in which a few large sellers with substantial influence on the market compete for business (Hunt 2000). Although the market system may well be an unreachable ideal it is clear that it is a goal aimed at by U.S. antitrust laws as well as the philosophical basis of the reforms in much of the transforming and developing world (e.g., Dollar and Hallward-Driemeier 2000; Koves and Marer 1991; Lane 1991; Lindblom 2001; Lovett et al. 1999; Pecotich and Shultz 1998).

The advocates of *relationship marketing* and *guanxi* appear to have overlooked the possibility that their prescriptions may be interpreted as anti-market and destructive of competition. The building of long term relationships, as defined above and almost in any form as described in the literature, changes the marketing game to a more complex form where the critical strategic competitive forces (such as price and quality) are subverted by the quality of a personal relationship. To the extent that it is the manifest intention of practitioners of *relationship marketing* (or *guanxi*) to grant and gain privileges from a deliberately developed relationship whose purpose is to restrict competitive action (e.g., freedom of entry and exit or information) and protect both parties from more efficient competitors the economic system is damaged. Indeed it is not a far step to suggest that the whole purpose of *relationship marketing* is to subvert the market system and to injure competition by reverting to an ancient system of crony capitalism. The possibility of this becomes clear when one notes that, for example, a contract may be granted to a supplier within the relationship network rather than to a low bidder all other things being equal. This violates the structure of the market system and is readily seen as a violation of the principle of “fairness” or “equal opportunity” and is injurious to competition.

Further, recognizing that the line may in some cases be thin, a marketing system that is based on an a mutual exchange of relationship enhancing benefits (gifts in the *guanxi* case) may be construed as bribery despite the ethical basis of *guanxi* in Confucianism (Yang 1994). It is asserted by some that bribery is plainly an illicit action while *relationship marketing* and *guanxi* are concerned with relationship building, and that this is not bribery because the gain-and-loss calculation does not dominate, the obligation is long-term and diffuse, while bribery is for an immediate and specific purpose, and some level of emotional content or affect is a part of *guanxi*, but not necessarily of bribery (Chan 1963a, 1963b; Lovett et al. 1999; Yang 1994; Yao 2000). Nonetheless, until the definition and paradigmatic issues are clarified as well as the nature of marketing practice, it is a distinct possibility that ethical problems abound and that the fundamental effect of *relationship marketing* is to reduce competition as formulated in marketing and economics (Cravens et al. 1980; Grewal and Tansuhay 2001; Hunt 2000; Porter 1980; Scherer 1980).

## **Discussion and Conclusion**

The purpose of this study was to link the largely western concept of *relationship marketing* to the similar Chinese cultural framework *guanxi* and to evaluate the impact of these ideas on the competitive structure within a developing, transforming nation. Basing our arguments on classic economic formulations of the market system, and the possibilities of crony capitalism, corruption and bribery we suggested a negative relationship between the existence of *relationship marketing* (*guanxi*) and the extent of *competition*. We have challenged a major marketing dogma with we hope with a cogent and well reasoned argument. It is our hope that future research will rise to this challenge and address this critical issue with new conceptual structures and more fully developed instrumentation.

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# Macromarketing and the Concept of Openness: *Toward a Research Agenda*

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## Abstract

*We attempt to develop a conceptual basis addressing a critical Macromarketing issue – the relationship between openness and human welfare. In doing so we extend the economic literature to Macromarketing and present a model that may serve as a basis for research.*

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## Introduction

Socialism is evil because it disguises theft and makes robbery seem legitimate by passing money through government hands. Tax money passed through the government is like money laundered by the mob. Once tax money is collected by a government, it loses its identity, its origins and, therefore, its true owners.

Capitalism is evil because it disguises theft and makes robbery seem legitimate by passing money through government hands. Tax money passed through the government is like money laundered by the mob. Once tax money is collected by a government, it loses its identity, its origins and, therefore, its true owners.

Anonymous

Fiske (2001) captured the essential nature of macromarketing when he suggested that it was “marketing with a heart.” In a similar vein although in a more general context Bartels (1976, p. 8) stated that: “marketing thought can be regarded not less than as a portion of human intelligence and social development at this time. It is more than a business technique, more than an economic function, more than a social institution. Our way of thinking about marketing reflects our way of thinking about life.” More formally macromarketing as a discipline had from its inception two defining elements macro referring to “aggregations,” and “social welfare” (Bartels 1976; Fiske 1981; Hunt 1976b; Hunt 1976a; Hunt 1981; Hunt and Barnett 1982; Meade and Nason 1982; Moyer and Hutt 1978; Shawer and Nickels 1981). By implication, therefore, two questions that are central to macromarketing are: (1) what constitutes human welfare and (2) what is the best economic and social system for achieving it? It is our purpose to take some basic steps towards developing a research agenda to explore these issues.

## Background and Conceptual Development

Despite major changes in economic philosophy in the eastern block, the almost universal “move to the market” (Asian Business 1992), globalization and economic integration, a small number of countries, and a small proportion of people within them, still hold a disproportionate amount of economic wealth and power, and the world continues to face unprecedented conflict and disaster (Alba and Wesley 1987; Mehanna 2004; Shenggen et al. 2004; World Health Organization 2004). The majority of the world’s population still lives in poverty as many states continue to struggle out of economic destitution. Governments of poorer nations claim that to their detriment, globalization has brought about a further imbalance in economic equity (e.g., Economist 2004). Economists from patron institutions the World

Bank, International Monetary Fund and World Trade Organization have argued that for poor nations, economic openness and liberalization are the necessary underpinnings of any successful reform agenda and an increase in human welfare (e.g., World Trade Organization 2004). They go further to suggest that the concept of openness entails transparency and receptivity to change or reform.

Openness towards trade has always been the focal point of the economic rhetoric propagated by these international agencies. The argument presented is that since there are gains to be maximized from trade, a country can improve its long-term economic standing by establishing or maintaining an open market that is unencumbered by trade barriers (Economist 2003; Johansson 2002; Krugman and Obstfeld 2003b; Terpstra and Sarathy 2000; World Trade Organization 2004). However, evidence of the causal link between openness towards trade and economic development is sparse and hardly a complete or accurate description of the state of affairs in many countries that continue to struggle economically. While this contradiction warrants further discussion, there are other areas of investigation that would complement and accompany the trade openness-development claim and this is the more general thesis of the all encompassing benefits of intra/inter-national openness. It is our intention to attempt to sketch some of the major positions and attempt to develop a preliminary basis for a possible research agenda.

### **A Brief Historical Overview**

While the full historical sources may be found in ancient history (mostly perhaps of Greece and Rome), and the nuances and controversy are both subtle and deep, strangely, among more modern economists, from Marx to Freedman there seems a degree of agreement concerning the desirability of openness with its sources in democratic principles and the right to dissent (e.g. Friedman 1962; Hayek von 1944, 1960; Kuznets 1955; Lewis 1955; Mao 1967; Marx 1844/1969, 1967; Myrdal 1957; Popper 1943, a, 1943, b; Ricardo 1911; Robertson 1935; Schumpeter 1942; Smith 1776; Von Mises 1963; Weber 1958; Williamson and Buttrick 1954). Popper (1943, a; 1943, b) from a philosophers point of view presents a strong argument for the development of a free society (“open society”) the key to which is the ability and right of all to criticize those in authority without fear of punishment. His utopian vision saw the rise of an open social and political organization which allows individuals to rise according to merit. Hayek and other libertarian economists (e.g., Bartley 1988; Hayek von 1944, 1960; Von Mises 1963) provided an economic view of this open society relying on freedom, liberty and the market system. Opposed to equalitarianism that they believed unrealistic, the undefined metaphysical notion of competition and the “invisible hand” play a critical role in their economic system. Hayek (Bartley 1988; Hayek von 1944, 1960) in particular relies on the market system, democratic processes including the constitution, division of power and in particularly on the autonomy of the judiciary. The system, therefore, to function relies on openness, integrity and a set of principles which the legislature can not subvert<sup>10</sup>. These historical positions form the point of departure for our further development.

## **THE CONCEPT OF OPENNESS**

Extant literature investigating openness has focused primarily on the economic dimension by way of trade. However, the concept of openness is much broader and encompasses at least two of the following attributes. Firstly, openness should infer mobility and freedom of entry and exit of material, organizations and human resources. This attribute implies that public policies that govern industries and markets should encourage competition and decentralization (or fragmentation) and discourage protectionism or centralization. Secondly, openness should also infer an open exchange of ideas, skills and information, which in turn includes a favorable disposition towards modernization and the adoption of new technology and practices. This attribute implies that an “open society” would be one that is both dynamic and diverse, notwithstanding the conventions of cultural traditions and practices. In the process of operationalizing the

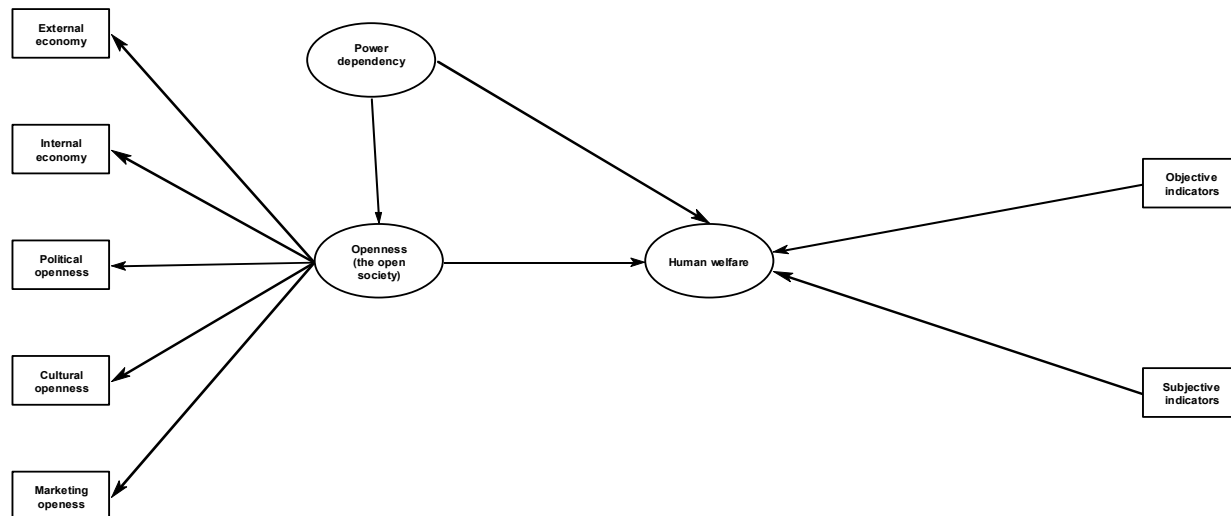
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<sup>10</sup> It is perhaps of value to note the implied distrust of all governments in most of this literature - see the quote above.



concept of openness of particular interest from the macromarketing point of view are any policies, infrastructure, and cultural factors that instigate, propagate, and facilitate these two attributes of openness. These factors could be used to measure the degree of openness within a country.

FIGURE 1  
OPENNESS AND HUMAN WELFARE



### EXTERNAL ECONOMIC OPENNESS

The issue of economic openness has been well researched by economists, but has been confined to two constructs: the extent of trade and the extent of capital mobility (Dollar 1992; Feldstein and Horioka 1980; Grassman 1980; Obstfeld 1995; Vamvakidis 2002). Several proxy measures have been developed for these constructs but no consensus has been reached on the best way to measure economic openness (Krugman and Obstfeld 2003a; O'Rourke 2000). In our conceptual diagram (see figure 1) this variable is shown under the broad label of “external economy” and is postulated to be an indicator of the broad “openness” construct. We do this fully aware that the evidence of the link between economic openness and economic development is inconclusive at best. While Frankel and Romer (1999) found that countries that traded more freely had relatively higher growth rates, Vamvakidis (2002) did not find any support for the relationship between openness of trade and growth. Similarly, scholars are divided on the relationship between capital mobility and economic growth (Edwards 2002; Quinn 1997; Rodrik 1998). Anecdotal observations serve to fuel these debates. Countries like Malaysia continue to experience economic growth despite the imposition of capital restrictions. And even the world’s most economically developed nations like the United States and countries in the European Union have often been criticized for exercising protectionism while they advocate free trade in the spirit of neo-classical economics (Oxfam 2002).

The link between external economic openness and economic development forms the theoretical rhetoric of many neo-classical reformists. However, there exists an alternate point of view that may provide a basis for a critical test. Labeled as the “dependency theory” it is more broadly based and may be used to explain both economic development and underdevelopment (Baumgartner et al. 1975; Chase-Dunn 1975; Hein 1992; Stumpp et al. 1978; Veltmeyer 1980). Fundamentally the theory suggests that social and economic development of underdeveloped nations is dependent on external forces. The rich and powerful countries dominate the poorer nations and exclude them from economic growth by appropriating their

surplus, and it is this extraction and appropriation that causes and maintains inequality among nations. As the world economy becomes more closely integrated the extent to which a country is open may also indicate the extent to which countries are interdependent of one another.

Several scholars have argued that this network of interdependence has given rise to a hierarchy of countries based on power-dependency. These dependency theorists have proposed a world system of core and periphery countries where core countries are countries that exert the greatest power and influence while periphery countries are countries that are disadvantaged relative to these core countries (Wallerstein 1974). Several scholars have proposed that economic development in periphery countries will be impeded for as long as core countries are able to exert their economic power on them (Chase-Dunn 1975; Emmanuel 1972; Frank 1966). This assertion has some credence given the observations of deteriorating terms of trade amongst Least Developed Countries (LDCs) (Oxfam 2002). Hence, the contradiction: the neo-classicists (the economics school of thought) suggest that trade plays a positive role in economic development and can help eliminate poverty, while the dependency theorists (the sociology and political economy schools of thought) view trade as a force that core countries can potentially use to suppress the development of periphery countries (shown as “power dependency” in figure 1).

### **INTERNAL ECONOMIC OPENNESS**

The private and social benefits of competition in a market have been well documented in economic literature and do not require any further elaboration here (e.g., Hunt 2000; Lindblom 1977, 2001; Von Mises 1963). Therefore, with respect to openness, an open market would be both one that allows new firms to freely enter a market and one that allows the dynamics of competition (or the ‘invisible hand’) to operate. However, scholars and observers would attest that these two ideals seldom exist, even in developed countries. In countries like Japan and the United States, industry consolidation at the hands of oligopolies have left many markets closed to new entrants and effectively reduced or eliminated competition. This trend is also evident in many developing countries and LDCs, where markets and industries, which have been traditionally fragmented amongst many small local enterprises, are increasingly closed with the growing domination of few large entities, often multinational corporations. Yet these countries continue to experience economic growth.

It is a common belief that multinational corporations would contribute to economic development through foreign direct investment and improvements in productivity through technology transfer. However the presence of large multinational corporations is often accompanied by the demise of smaller and more entrepreneurial enterprises. This occurrence gives rise to a dilemma as some researchers have credited the innovation activities of entrepreneurial firms for spurring economic growth (Carman and Dominguez 2001; Grossman and Helpman 1991; Porter 1990). Furthermore, in his investigation of the competitive advantage of nations, Porter (1990) observed that competitive advantage often belonged to countries that are the home base for the few leading multinational corporations that dominate competition at home and abroad. Hence, the link between the openness of markets and economic development is tenuous and requires further investigation.

### **Political Openness**

Economic openness alone does not sufficiently characterize the openness of a nation. In addition to trade, any outward-oriented society would also welcome exchanges in technology, ideas, skills, and in the process, introduce modern practices to the local industry and foreign competition in the local markets (Keesing 1967). Shultz and Pecotich (1997) and Pecotich and Shultz (1998) presented a model for the consideration of scholars in macromarketing and public policy. This model encompasses several factors that influence the success of economic and social transition policies in South East Asia. Their model is very broad but some element of particular relevance in this context i.e., the political and social forces, the knowledge and marketing system.

Organizations such as the World Bank have long promoted openness in political systems and governance as a critical element in any reform agenda (World Bank 1993; World Trade Organization 2004). While the review of literature has yet to reveal any studies that equate openness to a particular style of political system, it would be reasonable to presume that existing democratic systems are best able to empower their citizens to demand openness in governance through transparency and viable opposition. Scholars in political science and sociology have observed the positive relationship between economic development and democracy (Jackman 1973; Lipset 1959; Muller 1995). Even though they argue that economic development is a determinant of democratic performance, they have also acknowledged that the relationship is not linear and varies across countries (Bollen and Jackman 1985; Muller 1995). In addition, their suggestions do not provide a satisfactory explanation as to why some countries such as South Korea, Malaysia, China and Singapore, which are perceived to be relatively less democratic, have experienced high levels of economic growth in the past decade. This contradiction gives rise to two issues: firstly, an alternative explanation to the dynamics of economic development and political systems is yet forthcoming and secondly, the relationship between openness of politics and economic development requires further investigation.

### **Cultural Openness**

Literature that directly investigates the effects of culture on economic development is relatively sparse. Nonetheless, in his thesis on the Protestant ethic, Weber (1958) suggested that cultural values may play a role in explaining differences in economic and financial outcomes at the micro level. And while some scholars may disagree with Weber's ethnocentric propositions, there is general agreement that the metaphysical orientation of an individual and of a society has implications on economic behavior (Hansen 1963; Marsella and Choi 1993). And although there is no definitive theory on how culture influences economic development, several scholars have acknowledged its role and subsequently presented their respective views on the topic based on historical, rather than empirical observations (Adelman and Morris 1965; Hoselitz 1952; Myrdal 1957; Ruttan 1988).

Defining the openness of culture is comparatively more challenging primarily because of the breadth of the concept of culture. However for our purposes an open culture is regarded as cosmopolitan in character, demonstrating receptivity to new and different ideas, technology and practices. An open society would possess cultural infrastructure and institutions that are able to facilitate change. Thomas (1999) provides some basis for this as he notes that openness would facilitate the importation of knowledge-enhancing capital and promotes learning-by-doing. In addition, an open society would possess a favorable disposition towards modernization and development.

### **Openness of Marketing System**

The link between marketing and economic development has been discussed extensively in the marketing and macromarketing literature (e.g., Bartels 1977; Bucklin 1976; e.g., Firat 1986; Firat et al. 1988; Hilger 1978; Kaynak 1986; Mentzer and Samli 1981; Rao 1976; Slater 1968). While these scholars have made their individual contributions to this discussion, the theory has converged into a few broad areas. In general, marketing influences economic development through:

- the distribution system and infrastructure,
- the dissemination of market information,
- the sophistication of consumer culture,
- the extent of marketing knowledge.

In their evaluation of economic development, Mentzer and Samli (1981) following Slater (1968) identified differences in several marketing attributes between underdeveloped and developed states.

Among some of their observations in developed states, they noted that the transportation system network is a nationally coordinated highway, rail, air, pipe, and water system and that the decision-makers are relatively more receptive to new marketing ideas. Bartels (1977) proposed that with improvements in market research and information services, producers can better schedule and allocate offerings, realize more stable prices, avoid excess competition and better serve markets. He also added that improvements in storage and transportation facilities would give rise to economies of scale in distribution, which in turn will expand existing markets and create new ones.

Thus, it appears logical to measure (in part) the openness of a marketing system by the extent of coordination and integration of product and information exchanges. Kaynak (1986) notes that urbanization and the increasing interdependence of major sectors of the economy necessitate more highly organized distribution channels for processing and distributing products. Moreover, the maintenance of large scales of production and consumption requires mass communication channels and exchange of marketing information. An open marketing system would invariably have an extensive and efficient distribution system that not only links producers and consumers, but also rural and regional markets. In addition, an open marketing system would be characterized by the dynamic creation and dissemination of market information between producers and consumers. These concepts also reflect some of the characteristics of an organized marketing system discussed by the earlier marketing theory developers (Alderson 1965; Bartels 1976; Hunt 1976b, 1983).

The openness of a marketing system should also be measured by the extent of development in markets and marketing practices. Bartels (1977) states that as consumer demand is stimulated by the activities in the marketing system, consumption patterns will change, which in turn will create markets for new products and new entrepreneurs. Kaynak (1986) adds that economies of less-developed countries should adopt and implement the consumer-oriented marketing concept because it can expand both producer and consumer markets by better fulfilling the needs of consumers. Hence, a marketing system is deemed open if it aids in frequently generating new markets and entrepreneurial activity. An open marketing system would also infer a high rate of adoption of the marketing concept among companies. In addition, it would continually update and improve its marketing knowledge (academic) and practices (industry).

### **Human Welfare**

The direct and indirect human welfare literature is extensive, cross disciplinary and has a series of complex ramifications (e.g., Ahuvia and Friedman 1998; Aiginger 1998; Alesina and Perotti 1997; Beesley 1996; Chao et al. 2004; Chau and Yu 1999; Dasgupta and Stiglitz 1988; Firebaugh and Beck 1994; Haaparanta 1998; Lee and Sirgy 2004; Lee et al. 2002; Peterson 2003; Segal 1991; Shaw 1997; Sirgy 1991, 2001; van de Klundert and Smulders 1997). From our point of view it has both objective (as manifested in economic indicators and subjective components (as measured in the quality of life, human happiness and life satisfaction literature).

## **CONCLUSIONS**

The central objective of this paper has been to provide a basis for an investigation on the effects of openness of a country on economic development. In doing so, we have made a preliminary attempt to extend the concept of openness beyond economics into the macromarketing area. It is our hope that in so doing we will contribute to the reconciliation of the trade-development. Moreover, the concept of openness is a characteristic that can be applied to describe and measure the extent that other systems within a country can facilitate modernization and economic development. Hence, openness defined and operationalized within the context of economics, politics, markets, culture and marketing systems has the potential to contribute to macromarketing. The interface between openness in specific systems and

development would also provide policy makers in each of these areas with an understanding of particular pre-conditions that may be favorable towards economic development.

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# National Development, Knowledge Transfer and Marketing Intermediaries in China

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## Abstract

*The process of market reform that characterizes the move away from central planning in transition economies creates a need for manufacturers to acquire the techniques and skills of marketing. In contrast with an extant emphasis on inward direct investment, this study examines the role played by international trade intermediaries in the transfer of marketing knowledge across borders. Data collected from manufacturers in central China reveals that the value of marketing knowledge transferred may not be related to manufacturer performance.*

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The dominant current normative orthodoxy extols the virtues of a competitive based market system, globalization and freedom of movement of goods and service as a solution to poverty and other world problems associated with underdevelopment. And yet, the question remains as to how it is that we live in a period of unprecedented conflict and poverty despite this “peaceful revolution,” (e.g., Klugman 1999, p vi)? The liberal hope was that trans-national corporations would so enmesh the nation states within an interdependent global economy that collaboration and transfer of knowledge will be inevitable, and that peace and prosperity would emanate from this global co-operation (Chia and Pecotich 1988; Ellis and Pecotich 2001a, 2001b, 2002; Gilpin 1976; Held and McGrew 2000; Keohane and Nye 1972; Nye 1971; Pecotich and Shultz 1998; Pecotich and Chia 1992; Roland 2000; Weissman 2003). This “collaboration and transfer of knowledge” is particularly important for transition economies, where reform creates a need for indigenous firms to acquire the skills and practices of marketing (Wright et al. 1998).

While transfer of knowledge and technology may occur in many ways (e.g. foreign direct investment) Nye (1971) recognized the possibility that Multinational Corporation's (MNC's) may play a critical role. Trade intermediaries, a form of MNC's, have been widely acknowledged as vital for the development of nations (e.g., Bauer 1954; Casson 1997; Casson 1998). In this study we propose to investigate factors affecting the value of marketing knowledge transferred via trade intermediaries to manufacturers domiciled within transition economies. A brief review of the literature leads to the articulation of several hypotheses which are then compared against data collected from manufacturers located in central China.

## CONCEPTUAL DEVELOPMENT

The transfer of knowledge, social change and the diffusion of innovation has been studied from many different point of view (e.g., Ellis 2001; Ellis 2003a, 2003b, 2004; Ellis and Pecotich 2001b; e.g., Nooteboom 2000; Nye 1971; Pecotich and Chia 1992; Pratt 2002; Robertson 1971; Rogers 1995; Schumpeter 1942; Slater 1968; Zaltman et al. 1973). Perhaps of most relevance to the marketing context is the work of Nye (1971), Pratt (2002) and Slater (1968) all of whom in one form or another refer to the

spread of innovations by boundary spanning organizations such as marketing intermediaries. Pratt (2002, p607) refers to “contact zone” or “social spaces where cultures meet, clash, and grapple with each other, often in contexts of highly asymmetrical relations of power” - a concept readily applicable to the marketing intermediary circumstance. Studies investigating changes in local marketing practices arising as a result of economic reform have been conducted in a number of countries in transition (e.g., Akimova 2000; Savitt 2001). Two common assumptions underlying this research are that; (i) the process of economic reform creates a need to acquire new marketing skills and (ii) these skills translate into superior organizational performance even before the transition to a market-based economy is complete. Working from the premise that trade intermediaries play a critical role in the transfer of marketing Knowledge (sometimes referred to as marketing technology), we articulate a conceptual framework (see figure 1) that variously describe the intermediary’s ability, opportunity and incentive to pass along useful skills. In figure 1 the signs (+ or -) indicate the hypothesised direction of the relationships<sup>11</sup>.

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Refer to the Figure on page 355.

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## METHOD

Data used to test these hypotheses were collected from a sample of manufacturers located in Shaanxi Province in central China. As part of a larger study investigating marketing practices in Chinese firms ( $n = 400$ ), 86 manufacturers were identified as being clients of international trade intermediaries. Standard administered questionnaires were used after translation, pre-testing and full development. *Intermediary performance* was measured by the scales originally developed by Bello and Williamson (1985) respondents in this study were asked to indicate their degree of satisfaction with their intermediary’s performance on six transaction creating services and six physical fulfillment services on a six point scale ranging from zero (not a service provided) to five (highly satisfied). *Cultural Similarity* captures the operational “gap” separating manufacturers from those foreign customers served by their trade intermediaries. Accordingly, this construct was specified as a summative scale of cultural distance. The cultural distance separating China from the foreign market serviced by the intermediary was assessed following Kogut and Singh’s (1988) procedure with data drawn from Hofstede (2001). Distance scores for each foreign market were calculated by combining the deviation between the foreign market and China over each of four cultural dimensions after factoring in the variance observed on each dimension. *Proximity* was measured by the geographic distance. The *age of the relationship* was measured by asking the respondent to indicate the number of years they had been conducting business with their intermediary. *Intermediary replaceability* was measured using three indicators variously assessing the ease with which the export intermediary might be replaced by other intermediaries (two items) and the extent of direct contact between the supplier and foreign buyers (one item). Responses were gauged on a seven point scale with low scores indicating that the existing intermediary was relatively indispensable to the manufacturer. *Value of marketing Knowledge* transferred was evaluated by indications of the contribution of each type of information provided by their intermediary on a scale ranging from one (“no impact on (our)

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competitive performance within the PRC market”) to five (“significant positive impact”). *Size* was measured by the number of people employed by the firm. Finally, *manufacturer performance* was assessed by asking respondents to indicate their position as compared to their competitors on six generic business performance indicators. The mix of indicators included both standard performance measures (e.g., sales growth and return on invested capital) as well as items more suited to firms in emerging economies (e.g., success in providing continued employment for staff). *Satisfaction with Performance* was measured on the same six variables responses were anchored from one (“highly dissatisfied”) to seven (“highly satisfied”). The coefficient alphas for the scales (where appropriate) were uniformly satisfactory ranging from .7 to .87.

## RESULTS

To estimate the paths between the constructs shown in the Figure, the partial least squares (PLS) approach to structural equation modeling was adopted (Chin and Fry 2000; Chin 1998a, 1998b; Lohmoeller 1989; Wold 1981). PLS is an appropriate statistical tool when sample sizes are small and when assumptions of multivariate normality cannot be established. The results are shown in Figure 1. Four of the nine estimated relationships were found to be significant at the  $p < .05$  level and two components of the model explained over 40 percent of the variance. However the critical relationship between marketing knowledge and manufacturer performance was not significant.

## DISCUSSION AND CONCLUSIONS

This study’s findings do not support the idea that the transfer of marketing knowledge/ technology is related to perceived manufacturer performance. These findings are counter intuitive and require careful interpretation. The data collected was subjective and simply describes management perceptions. It is possible that further research with better perhaps more objective measure may lead to different results. However, it is important to note that the effect size for the major relationship is very small and may therefore add strength to the notion that other factors not specified in this study may need to be explored. As an initial step, this study’s main contribution is in outlining the ways in which the value of marketing knowledge transferred is influenced by intermediary performance and the likelihood of their being replaced. Follow-up research is now needed to expand our understanding of the dynamics inherent in this transfer process and to delineate the specific productivity-enhancing outcomes that result from it.

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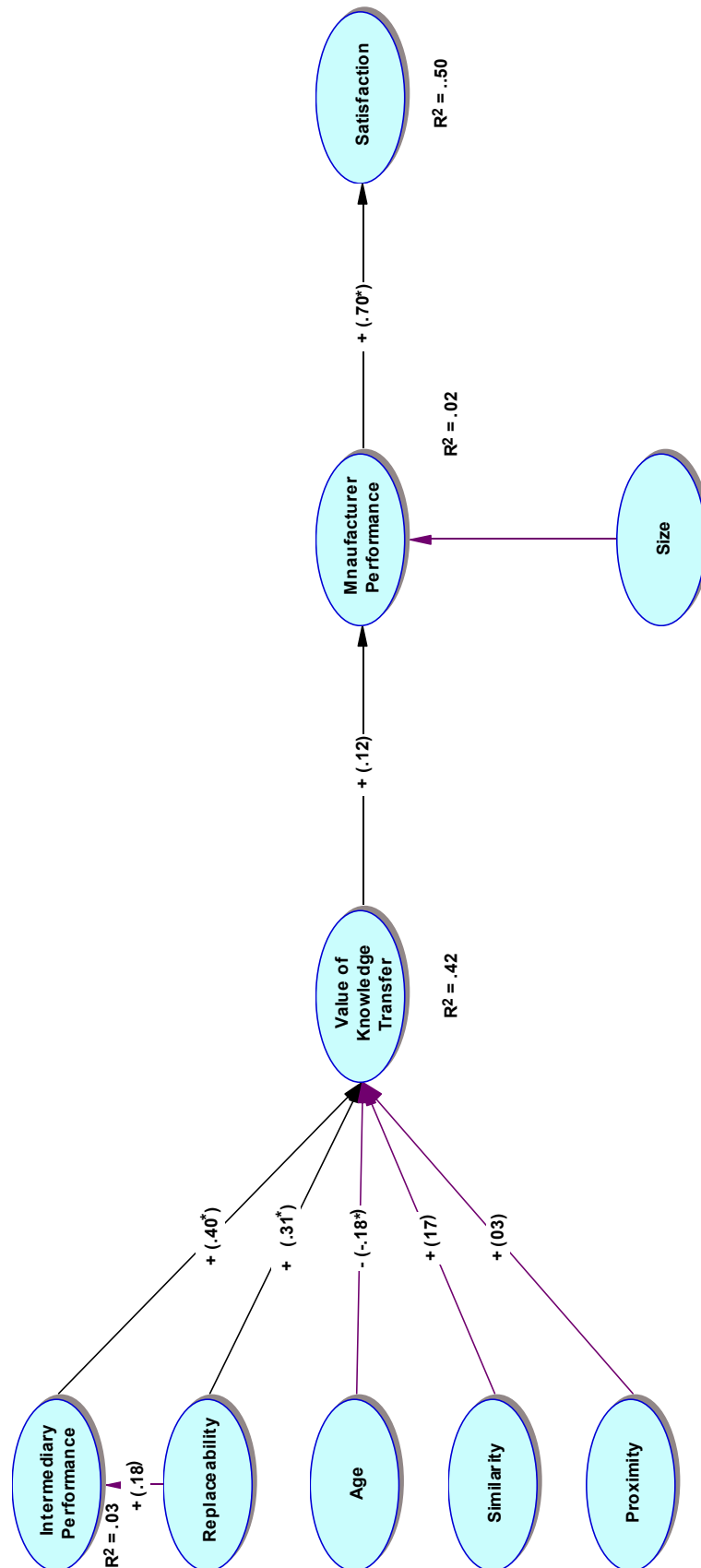
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**Note:**<sup>1</sup> H1 indicates that the relationship was hypothesised, the + or - indicate the direction of the postulated relationship and the figures in parentheses are regression coefficients where \* indicates significance at  $p < .05$  (Bootstrap T Statistic).  
<sup>2</sup> R<sup>2</sup> indicates the proportion of variance explained by the relevant regression equation.

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# An Application of the Marketing Management Process to the Socio-political System

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## Abstract

*In the past half century in the advanced societies, as the economical development has enhanced the level of society, the expectations toward services offered in the society have been getting much more demanding. However, the same socio-political system to meet such expectations has remained almost unchanged for over a century and is becoming obsolete. If the marketing management system can be applied to this socio-political system, there is a great possibility to improve it. The currently available method to identify the desire of the social members is limited to the "vote." If the environment analysis phase of the marketing management process is applied to this phase, the desire of the social members can be much more clearly identified. If the strategy development phase is applied to the legislation phase, social planning can become much more effective. When the management implementation technique is applied to the executive function or administration of the government, social services can be much more efficiently offered to the society. While these applications constitute the final objective of this project, this article as the first step of this project investigates the current status of several nations as to what extent this management process is unconsciously applied and identifies the remaining tasks to fill in the gap between the current status and the future final goal.*

In the neighboring areas to the interactive field between marketing and socio-political system, several articles discuss various subjects. An article discusses a relationship between macro-marketing and social system (Dixon 1984). A few articles discuss the role of macro-marketing for the development of economy (Dixon 1981) (Cordell 1993) (McKee and Biswas 1993). Regulations for marketing are also discussed (Kopp and Landry 2000). Macro-marketing and social welfare are one of the major subjects (Kilbourne, McDonagh, and Prothero 1997) (Ahuvia and Friedman 1998). Macro-marketing approach to the consumer participation (Powers, Swan, and Lee 1992) is a close subject to this article.

A closer subject is social marketing which contends to promote the social change by applying the process of analysis, planning, and control (Kotler and Zaltman 1971) (Fox and Kotler 1980). Voter marketing discusses both lobbying in the legislative function and political candidate campaign for the vote (Kotler 1982). No article, however, discusses the direct application of marketing management process to the socio-political system.

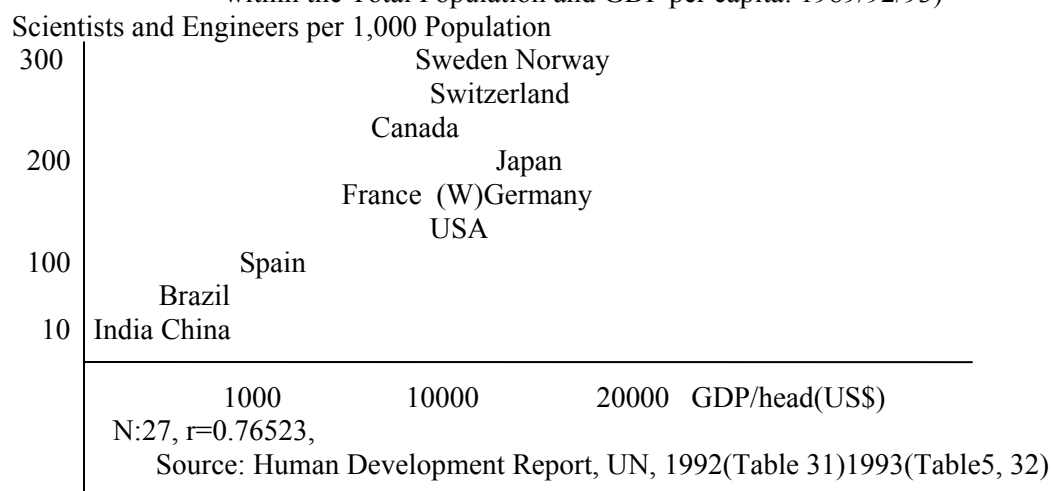
## Enhancement of Society Level in the Past Half Century

Enhancement of the level of society and its members are identified by the following analyses of the macro-environmental factors (Kosaka 2005). Particularly, the correlation between the economic factor and the technological factor and the correlation between the economic factor and the demographic factor over many countries are identified. As technological and demographic factors themselves can not be quantitatively measured, the author has conducted cross-sectional analyses between the proxies of macro-environmental factors at a certain point of time over tens of nations and has identified the correlations between the technological factors and GDP per capita and the demographic factors and GDP per capita. These cross-sectional analyses can be interpreted as the time-series analyses when the different levels of GDP per capita of many nations at a time are read as the enhancement of GDP per capita of a nation over the many years.

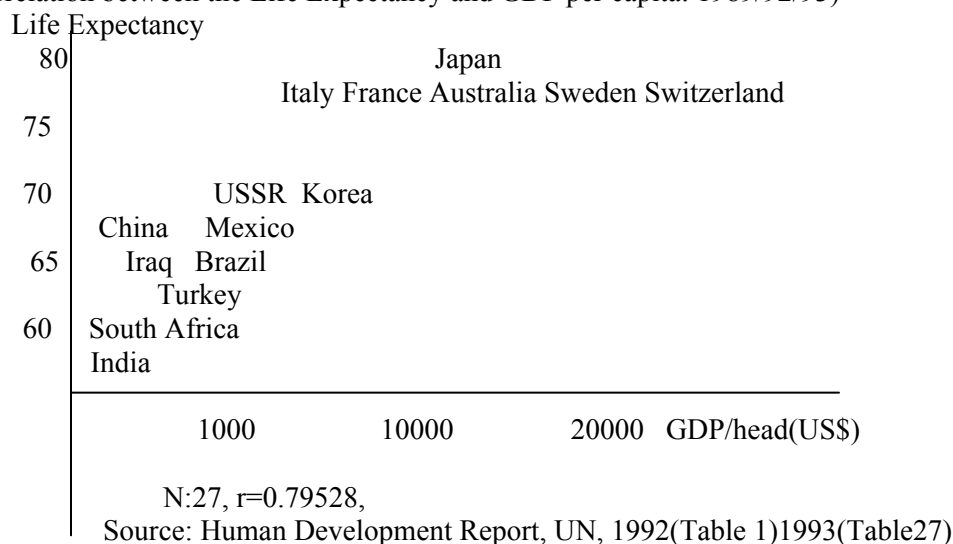
Technological level of a nation can be measured by the number of scientists and engineers per 1,000 population as the proxy of technological factor (Figure 1). The similar result is obtained by the proxy of research and development expense per capita. These analyses exhibit that enhancement of GDP per capita generates the enhancement of technological level in each society.

Similar observations are obtained in the analysis of demographic factors. Higher the economic level, longer the life expectancy (Figure 2), producing aged society. Higher economic level provides the longer education period (Figure 3), enhancing the intellectual level of the society member. Higher economic level correlates with the smaller household (Figure 4), producing nuclear family.

**(Figure 1) Quantitative Analysis of Technological Factor by Proxy** (Correlation between the Percentage of Scientists and Engineers within the Total Population and GDP per capita: 1989/92/93)

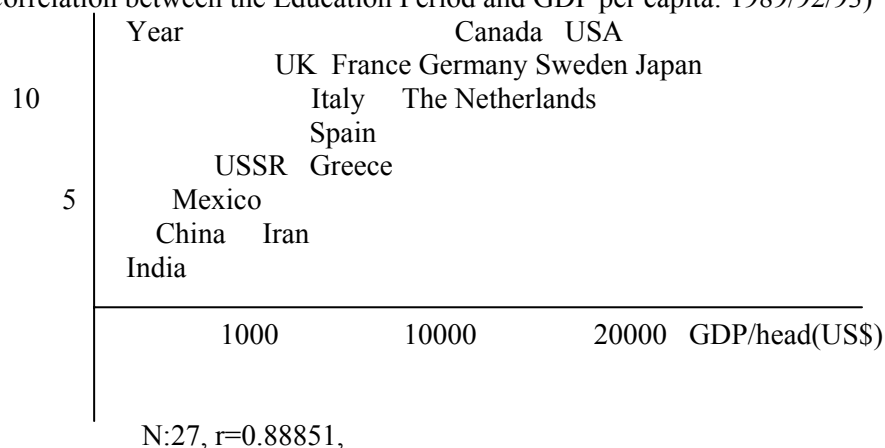


**(Figure 2) Quantitative Analysis of Demographic Factor by Proxy** (Correlation between the Life Expectancy and GDP per capita: 1989/92/93)



**Figure 3) Quantitative Analysis of Demographic Factor by Proxy**

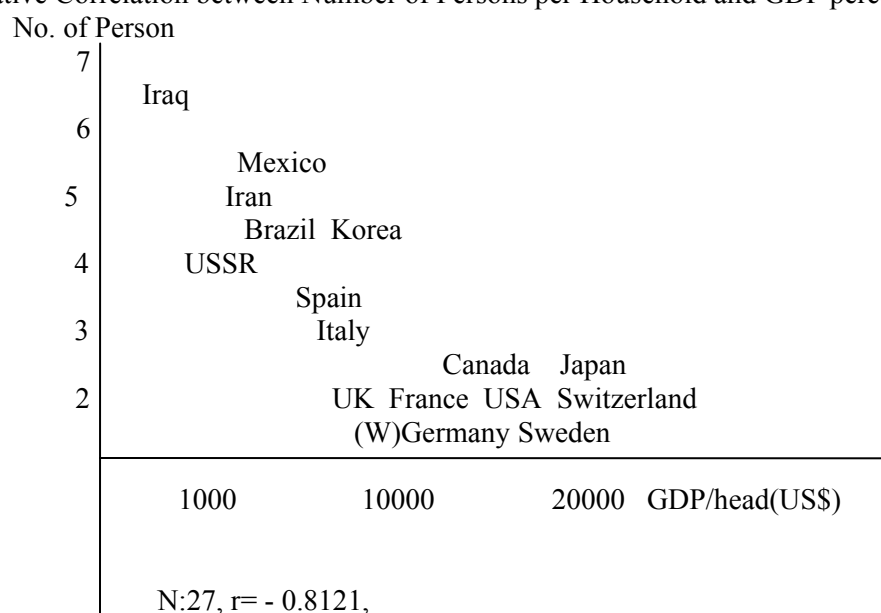
(Correlation between the Education Period and GDP per capita: 1989/92/93)



Source: Human Development Report, UN, 1992(Table 1)1993(Table27)

**(Figure 4) Quantitative Analysis of Demographic Factor by Proxy**

(Negative Correlation between Number of Persons per Household and GDP percapita:1989/92/93)



Source: Human Development Report, UN, 1992(Table 1)1993(Table27)

### Socio-Political System Innovation to Meet Advancement

Thus, levels of society and its members (citizens or constituents) have been considerably enhanced as the economy has greatly developed during the past half century. In these advanced societies, it is easily estimated that matured member of society demands higher services to be offered in the society by the government. Does the current socio-political system meet their requirements and satisfy the social members? The existing socio-political system has not been substantially improved and remains without drastic innovation over a century, leaving the gap getting greater.

Innovation of the socio-political system can be achieved by applying the marketing management process to the socio-political system. Marketing management process: environment analysis-strategy planning-implementation. Environment analysis can be applied to absorb and analyze the desires of social members. Strategy planning phase can be applied to the legislation phase of the socio-political system. Implementation know-how can improve the executive function or the administration wing of the government (Table 1).

(Table 1) **Equivalent Functions between Socio-Political System and Marketing Management Process**

Socio-political system	Election	Legislation	Administration
Marketing Management Process	Environment Analysis	Strategy Planning	Implementation

This ultimate application of the marketing management process to the socio-political system, however, is a final goal of this project and requires time and energy. What can realistically be done today as the first step of this project is to investigate the currently emerging developments towards the direction of the ultimate goal in advanced nations. This is the subject of study in this article.

## **World-Wide Survey of Socio-Political System Improvements**

### **Research Questions and Methodology**

Using the marketing management process as a mirror to analyze the efficiency of the socio-political system, author has tried to identify any symptom of changes for its improvement which may be already occurring today. The author has requested graduate students or young academics mainly in the political study field in several countries to conduct surveys and to write respective reports by the research request form (Appendix).

### **Outcome of the Survey**

In the area of identifying the desires of the society members, in the United Kingdom, various voluntary groups are identified trying to influence national and local governments with their voices. There are some community groups such as TELCO(The East London Communities Organization) or London Civic Forum. IPPR works with the Guardian. Issue groups include National Consumer Federation and some e-politics nets are emerging. Government is positively responding to these voices.

In France, although being delayed in IT in general, e-democracy activities are identified. Some of these activities are encouraged by the French government. E-vote experiments are progressing. E-democracy in general is spreading from local base to national and further to European scope.

In Switzerland, these activities are very active in both national and regional level. Swiss citizens are participating directly in the political life of Switzerland more frequently through direct voting and other means.

In the legislation area, the U.S. legislative process was identified. How individual member and institutional member of the society can participate in this process is discussed as well as in-house legislative process is identified. As a recent case, presidential campaign using internet strategy is introduced. Other aspect is the foreign policy development process. While most of the American domestic issues are decided in the congress, this foreign policy is mainly handled by the administration including the White House.

In the administration phase, the case of New Zealand is reported on how the efficiency of the administrative offices is analyzed.

### **Remaining Tasks for Full Applications of Management**

The remaining task is first of all to identify the gap between current development as identified by this survey and the final goal to fully apply the marketing management process to the socio-political system.

In the field of environment analysis, although some progresses are taking place, if we introduce to the full extent the market analysis method including IT, we can much more deeply and precisely identify the desires of the society members and analyze them. Including the segmentation issues, different desires, including conflicting ones with each other, should be listed and publicized.

In the field of legislation, these classified desires or demands by the society members, both individual and institutional, should be presented to the member of the legislative function. Existing political party system should be re-assessed from the view point of how to meet these desires and how these desires can be made into the laws. Society members' participation may be heavily requested.

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# Strategic Factors Affecting the Success Rate of Online Grocers: *Is the U.S. Finally Ready for Online Grocery Shopping?*

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## Abstract

*This article examines the strategic factors that affect online grocers in the United States and their potential for success. Online grocers in the United Kingdom were successful early on while their U.S. counterparts failed miserably. Cultural differences between the U.S. and U.K. are examined to explain the different outcomes. The mistakes of earlier online grocers, particularly Webvan, have not been repeated. The latest crop of online grocers uses a variety of formats to ensure their success. These formats vary by product offered, organizational structure, and distribution strategies. These new formats are more compatible with the culture and consumer behavior in the United States. Each of these formats is examined to determine their strategic implications for success.*

## Introduction

Internet grocery shopping is making a comeback from its low point in July 2001. That was the year Webvan, the top Internet grocer at the time, filed for bankruptcy. In the year before and after Webvan's demise nearly every major stand-alone online grocer folded. The year Webvan closed up shop was a particularly difficult year for Internet "dot.com" companies in general. Two hundred and seventy companies stopped trading from January 2000 to March 2001 alone (Cottrill, 2001).

After the demise of Webvan and other Internet grocers in 2001, the future of online grocery shopping looked bleak. It was uncertain whether this mode of grocery shopping would ever take root in the United States. HomeRuns, Streamline, and Priceline.com's grocery division are just a few of the Internet grocers that failed. Even more ominous, a consumer survey at the time by Greenfield online showed the idea of buying groceries online didn't seem to be catching on in the United States (Discount Store News, 2000).

Paradoxically, online grocery shopping in the United Kingdom was highly successful. The British company, Tesco, was already generating more than \$6 million in sales each week by 2000 (Dawley, 2000). Clearly the British consumer was more open to online grocery shopping than the typical U.S. consumer. Why was the U.S. shopper so resistant to this new way of shopping?

One explanation appears to be the cultural differences between United States and United Kingdom consumers. Europeans shop for groceries in a very different manner than North Americans. British consumers disdain preservatives and therefore shop far more frequently for fresh bread and produce. By contrast, United States consumers have a larger refrigerator and freezer space and therefore do less day to day shopping. Online grocers must adjust inventory levels for a higher rate of turnover. The British did not have to adjust, they were already used to this high rate of inventory turnover.

Another important factor contributing to the demise of so many online grocers in the United States is the strategic model used. According to NetGrocer.com President Lisa Kent, the problem with online grocery shopping in the U.S. had little to do with consumer disinterest. Instead, e-grocers failed due to inefficient business models, unrealistic expansion decision and customer service (Janoff, 2001). Without the proper

marketing strategy to implement an efficient business model these e-businesses lost their financial backing and consequently their ability to grow. At the same time the British used a more efficient model that worked well with European consumers and grew into a successful online enterprise.

### **A Closer look at the Failed Models**

In 2001 the typical U.S. E-Grocer relied heavily on a distribution center to process grocery orders only. Getting the product from the manufacturer to the consumer required working a partnership relationship with the manufacturer. It also required profitable economic models in the supply chain and efficient technology at the consumer level. This highly complex model required a substantial ongoing investment of capital.

The use of warehouse style distribution centers significantly contributed to the downfall of U.S. e-grocers in 2001. Rather than relying on existing stores and their inventories, the U.S. model relied on an inefficient duplication of efforts by relying on the distribution center.

The British model was way ahead of the U.S. model, and still is today. Tesco's strategic model uses its network of more than 600 stores in Great Britain. When a web order is placed, the computer sends the order to the store nearest a customer's home. A "picker" at the grocery store uses "shelf identifier" software to pick and scan the grocery items off the shelf. It then goes straight to the delivery van and out to the customer. This system is more labor intensive than the failed U.S. method, but Tesco increases its profit margin by adding non food items such as books and clothes to its product mix. Tesco claims that the average online customer spends four times more than the typical in store shopper (Scheraga, 2000).

Webvan's failure can be traced to its decision to expand quickly at its very inception, incurring substantial cost at a vulnerable time for the new company. Webvan promised to deliver groceries within a 30 minute time slot at the same price to consumers as they would pay in the store. The company could not live up to this promise and still turn a profit. As a result of its ambitious claims and overzealous expansion the online grocer could not continue to operate (Strategic Direction, 2003).

### **U.S. Successes: Learning from past mistakes**

The latest crop of online grocers in the United States have so far succeeded with an entirely different approach. These later generation online grocers are characterized primarily by three distinctly different approaches to marketing, all three seemingly successful. The first approach involves large supermarket chains using existing channels and products to offer groceries online in select regional markets. The second approach involves small independent specialty stores targeting niche markets. And, finally, the third approach involves small supermarket chains outsourcing the web component.

Traditional supermarkets such as Albertsons and Safeway have been expanding into the online arena successfully. Safeway is part owned by Tesco. This successful U.K. online grocer has injected \$35 million in cash and other assets into Safeway to insure its success (Chain Store Age, 2001). Albertsons and Safeway are two traditional supermarket chains that have made a comeback using the proven strategic models of the U.K. Albertsons currently operates in 11 major metropolitan markets and claims to have the largest geographic reach of any online grocery provider (McTaggart and Tarnowski, 2004). It too uses a variation of Tesco's U.K. model.

Other U.S. success stories include PeaPod and Giant Food, both divisions of Ahold. These online grocers service specific regional areas and have expanded slowly. Their ultimate goal is to expand into all areas serviced by Giant and Stop and Shop food stores (McTaggart and Tarnowski, 2004). Their conservative approach seems to be working.



At the other end of the spectrum are the independent and web-only outfits that cater to niche markets or target a specific local market. A good example of this is FreshDirect of New York City. Privately owned, FreshDirect is estimated to have made \$90 million in sales in 2003 (Reyes, 2004). The company has approximately 160,000 customers and delivers 25,000 orders a week from its facility in Queens, NY. FreshDirect offers around 5,000 perishable items as well as 3,000 non-perishable packaged foods. Their recipe for success is to concentrate their efforts on a relatively small geographic region and by expanding in small increments. It is constantly fine tuning its methods to get the best mix of products and services for its customer market.

Other success stories include specialty on-line grocers such as GortonsFreshSeafood.com, makers of frozen seafood. Gortons' orders are shipped via FedEx 24 hours after they are placed. Schwan Foods of Minnesota launched the Impromptu Gourmet food site in December 2003. This online grocer currently offers more than 300 frozen appetizers, entrees, soups and deserts via FedEx (Reyes, 2004). Even Amazon.com has entered the fray by offering hard to find gourmet items on its food page to a niche market.

Perhaps the most innovative of these recent success stories is the "endless aisle" concept by NetGrocer.com. This online grocer has established partnerships with various manufacturers and retailers. Their concept works well for obscure products or flavors not carried by the neighborhood store (Coupe, 2004). MyWebGrocer.com uses a similar model by partnering with smaller supermarket chains such as Harris Teeter, Raley's, Lowe's Foods, and Dorothy Lane Markets. These smaller supermarkets continue to run their neighborhood stores, doing what they do best, while outsourcing the Internet component to MyWebGrocer.

### **A New Generation of Online Grocers**

The prognosis for online grocery shopping in the United States seems to be shifting. A new generation of online grocers has emerged and appears to be expanding successfully. Among these are traditional supermarkets such as Albertsons and Safeway. Safeway is part owned by the United Kingdom's online grocer Tesco which has injected \$35 million in cash and other assets into Safeway to insure its success (McTaggart and Tarnowski, 2004).

Success stories in the United States include PeaPod and Giant Food, both divisions of Ahold. Smaller, independent food companies are also finding success online. FreshDirect of New York City is a good example of a privately owned company doing well. FreshDirect is estimated to have made \$90 million in sales in 2003 (Reyes, 2004). The company has approximately 160,000 customers and delivers 25,000 orders a week from its plan in Queens, N.Y. FreshDirect offers around 5,000 perishable items as well as 3,000 non-perishables. Their model for success is to concentrate on a small geographic region and expand in very small increments.

### **The Adoption Process and Online Grocery Shopping**

Most research about online grocery shopping focuses on the strategic business models used. The failure of Webvan, for example, is blamed on an "overzealous expansion strategy, costly warehouses, and fleets of trucks" (Reyes, 2004). The consensus is that Webvan grew too large too quickly.

While the analysis appears accurate, it ignores the perspective of the consumer. Why didn't online grocery shopping "catch on" with U.S. consumers as it did in the U.K.? To understand this better, the consumer adoption process needs to be examined in the context of diffusion of innovation theory. Rogers (1995) defines an innovation as "an idea, practice or object that is perceived as new by an individual." Rogers further defines the innovation diffusion process as "the spread of a new idea from its source of invention or creation to its ultimate users or adopters."

Adopters of new products move through five stages from when a consumer first hears about an innovation until its adoption. These five stages are: awareness, interest, evaluation, trial, adoption. Individual consumers differ in their readiness to adopt new ideas or products. The rate of adoption can be affected by five factors: relative advantage, compatibility, complexity, trialability, observability. Each of these factors should be examined by online grocers and used to create an environment where online grocery shopping can be readily and easily adopted.

### **Conclusion**

The online grocery business is an idea whose time has come, and is still coming. In spite of the dismal beginnings of this new way of doing business there is hope for a bright future for online grocers. By learning from the mistakes of past failures, most notably Webvan's demise in July 2001, online grocers today can develop strategic models to ensure their success. These strategies include planning for slower steadier growth and modest expansion plans. Outsourcing the Internet component to outfits such as MyWebGrocer while handling the food end of things is also a viable strategy for smaller supermarket chains. And, finally, there is always room for the specialty online grocer who services a particular niche market. By learning from past mistakes and concentrating marketing efforts to smaller groups (either regional markets or specialty markets) the online grocer has seemingly unlimited opportunities for success.

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# Everett Rogers and the Influence of Diffusion Research in the Developing World

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## Abstract

*Everett Rogers has been associated with the diffusion of innovation framework throughout most of his extensive academic career, from his agrarian roots in Iowa to the windswept peaks of New Mexico. Between these locations, his academic journey took him to institutions throughout the Midwest and West coast of the United States. However, the impact of his thought and work has spread throughout the world.*

*My proposed research and paper is to review Rogers and the application of his work as it has been applied to the developing world, particularly in regard to spreading messages of public policy improvement—from the level of countries and regions down to individual consumers. While there have been widespread applications of diffusion research in many areas, including variants in regard to high technology diffusion, the ability of Rogers to seek to apply his thoughts toward improving the condition of various populations and groups of individuals throughout much of the developing world is impressive in its quantity as well as its impact.*

*While his health has apparently been a subject of concern for several years now, overall his death last October 21, 2004, appears to have been relatively and unexpectedly sudden. It seems appropriate to create this research paper over the course of the coming time, to honor his work, ongoing dedication and tremendous output.*

*My overall objective for my proposed research is to follow the development of Rogers as he sought to take his basic diffusion model, and moved to apply it to global issues. There is no question that Everett affected numerous individuals in his lifelong journey, but my research seeks to also identify the results of the application of his research in both academic and social settings.*

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# **“Balkan Bricolage”: Consumption Symbolism in Socialist and Post-socialist Croatia**

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## **Introduction**

*“that they were different, that they had different needs than the vast majority [of Yugoslavs], so this need for difference just forced them to save money and maybe to give up something else in order to be able to go to Trieste or to Graz and buy something else...it was just a way to say I’m not the same as an average vast majority in this country, I’m different, I’m going somewhere, I have different needs.”*

Ljubica, on distinction in Y.

The socio-economic transformation in Croatia is examined in the present research in an effort to understand how advertising and consumption change as Croatia moves from a socio-economic system centered on eliminating difference and creating equality to a market society. It is difficult, if not impossible to grasp fully this transformation without an understanding of the socio-economic context that was in place for forty-five years. Croatia was one of the six Republics of the Socialist Federal Republic of Yugoslavia (SFRY) from 1945 to 1991, when Croatia declared independence and the war (1991-1995) in what was Yugoslavia began. It might seem contradictory to think of consumption and status as aspects of the socialist experience. After all, state ideology focused on eliminating class difference and exploitation and creating equality (Verdery 1996). To echo the opening quote from a research participant, status seeking through consumption was central in the experience of daily life in the SFRY. What happens to consumption as the meaning of status changes as it did in Croatia after independence in 1991?

Consumption is a central experience of modern daily life (Miller 1997; Rassuli & Hollander 1986). It is especially important in constructions of social status (Bourdieu 1984; Holt 1998). Moreover, it is central in the process of achieving social status and communicating membership to a group (Douglas and Isherwood 1979; Solomon 1999). Understanding what status means to consumers helps marketers engage in the relationships between consumption and status.

Advertising has a fundamental role in reflecting and shaping modern identity and cultures, especially in times of transition. (Fox 1985; Frank 1997; Marchand 1985). Advertising is a global and local, highly visible and highly symbolic social institution (McFall 2003; Miller 1997). Advertising has a key role in constructing the social position of consumer goods (Gladwell 1997; McCracken 1988a). The social accommodation and negotiation of advertisements will reveal much about how social and market forces in a global context influence status in Croatia’s transformation (Anderson and Meyer 1989).

This abstract presents the preliminary results of research conducted in Croatia from July 2002 to August 2003. The research examined, through an interpretive approach, consumer and advertiser experiences of contesting and agreeing on meanings of consumer culture in Croatia’s economic transformation. Socialist

and post-socialist Croatian society is stratified, and consumers still use goods to signify their status, aspirational or achieved. In the nuances of how it has changed and stayed the same, marketing scholars can explore the changes and consistencies of the transformation. Croatia was selected because consumer culture was more developed there than in the other socialist states. Still, the findings are descriptive of the transformation in other post-socialist countries as well.

### **Brief Background**

Yugoslavia, composed of six Republics, Bosnia and Herzegovina, Serbia, Slovenia, Macedonia and Montenegro and the autonomous provinces of Kosovo and Vojvodina, was formed in 1946 after Marshall Tito (Josip Broz 1892-1980), helped liberate the country from German rule in 1944-1945. Soviet Stalinism served as the model for the 1946 constitution. The government nationalized large land holdings, industry, and utilities, and started massive industrialization and development. In 1948, Stalin expelled the SFRY from the COMINFORM (Communist International), and Marshall Tito set the SFRY on an “exceptional” course (Allcock 2000). In the constitutional reforms of 1953, 1963, and 1974, the League of Communists of Yugoslavia created a loosely coordinated union, relying more and more on market principles (Pecotich, Renko & Shultz 1994).

Following the 1953 constitution, Yugoslavia achieved remarkable growth. Between 1950 and 1980, the average GDP growth rate of Yugoslavia was 6% and it achieved the status of a developed country with social services, education, health care and culture. Starting in the 1980s, production stagnated, inflation skyrocketed – to 1,000% in 1989 – unemployment rose, labor productivity declined, and foreign debt rose to excessive levels. The combination of experiencing shortages and prosperity and state promotion of consumption contributed to consumer desire and frustration (Pecotich et al).

Socialism, in Croatia and throughout Russia and Central and Eastern Europe, sought to create an equal society, as well as legitimize itself, through satisfying “basic human needs” for all citizens. State ideology focused on social and economic equality and the elimination of difference, status, and exploitation. It actively sought to legitimize this in consumption. The family or the individual, the state claimed, always tended to take more than their “fair” share. The state educated and socialized people to express needs it might fill, discouraging them from initiating need description or fulfillment outside party encouraged needs (Verdery).

Production was oriented to heavy industry as a means of controlling resources. Goods were scarce and quality poor, and undeveloped distribution channels ensured that consumers could not access what was available when they needed it (Kozminski 1991). Yet because of “socialism with a human face”, Yugoslavs were involved in western market economies at home and abroad, more than citizens of other socialist states (Pecotich et al). Unlike the Warsaw Pact countries (Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, and the USSR), Yugoslavia accepted loans from the West, provided its citizens passports and permitted travel, work, and temporarily residence abroad, as well as possession of foreign currency.

The state endorsed advertising to stimulate demand, especially in cases of overproduction or recession, as well as to encourage modernization and increase consumption levels (Hansen 1974). It was also a means of creating an ideology of affluence that reinforced the system (interview with Josip Sudar). Zagreb was the center of advertising and marketing theory and practice in the SFRY (Socialist Federal Republic of Yugoslavia) as well as the socialist states. *Economic Propaganda in Theory and Practice* (1958) by Josip Sudar was the first advertising textbook published in the SFRY, and the University of Zagreb taught marketing courses starting in 1968. The Advertising Bureau of Croatia (OZEHA) had a staff of 100 by 1954 and serviced local accounts, for example the food production company Podravka. By the 1970s, it was servicing Pepsi and American Express (Pecotich et al).

Status is central in the mainstream critique of marketing (Schor 1999). In this approach, status is an “excess meaning” assigned by advertisers to a good. Consumers pursue goods to impart and to communicate group membership (Leiss, Kline & Jhally 1985). Advertisers and producers direct passive consumers to higher order needs at the expense of activities in the collective domain (Droge, Calatone, Agrawal & Mackoy 1993). The intersection of social meaning and market forces is, however, much more complicated. Interpretive research in non-industrial, agrarian, non-market societies reveals that people actively seek and display status and signify group membership through consumption (Sahlins 1976; Douglas & Isherwood ). In socialist Croatia, there was a tension between state and citizen surrounding status and consumption. Official state ideology sought to eliminate status, but at the same time, the state incorporated market mechanisms and political processes that produced status symbols, both domestic and foreign. State ideology did not alone determine the social position of goods (Berdahl 1999; Reid and Crowley 2000). Consumers experienced socialism wishing to belong to status groups not only within Yugoslavia but also within a broader geo-political field.

A meaningful consumption ritual was the seasonal trip to Italy or Austria to buy, for example, Italian shoes or coffee (Luthar and Zei in press). It was a ritual of play, performance, and labor. For people living in Yugoslavia, consumption was a sign of their “exceptionalism” and westernness (Ugresic 1998). Perhaps Westerners viewed Yugoslavs’, especially Croatians’ high fashion or fashion accidents amid poverty as a sign not only of their desire to join “Europe” but also of their insecurity and exclusion. The respected Croatian journalist and cultural commentator Slavenka Drakulic describes symbols of status within the context of socialist Croatia (1991). A person wearing a new fur coat was interpreted as expressing suspicious political aspiration, envy provocation, or even worse, bourgeoisie roots. Watching and reporting on each other was a part of socialist consumer culture. Pursuing status was at times political, sometimes playful, sometimes tasteful, but much more. It was a sign of the duality of the socialist experience: desiring affiliation with a world outside the system while existing in the system.

### **Research Activity**

The first author is a Croatian from the United States, working for the PhD in Communications at a US university, and the second author is a marketing professor at Zagreb University, Faculty of Economics. Understanding of the phenomenon as it occurred in situ developed through observation of and participation in consumption and other daily activities in natural settings and multiple sites throughout Croatia, social interaction, and composing fieldnotes - observations, thick descriptions, emerging analysis, and reflections – and visual ethnography. Analysis and interpretation of data was compared constantly with topical literature. Emergent design, purposive sampling, depth interviews, (McCracken 1988; Glaser and Strauss 1967; Walendorf and Belk 1989) and focus groups explored and tested analysis. Member checks brought to light insights from observations and directed the research to important new areas of exploration (Belk, Wallendorf & Sherry 1989).

Discussion with advertising personnel in Zagreb explored their self-perception as a social group, and the global and local advertising industries. Interviews and focus groups with consumers centered on the socialist and post-socialist consumption experience, consumption aspirations, political influences, attitude to money, the new social structure and social values, lifestyles, and ethnicity. The use of projective techniques allowed active construction of subjective advertising experience by the respondents, as well as a balance of power in the interview process. Specific advertisements served as prompts across the interviews (Branthwaite and Lunn 1985; Buhl 1991). A total of 52 respondents participated.

### **Results**

From the interviews with consumers and advertisers, the authors developed a sense that consumers experienced a “cycle of disillusionment” in the transformation process. This is similar to the findings of other research on transformation consumers, and adds to the stability of the concept of a “cycle of disillusionment” (Ger and Belk 1996; Ger, Belk & Lascu 1993). As most related research reports,

consumers described that after the move from an economy of shortages to surpluses, they at first found satisfaction in new goods and felt they adopted many values from consumer culture. Following this was a period of disillusionment, in which they describe redefining local and global values. Afterwards, they saw their approach to consumption as playful. Uniquely in this research, advertisers were included, and also expressed their “cycle of disillusionment”.

In the Croatian situation, the “cycle of disillusionment” has a political lens. Many Croatians were disappointed in their expectation that Croatia’s educated labor force and natural resources would help it succeed after independence. While the 1991-1995 war hindered Croatia’s transformation, many Croatians also looked at privatization and democratization processes in Croatia and asked who was to blame for the outcome. They turned to the politicians in power from 1990-2000, who are also known for their conspicuous consumption.

Advertising agency account managers viewed the consumption ethic (Fox and Lears) as locally specific (1983). They explained that although the per capita income in Croatia is low, consumers enjoy this little amount by consuming the “finer things”. For example, a consumer might borrow money from relatives to afford his bread and butter diet as he buys expensive, Italian shoes. A consumer described how desire for a dress is similar to her Bosnian grandfather’s smoking habit. People know each other by what they enjoy. We call the local consumption ethic the “pleasure principle”.

Both advertisers and consumers described their desire to enjoy a local lifestyle and a western standard of living. Advertisers and consumers organize “Balkan Style” around notions of “Balkanness” and “westernness” (for a discussion of Balkan see Todorova 1997). It means challenging globalized, standardized lifestyles and geo-political meanings (Wilk 1995). In this sense, Croatian consumers and advertisers feel empowered when they can define Croatia’s position and alienated when outside application of “Balkans” seems pejorative. An advertiser described the offense he and others felt by an advertisement in Croatia for a non-European coffee brand showing the product served in a café from the *jezva* in which it was boiled, in the Turkish style, while in fact all cafes in Croatia use espresso machines. Another advertising respondent described his idea that Croatia should cultivate its Balkan image to differentiate itself in the foreign tourist market (tourism is Croatia’s most important industry).

Describing Zagreb since 1991, respondents lament the “Balkanization” of their town following the immigration of Croatians from Bosnia-Herzegovina to Zagreb and their ascendancy to political power. Respondents described their consumption as lacking style, offending Zagreb fashion sense. It also did not fit what they see as traditional Zagreb values: education and culture. For Zagreb natives, faced with a changing social structure that challenges their position, “Balkan” is also a means of defending their social status played out in the field of consumption (Bourdieu).

Alternatively, consumers from both groups enjoy speaking about Croatia’s “Balkanness”. It seems operate as an explanation of their differences and similarities with global consumer culture. The “pleasure principle” in consumption is usually described as a local characteristic of a global phenomenon. Also, the emphasis on fashion and appearances is described at once “Western”, as in affiliation with the Italian cult of beauty. It is at the same time “Balkan” in the local reinterpretations.

## **Conclusion**

Consumption in Croatia is a bricolage of meanings taken from foreign and local sources (Scott 1994). This paper unpacks the meaning of status in consumption and advertising during a fundamental change of the socio-economic context in Croatia. Status is a construct at the nexus of national and individual identity. The meanings of symbolic consumption are both local and global. A key advertising strategy is positioning certain categories of goods as status symbols. It relies on understanding status hierarchies, and global and local meanings of brands, which were unexplored in Croatia and other post-socialist countries.

Social status structure is changing both horizontally and vertically in the region. For advertisers, the horizontal differentiation is the most important area of interest. The implications of study of status are not, however, limited to the conditions of post-socialism. It contributes to a re-conceptualizing of status in the United States as well.

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# The Emerging Consumer Society of Southeast China and the Growing Divide in China's Transforming Economy

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## Abstract

*The purpose of this research is to describe the rising trend of over-consumption in the emerging market of China, and its relation to China's developing economy. This research hopes to apply consumer theory to a developing economy of the world where over-consumption is on the rise, and to touch on the future implications of this trend. China proves a worthy subject due to its immense population of 1.3 billion, its liberalization of the economy, and its rapid emergence as a consumer society in the southeastern region. The central constructs whose relationships we will explore are the Chinese consumers' consumption preferences, and US style consumption in a transitioning economy. Key research questions follow: 1) what conditions boost or facilitate this trend of over-consumption, 2) what possible effects will this trend have on the social environment and the world's natural resources, 3) is the SUV, as a bellwether of the consumption trend, becoming a practical product of functionality for each individual, or is it a signifier of the consumers' drive to be conspicuous consumers thereby attaining levels of social status important in Chinese culture? Theories that will guide this research relate to economic development, consumer culture, and conspicuous consumption. Implications for society and marketing issues in China will highlight the outcomes of this research.*

## China Overview

With a population of approximately 1.3 billion people, China is by far the world's most populous country. The aggregate Gross Domestic Product has grown at an overwhelming rate of 8% a year since the beginning of economic reforms in 1979 (Auffhammer 2004). Along with a rapidly growing population, this has translated into an average growth rate per capita income of 6.6 percent. China has also opened its doors to more foreign investment and reform after acceding to the World Trade Organization in 2001. A UN report in 2003 stated that China has overtaken the US as the top global destination for foreign direct investment (China 2004).

In 2003 China stood as the second largest economy in the world after the United States with a GDP of 6.449 trillion and a growth rate of 9.1% (CIA 2004). The economy of China is a mixed economy, with a combination of state-owned and privately owned firms. Many state-owned firms have undergone partial of full privatization in recent years. China's developing economy has given rise to an increase in per capita income. This has in turn created a larger middle class and has supplied more disposable income to many in the population.

In order to gain a better understanding of the dynamic culture and transitioning economy of China, references must be made to its past. It is noted that the transformation after Deng Xiao Ping declared his open-door policy in 1979, created a type of consumer revolution. Before, the people had little choice in the marketplace. The products were of dismal quality and were produced by state-owned enterprises in a regulated market. Now China's consumers, predominantly in the more developed Southeastern region, have a vast selection in a large variety of categories from low-end/budget items to luxury goods. The influx of new media and information has also been a benefactor for marketing agencies and companies to expose these consumers to branded goods, logos, and advertisements, as well as increased consumption.

The role that the media has played in relation to consumerism has counteracted the previous period of communism, an era which shaped contemporary cultures of consumption in very decided ways. The desire to consume was suppressed by limited choice and limited opportunity to purchase goods. Those desiring more and better products were seen as deviating from the norm in a homogenized communistic culture. In contrast to this previous era, a market economy gives the sense that the individual has the choice to consume as they desire. With the onset of globalization, the role of media and advertising has increased. Large multinationals intend to take advantage of this even larger market where their products can be sold. The many regional cultures can be seen as a hindrance to easy selling. In a country as large as China, many companies are faced with such obstacles. While the individual now has the choice to consume as they desire, attitudes and consumption habits need to be similar for the best effect on sales.

To add emphasis to the powerful effects of economic reform in China, it is known that purchasing power has more or less tripled, and a mass consumer system began to emerge along side the system of mass production (National 2004). Once again, the relation of the number of consumers to the immense size of the country shows that the consumer revolution is clearly on the rise. One analyst estimates that approximately 25% of Chinese are participating in the consumer revolution and this number is concentrated on the Southeastern coastal region (Schein 1999). This shows that there is a small, but rapidly expanding stratum in the market for consumer goods. However, most of the population is barely in the market for essentials, especially after transition of government systems proved detrimental to many.

### **Growth and a Growing Disparity**

While certain regions are experiencing immense economic growth, there is a larger disparity evolving, and this disparity is better understood with a broader explanation of the transformation taking place in China. It was found that throughout much of the period of Mao's dominance, between 1949-1960 and 1966-1976, there was under-urbanization, if not de-urbanization (Zhang 2004). With the introduction of economic reforms in 1979, the situation has changed dramatically, and the need to urbanize has been widely accepted in post-reform China. It is evident that sustained economic growth is linked to the accelerated pace of urbanization, and one can see that this urbanization has increased rapidly since 1979. Statistics show that in 2001 there were 662 cities and about 20,300 designated towns, up from 193 cities and 2,173 designated towns on the eve of economics reforms (National 2004).

Rural immigration was restricted to maintain social stability before reform under the Household Registration System which was introduced in 1958. This system gave the citizens either agricultural or non-agricultural status. The urban residents were eligible for subsidized food and public services, but with the introduction of the Household Responsibility System in 1983, rural surplus laborers have had to leave their field of occupation in search of work in the prosperous coastal cities. Many of the subsidies that were provided to families were markedly reduced or converted into loans. The World Bank estimates that the number of migrants in cities range from 30 million to 200 million, and by certain accounts Beijing and Shanghai have each a migrant population of over 3 million, a quarter of their total population. This urbanization has also been helped by Special Economic Zones, where policies are favorable to the inflow and accumulation of foreign capital through tax and tariff breaks coupled with decreased red tape. These zones are concentrated in the coastal and metropolitan areas (Phillips 1989). Therefore, the interior has become asymmetrically linked to the coastal areas as a supplier of materials, energy, and cheap labor (Lockett 1989).

For years the Chinese had learned to be compliant to the rule of the Communist party. They received in return a livelihood with job security and a guarantee of basic living standards. People were not expected to make demands of the state in concern to their welfare; yet now economic reforms have left more people outside the safety net and lacking minimal protection (Leung 2000). Support from the state has

become unreliable and inadequate. This transformation has been pushed by the steady trend of economic development and capitalistic aspirations.

In light of the large migration to urban cities in Southeast China; a stark contrast is seen based on the fact that about 70 percent of China's population is still rural and an underclass of peasants, low-income families, and unemployed. Pundit, Noam Chomsky, states that there is a large geographical break between Southeast China, which is the big growth area, and Central China where most of the population still lives, and where things are maybe even going downhill in terms of development and modernization.

He speaks of the possibility that China may be able to break apart into the more developed eastern part, and the declining central part made up of hundreds of millions of people living in a kind of peasant society (Mitchell 2002). Other researchers see the same fault-line in Chinese society with the current class-like relations between the coastal and urban areas that are undergoing radical economic transformation, and interior regions that are suffering impoverishment and stagnation as a consequence of these market reforms and uneven development policies (Schein 1999). In brief, social life and social tension may be perceived as the price to be paid for moving toward a market economy.

It is stated in a November, 2004 BBC article that the rapid development is taking a major toll on the country's rice production. With the rise in urbanization, millions of rice farmers have moved to big cities, and have switched to cash crops from rice cultivation and many are leaving their fields all together. The urban emergence is also cutting into the countryside where rice paddies once lay. The increase in income has also increased rice consumption, therefore forcing the country to import rice, which in turn raises the overall price of rice to levels too high for China's poor. Wu Wen from the Ministry of Agriculture's research Centre for Rural Economy stated that this year China has a rice deficit of around four million tons (Montefiore 2004).

### **As Consumers**

Louisa Schein (1999) discusses in her literature the concept that China has experienced a moment of what she states as transnational desire. The rise of mass media in turn causes a promotion of character which can be fueled by the concept of consumer capitalism. Conceptually, the media can be seen as being consumed rather than the goods themselves. Certain results of such a pattern can cause the consumers to imagine themselves as cosmopolitan participants in a global commodity culture (Schein 1999).

While the desire for luxury goods is growing in the Southeastern region, Bin Zhao and Graham Murdock conclude that this "frustrating revolution of rising expectations is generating reservoirs of envy, reinforced by the highly *conspicuous consumption* of the new rich" (Zhao 1996, pp203). One possible sign of the transformation of material significance in China can be seen in the now meager lot of peasants in the interior who have more austere material lives than those in China's boom regions.

Bernd Schmitt (1999) of the Columbia School of Business and CEIBS-Shanghai proposed that marketers segment between the rural consumer and the urban consumer in China. The rural Chinese showed a growing interest in self-fulfillment by non-material means, while the urbanites tend to show more satisfaction than those in the countryside with regard to durable goods (Schmitt 1999). He breaks down the urbanites into different segments as: Market Rejecters, who say that they are not influenced by promotions and do not have a positive attitude toward advertising. They tend to be above 55 years of age. The Market Affected tend to have their decisions affected by promotions but less by the functional aspects of a product, and they do not hold a negative attitude toward ads. They tend to think that brands are different and are brand loyal. This is the youngest group of less than 20 years old, who are likely to be socially active. The Brand Explorers are sensitive to brand images, but are not affected by reference groups. Such brand explorers are between the ages of 20-55.

Finally, the Traditional Functionalist are those affected by reference groups and not affected by promotions (Schmitt 1999). Marketing originations and companies tend to target the Market Affected and the Brand Explorers whom will be more susceptible to marketing campaigns. Various media are being utilized to capture the attention of the consumer segment of the Market Affected and the Brand Explorers. This is a successful attempt at utilizing media to homogenize culture with the desire for increased consumption and sales (Vincent 2001).

### **Product Association**

There is an extremely evident pattern of cross-cultural consumption and various aspects of over consumption in Southeast China. Emphasis will be put on the Sports Utility Vehicle (SUV) as a signifier of this trend, and not only as a product of over-consumption, but of over-indulgence. One may see that in certain regions of the world consumption is a form of symbolic action. In 1967 Thorstein Veblen released *The Theory of the Leisure Class*, a book which discussed the culture of the upper class of society. A certain chapter entitled *Conspicuous Consumption* touches on the theory that the consumption of goods is a sign of pecuniary wealth or strength. In this he states that the leisure class can consume luxuries, or that they can afford indulgence. During early stages of prolific economic development, as seen in many regions of China, particularly in the Southeast, consumption of goods without stint, or the consumption in excess of the subsistence minimum, is reserved for the upper class. A certain element of waste is common in the consumption of goods, and this is done to most effectively reach the person whose convictions it is desired to affect. The leisure class presents an unrelenting demonstration of ability to pay and consume. When one attempts to indicate their pecuniary strength, the consumption of superfluities and other ancillary products is the indicator of this (Veblen 1967). In China, certain products, such as automobiles, and the SUV in particular, are currently serving as status indicators in urban society. These objects are made more or less desirable by the role they play in the symbolic system (Gell 1986).

As a free market economy, which operates by voluntary exchange and is not planned or controlled by a central authority, develops, more emphasis is placed on consumption as a driving force in economic progress. It has been stated that less-developed countries have not given proper emphasis to the importance of increasing consumption and have given too much emphasis to GNP, growth rates, production and investment (Kaynak 1986).

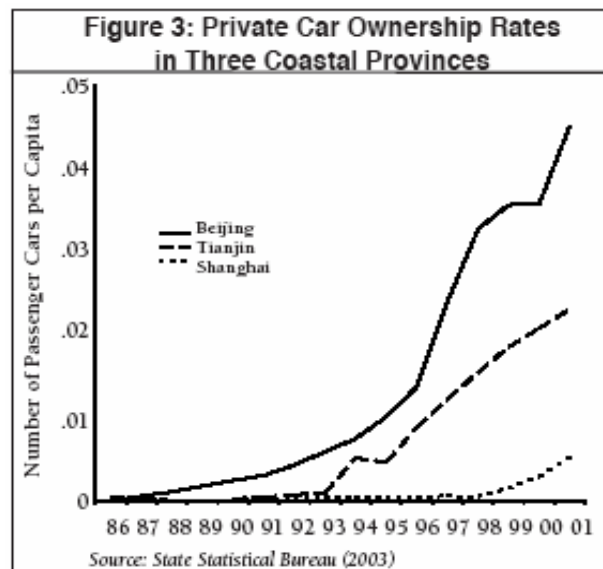
In relation to Maslow's hierarchy of needs, when basic needs have been largely satisfied, such as in affluent societies, these consumers then seek to satisfy higher order needs. In these societies, the environment does not act as a determinant of these needs, but acts as a constraint or stimulus (Firat 1998). Consumption does play a major role in the current environment in which one lives. Yet the unnatural condition of over-consumption gives rise to much concerned debate. If products are to play a role as a symbolic ornament in modern society, and not to be used for their respective functionality, one may find a certain detachment from the world around them. This is where the distinction between want and needs becomes blurred. Needs were originally thought to be more related to human physiology, while wants were more closely related to the cultural environment. Needs were thought to exist in the very texture of human biology. One of the foremost marketing scholars, Philip Kotler (1998), states that needs were not created by their society or by marketers, but by the innate human condition. He goes on to say that while people's needs are few, their wants are many (Firat 1998).

The disparity between the urban and rural areas of China becomes more elucidated when discussing this differentiation between needs and wants. While the rural peasants are struggling to attain the lower level needs, the more affluent urbanites are seeking to satisfy higher level needs by way of increased consumption and material goods.

Marketing and business strategies have been able to reinforce consumers' tendencies to remain in the hierarchical strata of esteem boosting and belongingness. By satisfying these needs/wants with material

goods, marketers are thereby creating a social construct of mass consumption and increasing the consumption of goods that have no relevancy to needs, but rather deal with the external creation of wants. Early technique in marketing was developed to relate individuals to their environment, and was easily adaptable because it was firmly enmeshed in the framework of culture and human life. Modern technique in marketing has tended to divorce people from the natural and ecological environment. As stated by Moorman (1987), marketers no longer adapt technique to the needs of consumers; instead, technique causes consumers to adapt to its demands (Moorman 1987).

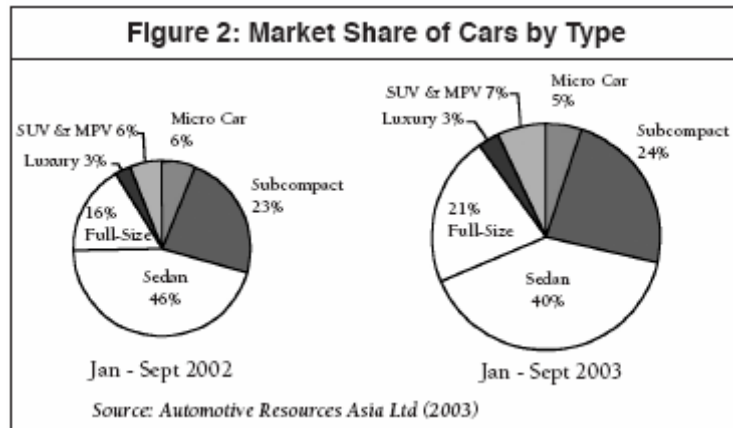
One such consumer good previously stated that has taken a front seat in this emerging economy is the automobile. Private car ownership has a very short history in China. Until six years ago, the majority of cars were owned by the state or companies. Over the past ten years, private car ownership has increased eightfold to roughly 11 million cars in 2003 (Auffhammer 2004). This development can be related to the threshold model, where individuals start purchasing high-priced durable goods as per capita income rises above a certain level. The average growth rate for private car ownership in the years from 1996-2000 was 26%. This number grew by 69% over the first three quarters of 2003 (Auffhammer 2004). Certain cities in this region are putting regulations on the amount of private car ownership by way of high registration cost, such as Shanghai which still remains at a low .01 number of passenger cars per capita. Other cities such as Beijing have had private car ownership grow at an exponential rate (see Figure, Auffhammer 2004).



This recent growth has correlated with the tremendous investment by European and American car makers in China through joint ventures with Chinese auto making companies. These joint ventures are taking place due to import restrictions as well as government regulations on production, and they are supplying approximately 90 percent of new car purchases (Auffhammer 2004). One company which has more than doubled in size since 2000 with the assistance of these joint ventures is Shanghai Automotive Industry Corporation, which last year produced 612,216 cars with VW and GM. This is an increase of 57% from 2002 (Taylor 2004). The National Bureau of Statistics stated that in the January-June period sales of motor vehicles went up 36 percent (National 2004).

SUVs are a niche product gaining more market share rapidly. The percentage of SUV sales is not as staggering as that of the United States at 24% (SUVs 2004), but executives say that demand is growing fast. A recent *Wall Street Journal* report stated that SUV sales in China doubled from 2001 to 2003 to about 200,000 vehicles a year (White 2004). Paula Alcala, chief executive officer of Beijing Jeep Corporation said that their projection is that over the next five years the SUV segment will go to 15% to

20% (White 2004), while the current market segment is at 8% (see figure 2, Auffhammer 2004). The developing economy will prove to be a large contributor to this market segment increase.



In observing the growing market share of cars and SUVs in the United States, one can see an obvious parallel to the SUV's market share in China. While the desire for an SUV in China may be due to its association with foreign prestige, it also has aspects of over-consumption. At the current time there is one car for every 70 people in China, and one car for every 2 Americans. In the October 2004 issue of the *Economist*, it is stated that if car ownership were eventually to rise to American levels, there would be roughly 650 million cars in China (Economist 2004). That is more than all the cars in the world today. It is projected that in 20 years time China's income per person could be close to South Korea's today (Economist 2004).

Korea has a population of 48.6 million, and approximately 11.6 million cars on the road (Automotive 2003). This translates into one car for every 4.2 people. If China were to have 1 car for every 4.2 people, the number would be 309 million. That is an enormous increase from the current number of cars being 20 million, and should these projections be somewhat accurate, the drain on the world's resources would be staggering. It should also be noted that with population of approximately 293 million people, and one car for every 2, the US currently has about 146.5 million cars. This means that China would have more than twice as many cars on the road than there are currently in the US.

As stated earlier by the CEO of Beijing Jeep Corporation, Jeep is hoping to have an SUV market share of 15% to 20% in five years. Should the SUV market share be only 15% after the 20 year car number projection, China would have approximately 46 million SUVs. Fuel usage would skyrocket as a result of these large numbers, proving detrimental to the environment and other resources.

### Concluding Statement

The country of China is immense and the diversity even more so. It is evident that China is experiencing different stages of economic development throughout various regions. Certain regions may even be in economic decline due to recent reforms. One can see the rapid emergence of a trend of mass consumption in the Southeast of China where Special Economic Regions have been formed. These regions have been able to move forward in economic development, and are now enjoying the fruits of their wealth. Marketing organizations and companies have been able to utilize their skills in the Southeast in order to create and manage demand. Consumption fuels development and this is the trend evident in this region. The transformation of wants into needs has been successful, and now a pattern that parallels that of capitalistic-consumption in the United States is apparent.



In the Southeast, where disposable income is on the rise and the urbanites are given the opportunity to consume on a new scale, the ideology of status is supported with consumption of conspicuous products. In China today, status is achieved through education and attaining a good position in a well respected company. This can also be indicated by the conspicuous products which are available to the wealthy. With the elevation of income to levels above the subsistence minimum, one may seek to satisfy the higher-level needs. Yet, the rise of incomes and a developing material-fetish can lead to a divorce between the individual and the natural environment around them.

The immense influence of marketing and other advertising mediums are also taking their toll on Southeastern China. While these organizations might not consider their techniques agents of social change, after analyzing this phenomenon in the Southeastern region of China, one can see potential far-reaching and irremediable consequences.

With a rising middle and upper class, individuals now have sufficient incomes to purchase goods which can serve as indicators of their social status. In discussing the SUV, it is evident that it serves as one of these signifiers due to its high price and brand relativity. This material-fetish, while currently a driving force and latent effect in the capitalistic aspirations of this region, must be monitored and regulated. Should China's income rise to the same levels of South Korea's in 20 years, China's car ownership could become relatively the same, and would have approximately 309 million cars. This number would double if China's car ownership mirrored that of the US.

Other implications which have been brought to light are the economic disparities between the different regions in China, possibly contributing to geopolitical destabilization if civil unrest develops. China's shadowing of US's consumer trends puts conspicuous consumption as a goal of many consumers. Any criticism of Chinese over-consumption is likely to fall on deaf ears because of the US practicing these same habits of over-consumption. Therefore, it appears that over-consumption will only be curbed by market forces (prices becoming too high for gas and cars) or unforeseen calamity (regional or global war, or environmental catastrophe).

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## **APPENDIX:**

### **EXERCEPTS FROM INTERVIEWS CONDUCTED DURING RESEARCH (OCTOBER – DECEMBER 2004)**

#### **Respondent A**

**Age:** Not Given

**Sex:** Female

**Native City/Region:** Shanghai, China

#### **What is your perception of Status?**

Living in a big city and being highly educated are very important. These things can help you get a good position in companies. Oftentimes, ancestors were peasants and many immigrated to these big cities. There seems to be two types of people in the big cities, there are the ones that have the higher level of education, and then the good business people with no education.

#### **Do you feel that there are any material indicators of Status in China?**

Yes, there are indicators with such things as houses and automobiles. It is difficult to get an automobile because there is a registration fee in China for 20% of the car's value, yet the government is currently lowering it.

#### **How do you feel about Sports Utility Vehicles (SUVs)?**

Never considered an SUV. It may be good for rural conditions. The sedan is more common and I would not consider the SUV as functional for big cities.

#### **What is your perception of consumer culture in China?**

Before reforms there was an immature market. The supply side was smaller than the demand side. 30 years ago, you actually had to get permission from the government to get such things as meats products. Now, consumption choices have grown. International bonds were introduced, and now you choose an international bond over a domestic bond. People tend to spend more on imported goods. Brands have a deep influence in China. Social status correlates to brand, and the wealthy can afford the more expensive brands. There is a kind of branding of China taking place, and there is much brand influence, especially amongst young people.

It is worth it to buy expensive brands. I won't buy domestic soda; I only buy coke because the quality is better than domestic. I'll only buy certain commodities that are domestic like water or tea. There is much brand loyalty and the media has done much to support this. There are advertisements everywhere and the domestic companies do not have enough money to compete. They are doing a good job of marketing.

The older generations still concentrate on community, yet the younger generations concentrate on the individual and what is better for the self, and not the community. They want to be "cool." This term was brought to China by way of Pepsi advertisements. Children want to do something different to show their own personalities. These brands provide a sense of individualism.

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#### **Respondent B**

**Age:** Not Given

**Sex:** Female

**Native City/region:** Chengdu, Sichuan China (Southwestern Region)

#### **What is your perception of Status?**

The eastern part of China is more developed than the west. If you go to Sichuan it is hard because they want to make these cities large. The majority of the economy is farming and food. It is a good place

for old aged people but not for younger people. An important part of life in southwest China is food and a slower paced lifestyle.

**Do you feel that there are any material indicators of Status in China (SW)?**

No, I don't think so. It is not so diversified, not so individualistic. People are the same. The US is individualistic. The center is controlled. The pattern of thinking is the same. If you are not the same as others you are not good. There are Chinese cultural differences.

**How do you feel about SUVs?**

There were some cars, but most belong to the government or companies. Private ownership was limited, but now is more popular. The SUV uses a lot of gas, so people choose smaller cars.

**What is your perception of consumer culture in China?**

There is more of a formal dress. People really like to spend money on clothes, food, or a house. They like to invest in properties so that they may get more money back. There is a large gap between the rich and the poor. The poor live very badly. Public security is not secure. Children can go to school in the city, but kids who go to school in the city don't hang out with the village kids. The disparity is big between the villages and cities. If someone were to say that they are from a village, it would be considered something bad.

**What is your perception of Media?**

There is lots of advertising in the media.

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**Respondent C**

**Age:** 24

**Sex:** Male

**Native City/Region:** Nanjing, Studied in Beijing for 2.5 years

**What is your perception of Status?**

Position is important, working for the government or for a Corporation in a high rank.

**Do you feel that there are any material indicators of status in China?**

Money is important. China has become westernized over the past 15 to 20 years, so material possessions are important.

**How do you feel about SUVs?**

Consume a lot of gas. Sedans seem more appropriate.

**What is your perception of consumer culture in China?**

It differs a lot, while the US is homogeneous there are many different regions in China making it very heterogeneous. There are many different subcultures.

**Media:**

Hard news and documentaries are still controlled by the government, but they have allowed investors come in for entertainment and sports. The media market is going to be opening up more.

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**Respondent D**

**Age:** Not Given

**Sex:** Female

**Native City/Region:** Hangzhou, Zhejiang Province

**What is your perception of Status?**

Middle, Service (?)

**Do you feel that there are any material indicators of status in China?**

Yes, more than in America. People care a lot about cars and clothes. Foreign brands are more important. Local brands don't have as much importance.

**How do you feel about SUVs?**

Private car ownership has gone up in the past few years, and while sedans are still the main purchased automobile, SUVs are also being bought. There is a change happening in car ownership. There is more private car ownership.

**What is your perception of consumer culture in China?**

There is major brand importance. People pursue US brands and they stand for high class. People will treat you differently if you wear these brands.

**Media:**

Having a TV is cheap, and there is a lot of marketing for things such as cigarettes and beer, and the companies with a lot of money dominate advertising.

**Individualism:**

People always care for the family, and many live with their families. Brands are important, and having a car is important, yet, not all people can drive. People want to own a car and have more. People want more money to have more possessions. It of course depends on the society and economic progress.

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**Respondent E**

**Age:** Not Given

**Sex:** Female

**Native City/Region:** China, Sichuan, Cheng Du

**What is your perception of Status?**

Needs are different, and they are different with various levels of income. People with higher incomes and status don't worry about lower level needs. I think about how I will enjoy life and hanging out with friends. I like to take my family out to dinner, and I shop every day. I love shopping. While I am wealthy, and my brother is not, he is still meeting lower level needs like shelter and clothing.

**Do you feel that there are any material indicators of status in China?**

Yes, houses and apartments are important indicators. There is a rich south and a poor east. Before reforms, the government gave you a house. Cars used to be real expensive, and having a car made you feel good or cool. The car can show different levels status. There are imported cars for the rich and domestic cars for the middle class.

**How do you feel about SUVs?**

I think that SUVs take up lots of space and are very expensive. They are imported and expensive, more for the really rich. You can buy a smaller or cheaper car, but it doesn't look as good. You don't drive too much, so you want a car that looks good.

**What is your perception of consumer culture in China?**

It is sort of like American culture. It is also different for different income levels. One thing that Chinese do not do is purchase things on credit. We think that credit is dangerous.

**Media:**

The news is fake and they only show what they want to show. They only show the positive side of government. Advertising used to be boring, but now it has become more attractive and better.

**Individualism:**

Compared with before individualism is becoming more prominent. People think for themselves but still think of the family.

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# Interdependent Selves and Retail Decision Making with Companions: *The Case of Chinese Mall Patrons*

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## Abstract

*How purchases of personal goods are impacted by shopping companions is largely unknown. This study critically reviews the Self Construal Theory (SCT) and tests it on retail decision makings with ten generalized ordered logit models on impacts of shopping companions. Findings suggest it is families and not friends/colleagues/classmates that wield consistently significant effects among Chinese mall patrons. Business implications are discussed.*

## Introduction

### Research on the Self:

#### Much by Psychologists, Little by Business Researchers

One of the hottest buttons for multidisciplinary research, led by psychologists, has been the self or selves. To witness this, I recently (March 12, 2005) conducted an online document search using a premier database (InfoTrac OneFile) with phrases “self or selves” and I was quickly returned with 66,311 entries even after imposing a limit to “refereed publications.” Theoretical work in this field has been nothing but rich: another search with “self and theory” gave me 4,792 entries (“self theory” came out 727 articles). However, the number of entries went down significantly when I switched to “self and marketing,” which introduced me to 430 articles. Finally, searching with “self and theory and marketing” returned a meager number of 35 articles, of which only 14 (40%) appeared in “pure” consumer and marketing outlets (e.g., *Journal of Advertising Research*, *Journal of Marketing*), while the others were *psychology* (e.g., *Journal of Economic Psychology*, *Journal of Applied Psychology*), *sociology* (e.g., *Journal of Social Issues*, *Journal of Sociology*), *economics* (e.g., *Resource and Energy Economics*), other *non-marketing business journals* (e.g., *Journal of Business Ethics*, *Management Decision*) and *multidisciplinary outlets* (e.g., *Journal of Homosexuality*, *Decision Sciences*). A similar trial with “self and theory and consumer” returned 88 articles, ranging from *The Gerontologist* to *Yale Law Journal*. Again, this time only 11 (12.5%) articles appeared in “pure” marketing and consumer research journals.

Quantitative variations aside, perhaps the issue of disciplinary segregation bears more significance. Since I am interested in cross cultural research, I picked two fairly influential psychological theories on the self – the Self Determination Theory (SDT, Deci & Ryan, 1985, 2001) and the Self Construal Theory (SCT, Markus & Kitayama, 1991) – to track them down in business. To my dismay, zero for SCT and only two (one appeared in *Social Policy* and another in *Annals of Internal Medicine*) for SDT. After modifying the search with “interdependen\* and consumer” where “\*” denotes a wildcard and “interdependence” is the core concept in SCT, I found 56 entries, yet almost all of them were written by economists and little involved cross-culture settings. The only exception was Mandel (2003), who studied risk taking and shifting selves partly derived from SCT.

### Self and Business: Three Natural Links

What are we to draw from a dearth of research on the self and business? These findings do *not* mean the self is *irrelevant* to business in general, nor to consumer behaviors in particular. At the most abstract level

the link is transparent: each of us is a consumer and each wears a self identity. The *consumer self* is subsumed under the *general self*. Further, two more bridges help tighten the connections.

First, like the word “business,” “self” is rich in contents. Its many dimensions are manifested by the rich collection of related terms /phrases – *self enhancement*, *self esteem*, *self motivation*, *self actualization*, *self verification*, *self effacing*, *self consciousness*, and *self control* – to name just a few. Each of these dimensions can potentially affect consumptions and business activities. Slater (1997, p. 59), for example, uses the term “choosing self” to highlight the rise of modern consumer culture. In other words, the contents of “self” are “size-compatible” to that of business, which provide a symmetric base for rich exchanges on an equal footing.

But there is more. If the *self* remains a concept at pure *individual* level, its power would be attenuated. When the self is examined from its cultural contexts (to form the so called *cultural psychology*), it breaks the walls of psychological labs and lifts to the macro or aggregate (i.e., market) level. The Self Construal Theory (SCT) and the Individualism-Collectivism (IND-COL) framework are of this type. If the word “self” does not particularly interest you, culture should, or you risk losing touch with consumers and pulses of business.

#### **Four Reasons for this Research**

Like Mandel (2003), this paper represents one of the earliest attempts applying SCT to consumer behaviors. Four reasons help make this effort worthwhile.

*A focus on “self” from the decision/behavior perspective.* Although Markus and Kitayama (1991) had a lengthy discussion on the impacts of self construals, theirs focused exclusively on cognitions, emotions, and motivations. Business researchers have a more direct interest in how consumers make decisions. They want to be convinced that when it comes to decisions making, self construal does make a difference. This study thus tests SCT on consumer decision makings in authentic (daily) business settings.

*Coming from mainland China.* The most direct and fertile testing ground for SCT is to be found in Asian countries, because, as will be discussed later, SCT explicitly places cultures inside national boundaries, constantly juxtaposes Western and Eastern societies, and essentially translates *cultural* differences into *national* ones. More specifically, according to Markus and Kitayama, Japan and China exemplify the cultures where interdependent selves are cherished and dominating. Thus far, a considerable amount of work has been conducted either in Japan or with Japanese samples (e.g., Kitayama et al., 2004; Kitayama et al., 1997; Moeran & Skov 1993; van Baaren et al., 2003; Bresnahan et al., 2005 □ Sedikides et al., 2003; Oetzel, 1998; Ozawa, 1996; Kashima et al., 1995), whereas in China, especially in the mainland, hardly anyone has done anything seriously. (See Brockner & Chen, 1996, for an exception). This needs to be changed, especially considering Oyserman et al.’s (2002) finding that “Among Asians, only Chinese showed large effects, being both less individualist and more collectivistic.” (p. 3).

*Differentiating the in-group members.* It is not clear from SCT (and its precedents) that just who comprises the in-group. Markus & Kitayama (1991) mentioned *parents*, *friends*, *co-workers*, and *siblings*. But are they all equally important? This study tackles this issue and offers direct empirical evidences from the largest interdependent society (according to SCT).

*First multivariate models on shopping companionship.* Returning to the business world, although much about consumer behaviors has been learnt in the past, empirical (and quantitative) work on *shopping companionship* has yet to emerge, except a qualitative piece by Prus (1993). By presenting the first companionship models this study filled an important void in pure business sense.



In sum, this paper breaks *three* grounds, *First*, it represents the first consumer testing of SCT in a field setting (Mandel's (2003) was experiments on a university campus). *Second* it is also the first such attempt in mainland China, presumably the largest society for interdependent selves. *Finally* for the first time this paper presents multinomial logit models to estimate partners' impacts on shoppers' retail decision making.

The rest of the paper is divided into the usual sections: Section II is a critical review of SCT. The reader will see, among other things, five features of SCT and two formal definitions of interdependent and independent selves, which were missing from the original work by Markus & Kitayama (1991). To show SCT's business potential or to help translate SCT into business and business research, five observations will be discussed. Although none will be tested in this paper, these propositions or observations may help facilitate future research. I then challenge SCT on two theoretical grounds, one of them – bifurcating the world cultures – leads to a critical review of the well known Individualism-Collectivism framework (IND-COL, Hofstede, 1980). Section III introduces the data, method, models and results. Section IV summaries and discusses.

### **A Critical Review of the Self Construal Theory**

I will proceed in the following order: A brief summary of the features of Markus and Kitayama's work will offer a bird's eye view of the SCT. Given that the SCT's central tenets are the independent and interdependent selves, two formal definitions of these concepts will be offered. Next I will discuss SCT's five theoretical contributions in relation to business and business research, followed by criticisms not only to SCT but also to the IND-COL framework.

### **The Work of Markus & Kitayama: Summary of Features**

A simple theory. SCT's theoretical constructs are simple, consisting of two notions of *independent* and *interdependent* selves. Partly because of that, their work in 1991 reads more like a literature review than a serious theoretical proposal. One consequence of this is to make the theory porous and missing important causal links. I will come back to this later.

A strong link with the IND-COL conception. Despite that Markus & Kitayama barely cited Hofstede's work in passing, there are deep internal links between the two. SCT can be viewed as a renewed effort to update one of Hofstede's four notions: Individualism-collectivism (IND-COL), power distance, risk aversion, and feminine-masculine.

A psychological hue. The authors' psychological root clearly shows. For example, when consequences of different self construals were discussed they chose to focus on emotions, cognitions, and motivations, with little regard for behavioral consequences and/or decision makings.

Geocultural demarcations. Markus & Kitayama (1991) issued a preemptive warning against overgeneralization of their theory by stating that

*“The distinctions that we make between independent and interdependent construals must be regarded as general tendencies...” as within a given culture “individuals will vary in the extent to which they are good cultural representatives and construe the self in the mandated way.” (p. 226)*

These modest statements, however, did not prevent them from marking up specific geo-cultural boundaries, virtually drawing a global cultural map. According to the authors “the interdependent view is exemplified in Japanese culture as well as in other Asian cultures. But it is also characteristic of African cultures, Latin-American cultures, and many southern European cultures.” (p. 225). Later they cited various studies conducted in specific countries to show that interdependent cultures include *China* (Bond, 1986; Yang, 1981; Hsu, 1985), *Philippine* (Church, 1987), *Thailand* (Weisz, 1991), *Morocco* (Geertz,

1974), *Africa* (Beattie, 1980), *India* (Miller et al., 1990), as well as some religious groups like the *Quakers* and people in small towns and rural communities (Bellah et al., 1985).

The authors' own summary statement:

*"Many Asian cultures have distinct conceptions of individuality that insist on the fundamental relatedness of individuals to each other. The emphasis is on attending to others, fitting in, and harmonious interdependence with them."*

It is fair to say that after Hofstede (1980), Markus and Kitayama are the most direct, explicit, and salient discussion on cultures and selves.

*Missing the empirical parts.* Markus & Kitayama (1991) did not discuss any empirical issues relating to theoretical constructs. Several other authors (Singelis, 1994; Cross, 2000; Gudykunst et al., 1994. ) later developed measurement scales mostly based on factor analysis.

### **Independent and Interdependent Self Construals:**

#### **Adding Formal Definitions**

Markus & Kitayama (1991) implicitly assumed that the readers knew what independent and interdependent selves are, and merely provided a long list of related terms such as "*sociocentric, holistic, collective, allocentric, ensembled, constitutive, contextualist, connected, and relational.*" (p. 227). These presumably self-explaining terms allow them to be preoccupied with *descriptions*, rather than *definitions*.

For example, their description of interdependent selves is that "it is the 'other' or the 'self-in-relation-to-other' that is the focal in individual experience." (p. 225) and "both the expression and the experience of emotions and motives may be significantly shaped and governed by a consideration of the reactions of others." (p. 225) In addition, they added a figure depicting the two types of selves, and a table summarizing the key differences.

To help business readers gain a quick understanding of the theory (without revisiting the article in 1991), I now offer a formal definition for the *interdependent self* that summarizes what the authors have stated:

*"A porous, amorphous, extraneously conditioned, and relationship-oriented social identity whose true nature and concomitance tend to be found through positions and interactions with various others – both in-group and out-group members."*

The above is to be contrasted with the *independent self*, defined as

*"A salient, definite, distinct, active, and consistent social identity that tends to stand alone and seek personal gains through interactions with others."*

### **Translating SCT into Business: Five Notes**

Earlier I pointed out three *general* links between self and business. The discussion on SCT allows a more pointed discussion on what business and business researchers can learn from SCT.

*Instilling a multi-dimensional view of the business world.* Following SCT, business managements need to be aware of the limits/danger relying on a single Western view of consumers and consumer behaviors. However, this point is less crucial than Markus & Kitayama have suggested. Part of their allegations is just "straw men," needed to grandize their theory. For example, they repeatedly alleged there being just one – the Western – view of selves and identities, while many evidences suggest that most people now understand the differences between Eastern and Western cultures. At the theoretical level, Hofstede's

(1980) IND-COL has pretty much made the “one-world” view obsolete. At any rate, those conducting international businesses should have learnt this from business practices and exposures, without relying on SCT to tell them so.

*Interdependent consumers, brand loyalty and CRM.* Businesses need to learn how to cope with interdependent selves. SCT predicts that the interdependent selves’ emotions, cognitions, and motivations be contingent on relational others. It is thus perhaps too much to ask for fully committed *brand loyalty* from them. However, the story is complicated. Interdependence does *not* automatically rule out business loyalty *if* sufficient homework is done. SCT states that interdependent consumers may prefer someone (presumably the in-group members) to read their minds – their preferences, tastes, habits, and buying histories – and then make decisions *for* them. Thus the key is to act as the in-group members. This of course points to CRM – Customer Relationship Managements. If anything, SCT tells managements to be more attentive to CRM, and failure to do so – and ending up being an out-group – will cost business dearly.

*Serving significant others well.* The buzz words for businesses to deal with interdependent consumers should be *relations, relations, and relations*. Because it is very important for these people to serve the (in-group) others, not just serving self, businesses should take good care of their in-group members as well. This means remembering parents’ birthdays, special occasions, needs and wants, sons or daughters’ ages and school locations, and the appropriate budgets for different others.

*Interdependent consumers and bundled goods/services.* SCT says interdependent selves tend to coexist in *relationship units*. The business implication is to develop bundled goods /services for these relationship units (e.g., families, working units, and classes). Thoughtfully designed “relationship bundles” should work better than stand alone goods/services.

*Interdependent consumers and consumer research.* The above four all concern managements. The present one is more relevant to business researchers. SCT implies special challenges in studying interdependent consumers, whose “elusive” nature makes it harder to apply many straightforward methods of data collection. For example, surveys that have proven successful in the Western society may not generate valid and reliable data, mainly because people in China, Japan and other Asian countries have been “primed” with Western views of themselves – collectivism, ancestor worshipping, strong family ties, and being conservative – to name just a few. And being the *adaptive type*, they may actually *act accordingly*, at least, or especially, in front of Western researchers! What this means is to rely more on indigenous talents and to use observations, tradeoff experiments, and disguised (but honest) research in order to obtain valid and reliable data among the interdependent selves.

### **Problems with SCT**

SCT’s developments remind me of Perraro & Pfeffer (2005)’s argument about how some theories may become “self-fulfilling.” Markus & Kitayama’s 1991 paper did not break any new ground: The theoretical concepts spread thin, no definitions, nor empirical measurements were offered. In fact, just about the only thing they did was to elaborate on the two intuitive-sounding notions – *independent* and *interdependent* selves. All these, however, did not prevent SCT from becoming fairly popular. The world was ready to embrace another bifurcation theory after Hofstede (1980), and Markus & Kitayama concocted just that.

I challenge SCT on two grounds, listed below. I limit my discussions on the theoretical part.

*Weak or broken causal links between selves and cultures.* A well built theory should offer valid and legitimate causal links. Yet one cannot say that is true with SCT. For example, after presenting the notions of independent and interdependent selves and their geocultural boundaries little has been offered on *how* and *why* these self construals were shaped, other than pointing out the pivotal role played by

*others*. For the most part the theory merely gives a diagnosis of the two self construals and then moves on quickly to their (psychological) consequences.

More specifically, I call the reader's attention to three interrelated theoretical holes - *romanticizing interdependent selves*, *failing to explain others-serving behaviors* and *indifferentiation of in-group members*.

Markus & Kitayama issued warnings against the tendency "to romanticize the interdependent self," because "attention to others is not indiscriminate; it is highly selective and will be most characteristic of relationships with 'in-group' members," and that "the in-group-out-group distinction is a vital one for interdependent selves," (p. 229)

To prevent romanticizing interdependent self they key is to offer a legitimate account for the behaviors of serving others rather than self-serving, and Markus & Kitayama (1991) missed just that. Later Heine et al. (1999) explicitly denied the universality of the needs for positive self regards, claiming that for interdependent selves it is more important to have positive "others-regards."

That is a major leap of faith to go from observing some Japanese's "self criticism" to denial of the human desire for self regards. There are several possibilities behind self criticisms. *One*, some may have seen others doing it and are simply following the suit, realizing that doing anything else would risk losing faces or lead to negative regards by others. These are *passive* doers; *two*, some "calculated self criticisms" were anticipating bigger social payoffs than self appraisal; and *three*, some may initiate self criticism in exchange for others' to do the same.

The point is: the authors seem to have forgotten the very elusive nature of the interdependent selves that they themselves discussed – the same Chinese or Japanese doing self criticisms in one setting may be boasting or self serving in another setting. It all depends on who else are present and not on what their true thoughts are regarding themselves.

SCT is especially weak when compared with another theory on self – the Self Determination Theory (SDT) by Deci & Ryan (1985, 2000), which spells out many causal detail how selves and cultures influence each other. Deci et al. (1994), for example, suggested three contextual factors – "providing a meaningful rationale, acknowledging the behavior's feelings, and conveying choice" (p. 117) – that can all promote internalization of motivations.

Here is another theoretical hole: Markus & Kitayama failed to give formal account, nor discussion, on exactly who comprise the "in-groups." The only thing they said is "These are others with whom one shares a common fate, such as family members or members of the same lasting social group, such as the work group" (p. 226) No words on whether these people are all treated the same, slightly different, or very different. I will return to this issue in the empirical part of this article.

*Heading to a wrong bifurcation direction.* Dichotomizing selves and cultures along the line of *interdependence* versus *independence*, as SCT does, is not a good idea. First, it over simplifies the real world and second, much research has shown that most people possess both tendencies of being independent as well as interdependent. SDT, for example, suggests three human psychological needs – *competence*, *autonomy*, and *relatedness*. The last, according to Kowal & Fortier (1999), "refers to individuals' desires to feel connected with others and to experience a sense of belonging in a particular social context." (p. 356). Apparently, all human beings demand and treasure the sense of relatedness, which leads to some degree of interdependence. As Lindholm (1997) pointed out, "interdependence" is not a satisfactory description of the Eastern experience of the self. It is thus better to view interdependence as a *continuum* along which people of different cultures locate (and shift positions with

time). Similarly, Oyserman et al. (2002), based on a large meta-analysis, made this note: “it is clear that, depending on situational requirements, both individualism- and collectivism-focused strategies are adaptive; thus, it is likely that human minds have adapted to think both ways.” (p. 110).

But the heaviest blow is delivered to the IND-COL framework to which Markus & Kitayama fully subscribed (whether the authors acknowledge the link or not matters little). In fact, SCT has been singled out by Voronov & Singer (2002) as a bad case example “to illustrate the concept's vulnerability to criticism stemming from its assumption of cultural variability in IND-COL.” (p. 462) and “Because of its prominence, self-construal theory makes an especially effective illustration of the mistaken conclusions that can result from assuming cross-national I-C differences.” (p. 470). They challenge that “there is not a robust cross-national distinction in I-C that would allow one to accept the necessary premise of the self-construal theory. As a result, there is no empirical basis for assuming cross-national differences in self-construals.” (p. 470).

Considering its importance I open a new subsection to allow spaces for further discussion.

### **Challenging the Individualism /Collectivism Framework**

This section will be kept relatively short because many excellent and important points have been forwarded unsurprisingly by a group of cultural psychologists (Bond, 2002; Fiske, 2002; Kitayama, 2002; Miller, 2002; Oyserman et al, 2002; and Voronov & Singer, 2002) commenting on Oyserman et al.'s (2002) by far the largest and the very first meta-analyses on IND-COL. Below is a highlight of that discussion/debate. In order to reduce the clutter, I will generally omit individual citations and simply refer the readers to the group of authors cited above.

[1] Although many psychological processes, including the self, are culturally contingent, there is too much intra-society or intra-culture heterogeneity that calls into question the utility of the IND-COL scale, especially when used as the contrasting poles on a continuum cutting across countries or continents. Oyserman concluded IND-COL being just one of the many cultural dimensions. Fiske pointed out the numerous places in Oyserman et al.'s meta-analyses where there was “no correlation between sample means on IND and COL. Clearly, IND is not the opposite of COL or empirically related at all.” (p. 78). Furthermore, the same heterogeneity simply rendered it unworthy to even try to construct more reliable scales, because, as Fiske said, “if a theoretical construct is valid, it can be measured in innumerable conceptually appropriate ways, and different studies will yield convergent results.” “The bottom line is that ... these two constructs, as measured, are not valid.” (p. 80).

[2] The views that Asians being the model of collectivism and European Americans the gold standard of individualism have encountered strong oppositions from empirical research. Evidences include Japanese more individualistic than whites in North America, Americans to be more family focused than Chinese and Japanese but lower than Koreans (Hui, 1988; Matsumoto et al., 1977; Rhee et al., 1996); and North Americans slightly but significantly more collectivistic than Hong Kong samples.

[3] Many or most empirical studies were plagued by validity and reliability problems (e.g., using many open-ended self concept like the 20 “I am” statements that even Danish participants felt reluctant and uncomfortable, scales with low internal consistency by using Cronbach's Alpha lower than 0.70, dominated comparisons with Japan and little with Chinese from the mainland, and using predominantly convenient samples – college students as respondents.), and are not to be taken seriously. Fiske even believed that studying most cultural components through self report is “worse than useless.” (p. 82).

[4] It is Fiske who provided a theoretical criticism in terms of what went wrong with IND-COL. He believe they conflate distinct *type of societies* (e.g., Scandinavians are extremely individualistic but non-competitiveness), different *social bonds* (e.g., authority ranking, market pricing, equality matching, or

communal sharing), different *autonomy* (e.g., the various versions of independence ranging from hermitism to Zen Buddhist to Quakers), and different *contexts* (e.g., an independent and individualistic adult at work may be very collectivistic at home).

Fiske's final words concerned the nature of cultures and how to define, measure, analyze, and model them. In a nut shell, he recommended both the conceptualization and methods used by anthropologists – defining cultures as subsistence and economic system, religion, marriage, kinships and relationship network, and the like. On the methodological side he urged that words or verbal descriptions should yield to participatory observations.

It seems to me that the IND-COL framework has enjoyed more than two decades of popular life but it still only represents yesterday's thinking. Instead of providing foods for thoughts, it has already turned into a pair of baby's shoes no longer fit to the grown feet. New conceptualization is badly needed now.

I have been rather critical to SCT thus far. However, what have been said are based on logical reasoning and others' work, typically outside of China. Therefore, the time is mature to conduct serious business tests of SCT in China.

That said, I now turn to the second part – the empirical part – of the paper.

## **SHOPPING COMPANIONS & RETAIL DECISION MAKING**

### **Why Studying Shopping Companions**

Shoppers often go shopping with someone else – friends, family members, classmate, or colleagues. A reasonable hypothesis – consistent with SCT – is that “interdependent shoppers” tend to have a high propensity to visit malls /shopping centers with someone else, presumably an “in-group” member or members. This makes China potentially the best place in the world for studying shopping companionships.

Although many studies on consumer behaviors have touched on such details as store lightings, background music, and other environmental variables (Turley & Milliman, 2000; Machleit & Eroglu, S., 2000), companionship and its impacts on shoppers' behavior were ignored in the scientific literature (but see Prus, 1993 for an exception). An online search of scholarly journals using the phrases of “Shopping Companions” or “Shopping Partners” returned with fewer than five documents.

Lack of work cannot be justified by lack of significance in this case. To retail managements the importance of shopper companionships is at least three folds. First, and most obvious, is the increased *store traffic* due to shoppers coming in groups. The next two both derived from group dynamics that are subtle and complex. The first is the *length of stay* in the mall – group shoppers may stay longer (or shorter) in the malls, thus increasing (or decreasing) chances for more (or less) transactions. The next is the *amount of purchases*, which may be affected, both positively and negatively, by inter-shopper interactions.

### **SCT and the Influences of Companions**

Because of the dearth of research on companionships, much is left to speculations and imaginations. For example, who tends to shop alone and who with others; further, whether – and how – “companion shoppers” would act differently from the “solo shoppers.” Further, from a theoretical perspective the most prominent question is to what extents shoppers influence each other in making retail decisions on and off shopping trips. More specifically, according to the SCT, the following (non-null) hypothesis seems reasonable:

*Interdependent shoppers not only go shopping with in-group members more often than independent shoppers, they also influence each others' decisions more frequently.*

Testing the above hypothesis however requires cross-national data. One of the arguments I made earlier is against linking cultures to nations to the exclusion of intra-national cultural variations. In the same vein, testing SCT exclusively with cross-national data could lead to empirical infertility and academic self censoring. Our survey shows sufficient variation among Chinese shoppers, and some truly prefer shopping alone and making their own decisions without turning to others. Therefore, I decide that the best use of non-cross national data is to test the following null hypothesis:

*All in-group members – families and friends – exert an equal amount of influences on shoppers' decisions.*

Or in symbols:

$H_0 : \text{inf}(\text{family}) = \text{inf}(\text{friends})$ , where “inf” stands for decision influences and “friends” here refer to colleagues, classmates, neighbors, and co-workers.

The alternative hypothesis is one-directional:

*Family members wield more significant influences than shoppers' other in-group members.*

Or in symbols:

$H_a : \text{inf}(\text{family}) > \text{inf}(\text{friends})$ .

Note that the null is more consistent with SCT.

## **Methodologies**

Mall intercept survey. To better reflect business reality I relied on mall intercept surveys. Bush & Hair (1985) compared this method with phone surveys on response quality, response rates, lifestyle characteristics, and respondent shopping behavior. Their findings were that “overall data quality of the mall intercepts and telephone interviews appears to be equivalent. The mall intercept method gave more accurate, less distorted responses, and mall shoppers appear to be more knowledgeable and easier to reach than telephone respondents. Mall intercept is a relatively inexpensive method of collecting high quality, accurate data in a face-to-face manner.” (p. 158)

These words are comforting, because China's current level of marketing research favors central location surveys: door-to-door surveys are getting too expensive with higher and higher refusals for safety concerns. Telephone surveys are limited by the relatively low fixed-phone penetration. Mail surveys suffer from low response rate and reliability issues. This left mall intercept surveys just about being the most direct, reliable, inexpensive, and viable means of data collection.

For testing SCT, mall intercept surveys have one additional advantage – its on-the-spot setting allows researchers to obtain genuinely first-hand information, both *subjective* (ratings, attitudes, opinions, preferences) and *objective* (shopping contents, amount spent, and direct observation of shopping companions in action).

Survey locations. The three largest shopping malls in the central business district of Hang Zhou, a mid-sized coastal city in the Yangtze River Delta, one of the most important economic engines for China, were selected to conduct this study.

Hangzhou is the capital of Zhejiang province. Located 180 km southwest of Shanghai, it had a total registered population of nearly 6.5 million, including the urban population of nearly 3.93 million at the end of 2003. The city is well known for its beautiful scenery, with the West Lake (Xi Hu) being the most noteworthy tourist attraction. The GDP per capita was ¥38,247 (ca. US\$4620) in 2003, which put Hangzhou on the top ten list of the wealthiest cities among a total of 659 Chinese cities. Based on a government sponsored urban residents survey, the average disposable income per capita for the urban households was 12,898 RMB in 2003, with an average living expenditure per capita of 9,950 RMB.<sup>i</sup>

Briefly, Hangzhou was selected on three considerations – its relatively high (yet not too high to be markedly different from the rest of China, like Shanghai would be) level of economic development well represents the wealthy Yangtze River Delta; its short distance from Shanghai made field supervision easy and traveling convenient; and its middle sized urban population (“middle size” means different thing in China than in the U.S.) helps avoid bias toward extremely large or small urban areas.

*The sampling process.* From July 21<sup>st</sup> to 28<sup>th</sup> of 2004 (which covered one weekend and five weekdays), a total of 507 mall patrons were selected from three shopping malls in downtown Hangzhou, using a scheme of systematic sampling, in which every 20<sup>th</sup> shopper exiting the malls was selected. The daily survey hours were fixed from 10am to 6pm. The 8-hour daily coverage was aimed to benefit external validity (Chebat, 1999). Daily quota ceilings were imposed to prevent sampling too many customers in any single day.

A team of 12 senior undergraduate students majoring in Marketing at the Shanghai University of Finance and Economics (SUFE) were given four hours training on the contents of the questionnaire and on sampling and response /corporation rates. The interviewers were then divided into three groups corresponding to the three malls. There was a field supervisor responsible for quality assurance and answering trivial technical questions. Above her was a senior researcher from the Center for Research on Contemporary Marketing at SUFE, who acted as the project coordinator/senior supervisor and maintained onsite during the entire survey period.

The questionnaire contains seven sets of shopping related questions plus seven demographic /background questions. The average length of the survey was 12 minutes. Table 1 describes the respondents in the sample.



**Table 1:**  
**Respondents' Demographic Profile**

Age Groups	Freq.	Percent	Cum. Percent	Monthly Disposable Income	Freq.	Percent	Cum. Percent
<18	80	15.78	15.78	<300	25	4.93	4.93
18-24	90	17.75	33.53	300-600	46	9.07	14
25-29	88	17.36	50.89	600-800	39	7.69	21.7
30-34	56	11.05	61.93	800-1,000	77	15.19	36.88
35-39	54	10.65	72.58	1,000-1,500	68	13.41	50.3
40-44	33	6.51	79.09	1,500-2,000	86	16.96	67.26
45-49	38	7.5	86.59	2,000-2,500	78	15.38	82.64
50-55	35	6.9	93.49	2,500-3,000	29	5.72	88.36
55+	33	6.51	100	3,000-4,000	28	5.52	93.89
Total	507	100		4,000+	31	6.11	100
				Total	507	100	
Gender	Freq.	Percent	Cum. Percent				
Male	251	49.51	49.51	Educ Levels	Freq.	Percent	Cum. Percent
Female	256	50.49	100	<6 Grade	11	2.17	2.17
Total	507	100		6 Grade	23	4.55	6.72
				Middle School	72	14.23	20.95
Marital Status	Freq.	Percent	Cum. Percent	High School	146	28.85	49.8
Single	235	46.63	46.63	College Graduates	217	42.89	92.69
Married	241	47.82	94.44	Masters & Doctorates	37	7.31	100
Separated	28	5.56	100.00	Total	506	100	
Total	504	100.01					
				Occupations	Freq.	Percent	Cum. Percent
				Students	136	26.82	26.82
				Government Employees	45	8.88	35.7
				Technicians	45	8.88	44.58
				Firm Employees	110	21.7	66.27
				Workers	37	7.3	73.57
				Freelance	35	6.9	80.47
				Others	99	19.53	100
				Total	507	100	

*The key independent variables – shopping companions by three scenarios.* The companionship items in the survey cover three scenarios: [1] the *last* shopping trip when the respondents were surveyed (“Are you alone, with friend(s)/colleagues/classmates or with family on this trip?”) [2] The *usual* or typical trips

(“Do you usually shop alone, with friend(s)/colleagues/classmates or family?”), and [3] the *most ideal* shopping scenarios (“Ideally, would you shop alone, with friend(s)/colleagues/classmates, or family?”). I will use “friends” to cover colleagues, classmates, and neighbors as well.

Multiple responses were allowed for the first two scenarios (last trip and usual trips) to accommodate complicated situations in real life, such as when someone had *both* friends and family members on a single shopping trip. The original data were recorded as three dummy variables, one for shopping *alone*, one with *friends*, and finally one with *families*. On the other hand, *no* multiple responses were allowed for the *most desired* shopping scenarios.

*Other independent demographic variables.* It has been discovered that more education tends to make individuals more independent or less interdependent (e.g., Sinha et al., 2001 and Triandis et al., 1995). Markus and Kitayama also point out that women, even in the U.S., are not representative of independent selves as men do.

Extending these findings to *income* (low versus high, with 1,000RMB being the cutting point), *jobs* (blue collar versus others), *education* (high school or below versus college or above), *youth* (teenagers versus others), and *marital status* (single versus others) seems to be logical. There is no theoretical guidance from the SCT on these variables, so it is up to the researchers to decide. However, to the extent that exploration is an essential part of making scientific progresses, including these variables in the model makes both theoretical and empirical sense. All these variables were recoded into dummies, with levels presumably favoring interdependent decision makings (e.g., low income, low job, less education, and being a teenager) always receiving a code of ‘1.’ The goal is to see if they would turn out to be statistically significant on the expected direction.

Unlike the other variables discussed so far, which are derived directly or indirectly from the SCT and previous findings, it is unclear whether, or how, being single affect decision making. On the one hand, it is likely for single men and women to be more *interdependent* because [1] they have no spouses to turn to, or [2] they are still too young to get married. On the other hand, they may be more *independent* to the extent that [1] they chose not to get married because of their propensity to live an independent life and [2] it is harder for them to find shopping companions. At any rate, I decided to leave it in the models as a pure empirical variable to let the models decide.

*The dependent variable.* To test the SCT I rely on a key variable, called INFLUENCE in the survey, which asked “To what extent your purchases of personally used goods /services were affected by shopping partners?” The respondents were to pick one answer from five alternatives – “I always decide by myself,” “I mainly rely on my own opinions,” “I rely on myself and my partners’ opinions about equally,” “I mainly use my partners’ opinions for reference,” and “I never decide alone by myself.”

Several notes about developing this variable are in order.

*First*, the exact wordings were determined by pilot tests with several versions. For example, I found that people like all the sentences to begin with an “I” rather than without it. Also they prefer the phrase “for references” (in Chinese, ‘cankao’) when they say they use partners’ opinions.

*Second*, by asking specifically for personal goods/services the goal is to increase the sensitivity of decision contents. I suspect that the need for interdependence increases proportionally to the sensitivity and importance of decisions. In other words, while everyone can make trivial decisions (e.g., whether to buy a red or a blue pencil) on their own, few interdependent people would depend solely on themselves for more important decisions.

*Third*, the question concerns decisions that are neither life-threatening nor too trivial to be relevant. Rather, daily mundane decisions of modest importance are involved. This seems to be consistent with most other models testing SCT.

The frequencies are listed in Table 2, together with the three key independent (i.e., companionship) variables. Many of those shopped alone last time as well as usually chose to skip the INFLUENCE item, thus we only had 480 respondents for the dependent variable.

**Table 2**  
**Companionship & Decision Influences**

<b>Companionships Last Trip</b>	<b>Freq.</b>	<b>Percent</b>	<b>Cum. Percent</b>
Shopped Alone	111	21.94	21.94
Shopped with friends	245	48.42	70.36
Shopped with family member(s)	107	21.15	91.5
Shopped with family & friends	43	8.5	100
Total	506	100	

<b>Usual Companionship Scenarios</b>	<b>Freq.</b>	<b>Percent</b>	<b>Cum. Percent</b>
No choice	5	0.99	0.99
Usually shopped alone	62	12.23	13.21
Usually shopped with friends	185	36.49	49.7
Usually shopped with family	120	23.67	73.37
Usually shopped with family & friends	135	26.63	100
Total	507	100	

<b>Ideal Companionship Scenarios</b>	<b>Freq.</b>	<b>Percent</b>	<b>Cum. Percent</b>
Shop alone	77	15.43	15.43
Shop with friends	262	52.51	67.94
Shop with family member(s)	160	32.06	100
Total	499	100	

<b>Decision Influenced by Companions</b>	<b>Freq.</b>	<b>Percent</b>	<b>Cum. Percent</b>
I always decide by myself	61	12.71	12.71
I mainly rely on my own opinions	183	38.13	50.83
I rely 50/50 on self and my partners	157	32.71	83.54
I mainly use partner's opinions for references	56	11.67	95.21
I never decide alone by myself	23	4.79	100
Total	480	100	

### Model Setup

*The analytic models.* Given the multiple response categories (shown in Table 2), there are essentially two models to choose from – the *ordered logit* and the *multinomial logit* regression models. Although this is not the place to discuss the technical details, the key difference between the two is that the former takes into consideration the ordinal nature of the dependent variables (e.g., “excellent,” “good,” “fair,” “bad,”

and “terrible”). Multinomial logit models, on the other hand, treat the dependent variables as unordered nominal categories (e.g., “blue,” “red,” and “green”).

The dependent variable INFLUENCE has a strong and obvious ordinal tone, going from complete self dependence to complete “partner dependence.” This order information however will be utilized by ordered logits but wasted by multinomial logits, which means the former is more efficient. The standard ordered logits, however, demands an assumption of *proportional odds* or parallel regression, essentially meaning that all regressors have parallel slopes across all response categories, although the intercepts (called cut-points or thresholds) are left to change freely. Tests of proportional odds tend to fail often in real life scenario (Long & Freeze, 2001), and the popular alternative is the Generalized Ordered Logit (Fu, 1998; Long & Freeze, 2001), which allows slopes to differ across response categories.

For those mathematically able, the simplified formula behind the ordered logit models is:

$$\ln \frac{p(y_i \geq j | x)}{p(y_i < j | x)} = x_i' \beta ; \quad j = 1, 2, \dots, m \quad [1]$$

In words, it is the logarithmic odds of an outcome greater or equal than  $j$  relative to an outcome less than  $j$  that are a linear function of the independent variables. Taking the anti-log will translate the left hand side of [1] (called *logits*) into *odds ratios*: the ratio of two probabilities. For example, if  $j=2$ , then the numerator in [1] is the probability of being in Categories 2, 3, 4, and 5 while the denominator is the probability of Category 1 (“I always decide by myself.”). The logit is simply the log ratio of these two probabilities.<sup>12</sup>

Because none of the standard ordered logit models passed the parallel regression test, only generalized logit models are presented in this paper.

*Two sets of models.* I have tested a total of ten models, divided into two groups based on how the dependent variable is coded. The first five models all use the dependent variable with five response categories, while the next five work with only three response categories.

All ten models share a set of demographic variables (dummies based on age, gender, job status, education, marital status, and disposable family income), but differ by companionship variables. See below for details of these models.

One thing different from normal regression with a continuous dependent variable, each ordered logit model contains  $m-1$  equations, where  $m$  is the original response categories. This is so because we are estimating logits or log probability ratios. Therefore, the first five models each contain four equations, while the next five have only two equations or two sets of parameter estimates.

Table 3 lists these ten models.

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<sup>12</sup> Note the first meaningful cutpoint is between Category 1 and the rest (and higher) categories. There are two nuance cutpoints, one is between negative infinity and  $j=1$  and another between  $j=m$  and positive infinity.

**Table 3**  
**An Overview of Tested Models**

Model #	Dependent Variable	Companionship Variables	# Eqs.
Set I			
1	5 response categories	Companions from the last trip	4
2	5 response categories	Usual shopping companions	4
3	5 response categories	Ideal shopping companions	4
4	5 response categories	The "Hard-core" companions *	4
5	5 response categories	The "Typical" companions *	4
Set II			
6	3 response categories	Companions from the last trip	2
7	3 response categories	Usual shopping companions	2
8	3 response categories	Ideal shopping companions	2
9	3 response categories	The "Hard-core" companions *	2
10	3 response categories	The "Typical" companions *	2

\* See text for explanations and definitions.

*The “hard-core” and “typical” companionship variables.* All companionship variables were coded as dummies. As shown in Table 3, in addition to the three sets coming directly from the survey, there are two combined sets of companionships, which are described below.

The “hard-core” companionships are created to guard against relying solely on any single measures. It is reasonable, for example, to assume that those who *came alone*, *usually alone*, and *desired shopping alone* are the ‘hard core’ or “solid” *solo shoppers*. They differ from the “accidental” ones in that the former truly and genuinely valued the experiences of shopping by themselves. The same reasoning applies to the ‘hard core’ *friend shoppers* (i.e., came with friend on last trip, usually shopped with friend, and desired shopping with friend) and the ‘hard core’ *family shoppers* (i.e., came with family last trip, usually shopped with family, and desired shopping with family). Three new dummy variables are thus created to be used in Model IV.

One potential problem with the ‘solid’ or “hard-core” shopper types is that they may be too demanding and too restrictive. More specifically, an equal treatment of *ideal*, *usual*, and *last trip* companionships may be giving too much weight to *last trip*, which may deviate from the true and real companionship patterns. Based on this reasoning, the next grouping arises when only two scenarios, the *usual* and the *ideal* scenarios, are considered. This led to another set of three dummy variables: ‘typical’ solo shoppers (i.e., usually shopped alone and desired shopping alone), ‘typical’ friend shoppers (i.e., usually shopped with friend and desired so) and ‘typical’ family shoppers (i.e., usually with family and desired so), to be used in Model V.

*The condensed response categories.* One may argue that a certain degree of mutual consultation for decision making is only normal and common. Independent or interdependent, everyone needs others’ opinions on occasions. The thing that sets the interdependent people apart is the heavier *degree*, not the practice per se, of listening to others. Based on this logic, one legitimate and valid way is to divide the five responses into three, using the “fence riding” category – “I rely on myself and my partners’ opinions

about equally” – as the key cutpoint. The new categories may be called “Relying more on self,” “Evenly relying on self and others,” and “Relying more on others,” respectively.

One quick note: this division is based on theoretical reasons rather than empirical evidences. However, working with only three response categories does have two empirical advantages. One is more parsimonious models. Instead of four equations per model as above, we now only have two, one comparing even reliance to self reliance, and another between other reliance and even reliance. The same sets of independent variables are used as before to maintain consistency and comparability. The second advantage is more observations per cell, making results more asymptotically valid.

*Type I error and Bonferroni inequality.* Because each model has multiple equations, each independent variable will be tested multiple times (20 times for first set and 10 for second set). One direct consequence is the inflated Type I error, where just by chance some effects get significant. The Bonferroni inequality can guard against overwhelming Type I error. By this procedure, an effect has to reach a probability level of 0.0025(=0.05/20) or 0.005(=0.05/10) to be judged significant. The specific probability level depends on whether the first or the second set of model is tested.

## Findings

For the five generalized ordinal logit models (with five response categories), the results are listed in Tables 4. To save spaces, only the companionship variables are listed but not the demographics. However, when highlighting findings later *all* variables will be considered to eliminate information gaps.

**Table 4**  
**Decision Influences by Companionships**  
**Generalized Ordinal Logit Estimates (Robust Standard Errors)**  
***I. Last Trip Companionship Groups on Five Response Categories***

Covariates	Higher /Always on self	Higher/Mainly on self	Higher/50:50	Higher/Mainly on others
Shopped with friend last time	0.641 (0.352)	0.366 (0.256)	0.669 (0.410)	0.268 (1.102)
Shopped with family last time	1.150 (0.494)	0.810 (0.311)	1.392 (0.435)	1.414 (1.099)
Shopped with friend & family last time	-0.440 (0.454)	0.025 (0.380)	0.570 (0.601)	3.366 (1.397)
Number of obs	477			
Model chi2(36)	67.59			
Prob > chi2	0.0011			

## *II. Usual Companionship Groups on Five Response Categories*

<b>Covariates</b>	<b>Higher /Always on self</b>	<b>Higher/Mainly on self</b>	<b>Higher/50:50</b>	<b>Higher/Mainly on others</b>
Shopped usually with friend	0.146 (0.476)	0.123 (0.348)	0.104 (0.588) . *	16.614
Shopped usually with family	0.255 (0.509)	1.012 (0.366)	1.239 (0.568) . *	18.243
Shopped usually with friend & family	0.453 (0.513)	0.375 (0.360)	0.704 (0.577) . *	17.844
Number of obs	477			
Model chi2(36)	61.28			
Prob > chi2	0.0054			

\*These standard errors cannot be estimated due to too few cases

## *III. Ideal Companionship Groups on Five Response Categories*

<b>Covariates</b>	<b>Higher /Always on self</b>	<b>Higher/Mainly on self</b>	<b>Higher/50:50</b>	<b>Higher/Mainly on others</b>
Shop ideally with friend	1.994 (0.343)	1.194 (0.331)	1.494 (0.728)	0.358 (1.716)
Shop ideally with family	2.424 (0.414)	1.839 (0.350)	2.491 (0.710)	0.989 (1.784)
Number of obs	477			
Model chi2(32)	99.78			
Prob > chi2	0.0000			

## *IV. Hard-Core Companionship Groups on Five Response Categories*

<b>Covariates</b>	<b>Higher /Always on self</b>	<b>Higher/Mainly on self</b>	<b>Higher/50:50</b>	<b>Higher/Mainly on others</b>
Hard-core friend companions	0.249 0.408	-0.356 0.253	-0.150 0.404	-1.126 1.008
Hard-core family companions	0.862 0.643	0.956 0.368	0.850 0.380	0.622 0.691
Hard-core family □ friend companions	-1.114 0.525	-0.626 0.504	0.311 0.623	2.484 1.188
Number of obs	477			
Model chi2(36)	71.25			
Prob > chi2	0.0004			

### V. Typical Companionship Groups on Five Response Categories

Covariates	Higher /Always on self	Higher/Mainly on self	Higher/50:50	Higher/Mainly on others
Typical friend companions	1.177 0.315	-0.002 0.217	-0.155 0.334	-0.004 0.853
Typical family companions	1.558 0.444	0.929 0.261	1.176 0.315	1.208 0.717
Number of obs	477			
Model chi2(32)	84.35			
Prob > chi2	0.00000			

The key to reading Table 4 is the four columns to the right of “Covariates,” which contain four ratios based on five response categories: Categories 2, 3, 4, and 5 over Category 1 (“I always decide by myself”), Categories 3, 4, and 5 over Category 2 (“I mainly rely on my own opinions”), Categories 4 and 5 over Category 3 (“I rely on myself and my partners’ opinions about equally,”), and finally Category 5 over Category 4 (“I mainly use my partners’ opinions for reference”).

Given these ratios, a significantly *positive* effect means favoring “others reliance” than “self reliance”. For example, the coefficient for “shopped with friend(s) last time” on “Higher/Always on self” is 0.641 (which when divided by its standard error of 0.352, yields a *t* value of 1.82, not quite significant at the 5% level, let alone on Bonferroni adjusted 0.0025 level). It means all else equal, shoppers accompanied by friends in the last shopping trip tended to be (insignificantly) influenced by partners rather than being “always decide by myself” for personal goods/services. As another example, the coefficient for “shopped with family last trip” is 1.392 (highly significant) on “Higher/50:50.” Its interpretation: those shoppers were more likely to [1] either mainly rely on family (i.e., Category 4) or [2] never make own decisions (without consulting family, Category 5), than to rely *evenly* on self and family.

Given my purpose of testing SCT, I only focus on the direction/sign of the coefficient and its statistical significance, not the exact value of the coefficients. Further, following Wallace & Silver (1988)’s advice, I always specified White’s heteroscedasticity –consistent (i.e., robust) estimators of the variances for all models.

The major findings from Table 4 are that

- ✓ The family companionship variable is the most *consistent*, and often the *only*, significant effect across models and categories (13 out of 20 times significant, of which 9 have a probability lower than 0.0025, the adjusted significance level based on multiple tests).
- ✓ Friend companionship is *occasionally* (four out of 20 times to be accurate, twice involving *typical* and twice *ideal* companionships) significant and mostly *insignificant*.
- ✓ All significant companionship effects have the “right” sign as expected. That is, they move toward “others’ reliance” or “partnership reliance” in retail decisions.
- ✓ Being accompanied by *both* friends and families turns out to be significant three times. While this number is not particularly impressive, one interesting finding is that they only occur at occasions where “I never decide on my own” is favored against “I mainly use my partners’ opinions for reference.” In other words, shoppers accompanied by both friends and families tend to completely relinquish self control and turn to partners for decision.
- ✓ Most *demographic* variables are *insignificant*. The only exceptions are low family disposable



*income* (significant four times), high school *education* (significant twice), and being a *teenager* (significant once).

- ✓ Less education and being a youth both work toward “others reliance” as expected, but low income has a sign *inconsistent* with expectation □ as they move toward “self reliance” rather than “others’ reliance.”

Results for the next set of models are listed in Table 5.

**Table 5**  
**Decision Influences by Companionships**  
**Generalized Ordinal Logit Estimates (Robust Standard Errors)**  
***I. Last Trip Companionship Groups on Three Response Categories***

<b>Covariates</b>	<b>Higher/More self reliance</b>	<b>Higher /Evenly Reliance</b>
Shopped with friend last time	0.362 (0.257)	0.663 (0.414)
Shopped with family last time	0.804 (0.307)	1.390 (0.437)
Shopped with friend & family last time	0.106 (0.380)	0.809 (0.585)
Number of obs	477	
Model chi2(18)	37.66	
Prob > chi2	0.0043	

***II. Usual Companionship Groups on Three Response Categories***

<b>Covariates</b>	<b>Higher/More self reliance</b>	<b>Higher /Evenly Reliance</b>
Shopped with friend usually	0.133 (0.349)	0.115 (0.589)
Shopped with family usually	0.998 (0.365)	1.234 (0.570)
Shopped with friend & family usually	0.374 (0.362)	0.718 (0.579)
Number of obs	477	
Model chi2(18)	42.53	
Prob > chi2	0.0009	

***III. Ideal Companionship Groups on Three Response Categories***

<b>Covariates</b>	<b>Higher/More self reliance</b>	<b>Higher /Evenly Reliance</b>
Desire friend companions	1.167 (0.330)	1.466 (0.741)
Desire family companions	1.808 (0.350)	2.467 (0.726)
Number of obs	477	
Model chi2(16)	64.250	
Prob > chi2	0.000	

#### IV. Hard-Core Companionship Groups on Three Response Categories

Covariates	Higher/More self reliance	Higher /Evenly Reliance
Hard-core friend companions	-0.369 (0.256)	-0.167 (0.410)
Hard-core family companions	0.946 (0.368)	0.905 (0.382)
Hard-core family □ friend companions	-0.487 (0.519)	0.490 (0.640)
Number of obs	477.000	
Model chi2(18)	38.410	
Prob > chi2	0.003	

#### V. Typical Companionship Groups on Three Response Categories

Covariates	Higher/More self reliance	Higher /Evenly Reliance
Typical friend companions	-0.017 (0.220)	-0.159 (0.338)
Typical family companions	0.897 (0.265)	1.200 (0.321)
Number of obs	477.000	
Model chi2(16)	48.150	
Prob > chi2	0.000	

Overall, the results resemble what we see in Table 4, with the followings highlighted.

- ✓ The family companionship keeps being the only consistently significant effect across models and equations. The direction of the effects is as expected, moving toward “others reliance” rather than “self reliance.”
- ✓ The friend companionship is mostly *insignificant* except for one model, where the *ideal* companionship is used as the independent variable. Significant or not, its signs are always positive, meaning in favor of “other reliance.”
- ✓ The only significant demographic variable is low family disposable income, and its sign is not as expected – moving toward “others reliance.”

These conclude the empirical findings from the study.

#### Summary and Discussion

This study sets out to test the self construal theory in business settings. I proceed in two parts. The theoretical part addresses these issues:

- ✓ *Why is study on self important and relevant to business?* I pointed out three general links – everyone’s consumer identity is subsumed under general identity (i.e., to study consumers *is* to study selves), the self is content-rich just as “business”, and *self* combined with *culture* makes it a mandatory subject in business.
- ✓ *What is the Self Construal Theory (SCT)?* I first summarized five features of Markus & Kitayama’s work – theoretical simplicity, foundations in Hofstede’s individualism-collectivism, emphases on self and emotions, cognition, and motivations, definite geo-cultural demarcations, and methodological weaknesses with measurements and modeling. Two formal definitions are then supplied for the two key concepts – independent and interdependent selves.
- ✓ *What does the SCT mean to business?* Here I go beyond the general links between business and self by pointing out five direct and specific implications of SCT – promoting a multi-cultural

view of the business world, plus three “secrets” of winning business loyalties among interdependent selves: becoming the in-groupers (by doing a better job with CRM), serving their significant others well, and providing appropriate bundles of goods and services. I ended with a discussion on special empirical challenges of conducting business research with interdependent people.

- ✓ *What are some of the problems with SCT?* I issued two major criticisms, one targeting specifically at SCT – the many broken and weak links between selves and cultures, which led to *romanticizing interdependent selves, failing to explain others-serving behaviors* and *indifferentiation of in-group members*. My other criticism is delivered more at the COL-IND framework, where I pointed out why any bifurcating theory is of limited utility: the world cultures are too rich to be pigeonholed into a two-polar view, which is partly why Hofstede’s original work at IBM in 1980 was built on methodologically flawed evidences.

The empirical part focuses on the followings.

- ✓ *Why is shopping companionship an important issue?* The empirical part begins by pointing out the lack of empirical studies on shopping companionships thus far, and why this needs to be changed. Dynamic interactions among shopping partners affect at least store traffics, length of stay at retail sites, and the amount and patterns of spending.
- ✓ *What are the key findings from this study?* In a nutshell, solid evidences lead to the rejection of the null hypothesis that all in-groups were born equal and it is family rather than “friends” (colleagues, classmates, coworkers, neighbors, and birth cohorts) that consistently moves shoppers toward relying on partners for purchasing personal goods/services. This holds regardless of shoppers’ demographics, how the dependent variable was coded, and what companionship variables are used.

The fact that mall patrons accompanied by family members tend to make *fewer* independent decisions than others bears significant implications. At this point it makes sense to revisit the five notes I made earlier linking SCT to business. The test results have added some insights listed below.

*Instilling a multidimensional view of interdependent consumers.* Earlier I suggested – after reviewing the literatures – that managements learn from SCT by instilling a multidimensional view of business world. While that is still important, it is not enough. The model results now suggest a multidimensional view of the interdependent consumers is needed, even for people from the same city, same country, and at a same time point. The Hangzhou data show there were 22% shopped alone last time, and more than 15% said to desire shopping alone. Are we to believe these figures? No reasons not to. For one thing, our interviewers observed shoppers coming out of the malls with partners or alone. Further, the Chinese culture is such that nothing to be ashamed or afraid of if one shops with partners. But the strongest evidence against calling all Chinese shoppers “interdependent” comes from the dependent variable INFLUENCE – more than 50% respondents claimed that they either “always decide by myself” or “I mainly rely on my own opinions.”

Multi-dimension of course also means interdependent relationships are more complicated than SCT believes. The central discovery of this study is that families dominate the in-group relationships. More will be said below.

*More focused business strategies for interdependent consumers.* Knowing that families count most in shoppers’ decisions allows more focused business strategies/suggestions. Managements can work both on and off shopping trips to leverage family as the key relationship units. They can offer more “family friendly” bundles of goods/services, sending out brochures targeting all family members, promote family events, and perhaps most importantly, enhance parents’ loyalty through child’s preference.

Business needs not to be deceived into believing all groups flocking into the store as *related* shoppers. Rather it may be better to treat them as all *independent* with unique needs, wants, tastes, and preferences. However, when families come, treat them as related and interdependent. This point is important because there are far more shoppers came with friends than with family in China. For example, Table 2 shows for the last trip, 48.42% came with friends, only 21.15% with families. Similarly, 36.5% usually shopped with friends, only 23.7% with family. Further, more than 50% desired friend partners, only 32% liked family partners. This pattern persists with hard-core shopper groups: there were more than twice “hard core” friend companions than the family one (64 vs. 151, not shown in tables).

One interesting finding that has not been elaborated fully is that those shopping with both family and friends were swayed the most: they were the only ones favoring “I never decide alone by myself.” It may be that shoppers need more external forces on the spot to go to the extreme, as the joint companionships (family + friends) showed no significance on any other occasions. The managements thus need to focus on the companions rather than the shopper him/herself.

A good study often opens up more questions and preludes more follow-up studies. Having summarized the paper, it is time to address the following issues.

A mismatching test of SCT? Although I listed four reasons for this study at the beginning – studying the “self” concept with a focus on business decision making, coming straight from mainland China, differentiating the in-group members, and being the first multivariate model on shopper companionship – one can still argue that in-group membership is a *non-central* issue in SCT. After all, Markus and Kitayama are concerned more about culture’s *national* boundaries than about *group* boundaries.

This is of course a legitimate point. My counterarguments are that, first and foremost, this study is mainly driven by business interests rather than by psychological interests. To retail managements, it is more crucial to learn whose opinions count in closing transactions than to know the cognitive differences between independent and interdependent people. *Secondly*, this study is also motivated by patching up holes and repairing broken causal links in SCT, and differentiating in-group memberships is one of them.

Self reporting biases? Despite the consistent results, the models were based on survey data, which are subject to self reporting biases. For example, unlike in an experiment, there is no way to check out whether the respondents were telling us the truth about companions’ impacts, nor can we confirm their true companionship patterns (i.e., types and frequencies). However, this is the place where the macro-cultural environments matter: because shopping companions are so common in China, it is hard to imagine why shoppers would lie on issues like that. Furthermore, a pilot study with several versions of questionnaire did not put us on alert for heightened validity threats (the same study also identified the best wording to be used in the field.)

Why families matter more than friends? From a theoretical perspective the issue of interpretation weighs heavy. Deriving from the SCT, the explanation is simple: it is families, not work units, classrooms, and neighborhoods that are the relationship units. This however does not say much about the underlying reasons. One hypothesis is that family members share a financial budget and so naturally get together for making purchases. Another related possibility is the degree of familiarity and personal knowledge of shoppers’ preferences, tastes, and buying histories. I plan on studying more on this in the future.

At this point, some preliminary evidences suggest the answer may be multi-dimensional. For example, of the 64 “hard core” family shoppers, only five (7.81%) were below 18 years old. The majority were adults, including those beyond age 45 (not shown in tables). To the extent that most, if not all, adults have financial independence, this finding reduces the possibility of financial dependence as a major driver toward relying on family members for purchases.

Why low income shoppers were more self dependent? The hypothesis that low income makes people more interdependent seems to be inversely parallel to the discovery that more education leads to higher independence. It is thus puzzling to find from the models that low income shoppers turned out to be more self dependent. Univariate  $\chi^2$  test reduced the possibility of multicollinearity being the reason, as when the dummy low income variable is crossed *alone* with INFLUENCE (the dependent variable in all the generalized ordered logit models), low income shoppers still favored more with self decisions. One seemingly reasonable hypothesis is that low income shoppers spend more time and effort to stretch a dollar, as Fox & Hotch (2005) showed. Therefore, mutual consultation is given way to cost cutting. In other words, instead of listening to others' opinions, they turn their eyes to price tags.

Do companionship effects vary by retail formats? The issue of retail formats is partially alleviated because the three malls contained supermarkets, department stores, and specialty stores. However, it is premature to claim that retail formats are irrelevant at this point. For example, it would be interesting to see if online shopping behaviors would be impacted by as much as in the malls.

Other business issues however are not so straightforward. For example, are accompanied shoppers staying longer in malls, and spent more? Also, do partners' impacts depend on types of goods /services (for example, can we expect the same impacts on non-personal goods/services)? The current survey does not allow straightforward answers to these questions. It did not ask questions peeping into shoppers' minds to find out what separate decision-dependent shoppers from the independent ones, which will have to be addressed in the future by expanded surveys.

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