



Proceedings of the 37th Macromarketing Conference



Sustainable Development of Markets
and Marketing Systems in a Globalized
World

Proceedings of the 37th Annual Macromarketing Conference

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Sustainable Development of Markets and Marketing Systems in a Globalized World

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Editors' Notes:

Special thanks for all those who contributed their time and energy serving as track chairs for the conference. Their suggestions, cooperation, and diligence played a pivotal role in the creation of an academically exciting program for the 37th Macromarketing Conference. We would like to commend them all for their efforts.

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CSR and Corporate Identity & Corporate Reputation

Klaus-Peter Wiedmann, Leibniz University Hannover, Germany

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Emerging Economies

Jaqueline Pels, Universidad Torcuato Di Tella, Argentina

Historical Perspectives on the Practice and Politics of Marketing

Stefan Schwarzkopf, Copenhagen Business School, Denmark

Macromarketing Education

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Marketing Ethics

Alexander Nill, University of Nevada, Las Vegas, USA

Marketing Systems

Roger A. Layton, University of New South Wales, Australia

Marketing Theory

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Helge Löbner, University of Leipzig, Germany

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Marko Grünhagen, Eastern Illinois University, USA

Sanda Renko, University of Zagreb, Croatia

Sustainable Business Models

Michael Ehret, Nottingham Trent University, UK

Sustainability Marketing and Innovation

Frank-Martin Belz, TUM School of Management, Munich, Germany

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Michael Kleinaltenkamp, Freie Universität Berlin, Germany

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Michaela Haase, Freie Universität Berlin, Germany

Michael Kleinaltenkamp, Freie Universität Berlin, Germany

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In addition to the track chairs, others have contributed their time and effort as reviewers for the many papers that were submitted. They should all be commended as well.

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37th Annual Macromarketing Conference

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Macromarketing: Origins, Actions, Future Directions

Clifford J. Shultz II, Loyola University Chicago, USA (Session Chair)

Stanley J. Shapiro, Simon Fraser University, Canada

Mark Peterson, University of Wyoming, USA

Alan Bradshaw, Royal Holloway, University of London, UK

Alexander Nill, University of Nevada, Las Vegas, USA

Terrence H. Witkowski, California State University, Long Beach, USA

This special session has been organized (1) to provide some historical context to the emergence and positioning of macromarketing as a scholarly discipline, (2) to introduce scholarly foci of macromarketing and to present current topics and activities, and (3) to explore the evolution of macromarketing research and practice with implications for future directions of the field. Many scholars have made extraordinary contributions to the science, policy and implementation of macromarketing and thus would be worthy participants on this panel. Time-constraints unfortunately limit the number of panelists, though it is hoped that all voices will be heard following the panelists' presentations, throughout the days we convene at the 37th Annual Macromarketing Conference.

Panelists were selected largely because of their (r)evolutionary contributions to the field, varied yet complementary perspectives, and their ongoing contributions to the *Journal of Macromarketing* (*JMM*) as authors, policy board members, and/or editors. The panelists, in order of presentation, include Stan Shapiro, a protégé of Wroe Alderson and second editor of the *JMM*; Mark Peterson, associate editor and leading scholar on quality of life studies and macromarketing theory; Alexander Nill, associate editor and leading cross cultural marketing ethicist, Alan Bradshaw, associate editor with scholarly focus on the arts and culture; Terry Witkowski, the current editor of the *Journal of Macromarketing* who previously served as the *Journal's* section editor for historical research in marketing; Cliff Shultz, who served two terms as editor of the *Journal of Macromarketing* and continues to serve as an associate editor vis-à-vis issues in marketing and socioeconomic development. In the brief abstracts that follow, each panelist shares a presentation-overview.

Academic Recollections: Wroe Alderson and Macromarketing's Early Days

Stanley J. Shapiro, Simon Fraser University, Canada

Stan Shapiro has been a marketing academic for over fifty years. He was a pioneer of the macromarketing seminars and the *Journal of Macromarketing*. His presentation will briefly touch on each of the following topics: (1) Who Wroe Alderson was and what he contributed; (2) Alderson's legendary Marketing Theory Seminars; (3) What it was like to work with, actually for, Wroe; (4) The first ten Macromarketing Seminars -- finding a niche; (5) The first six volumes

of the *Journal of Macromarketing*; (6) Macromarketing and the 1988 Winter meeting of the American Marketing Association.

Macromarketing: Becoming a North Star for Micromarketing?

Mark Peterson, University of Wyoming, USA

Macromarketing scholars have discussed a future for the field that would shed light on how to alleviate poverty and bring social justice to many on the planet (Layton and Grossbart 2006). While many might have interpreted such a future to be guided by governments around the world, recent developments in the field suggest that business itself increasingly turns to macromarketing concepts in efforts to integrate environmental and social issues into the conduct of business as business increasingly pursues market-based sustainability (Hult 2011). In this way, macromarketing concepts become more relevant for firm strategy development fulfilling Shultz's (2005) prophetic words that the future of marketing will be macromarketing. A review of recent developments in business' move to market-based sustainability will be reviewed. Implications for macromarketing scholars will be discussed.

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Macromarketing and Ethics

Alexander Nill, University of Nevada, Las Vegas, USA

Ethical issues always have been an important part of the macromarketing discourse. While macromarketing in general "refers to the study of (1) marketing systems, (2) the impact and consequence of marketing systems on society, and (3) the impact and consequence of society on marketing systems" (Hunt, 1981, p.8), macromarketing ethics is specifically concerned with the impact of the interplay between marketing systems and society on fairness, distributive justice, and the overall quality of life of all affected stakeholders. Macromarketing ethics does not only include descriptive approaches, which analyze existing phenomena such as marketers' values and decision making processes, but also prescriptive frameworks, which deal with the justification of moral norms and ethical values, and thus with the ultimate normative question: What ought to be done?

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Macromarketing - an anachronism?

Alan Bradshaw, Royal Holloway, University of London, UK

Macromarketing is often understood as an exploration of intersections between society and marketing yet in this neo-liberal age where discourses of consumer empowerment, social entrepreneurship and self-governance prevail and human relationships are increasingly interpreted as bearing the theoretical co-ordinates of marketing itself, is it time to ask if society and marketing no longer intersect but, in fact, are the same thing? Do we live in an age of a reified marketing order? Are the projects of creating a consumer society and a brand culture already complete? In other words, has political economy brought us to a point in which the subjects of marketing and macromarketing are now synonymous? In this deliberately provocative presentation I shall present a science fiction of a marketing-centric everyday life.

Macromarketing: New Disciplinary Outreach

Terrence H. Witkowski, California State University, Long Beach, USA

Since its origins in the 1970s, the macromarketing discipline has incorporated other non-managerial marketing fields within its scholarly purview. These have included marketing ethics, markets and development, environmental concerns, quality of life, and marketing history. As the current Editor of the *Journal of Macromarketing*, I have been developing connections with two additional fields: critical marketing and consumer culture theory (CCT). Although not so popular with marketing scholars in North America and Asia, critical marketing has blossomed in the UK and Europe. Critical marketing makes assessments of marketing thought and practice and, where necessary, offers suggestions for improvement. A commentary by Nik Dholakia (2012) explores this topic in the June issue and the March 2013 issue, guest edited by Giana Eckhardt, Nikhilesh Dholakia, and Rohit Varman, will examine the “Globalization of Marketing Ideology.” The domain of CCT “. . . refers to a family of theoretical perspectives that address the dynamic relationships between consumer actions, the marketplace, and cultural meanings” (Arnould and Thompson 2005). At a high level of aggregation, these relationships can become very important macromarketing topics. One particularly engaging area of CCT is research on anti-consumption behavior. Taking a macromarketing perspective on this area, the September 2013 issue, guest-edited by Mike Lee, Hélène Cherrier, and Russell Belk, will focus on “Anti-Consumption and Society.”

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The Role of Marketing in Degrowth

Sabrina V. Helm, University of Arizona, USA (Session Chair)

Ben Wooliscroft, University of Otago, New Zealand

Don R. Rahtz, The College of William and Mary, USA

Recent focus on sustainable consumption has prompted rich exploration into the potential for producing and consuming ecologically-friendly products. But the ever-increasing constraints and depletion of available natural resources has been argued to necessitate another, vastly different, strategy to achieve sustainability – that of economic degrowth. Degrowth is based on the premise of reducing consumption for the good of society and the natural environment (e.g. Assadourian, 2011; Bonaiuti 2011; Jackson, 2009) as opposed to advocating more responsible or mindful consumption (Huang and Rust, 2011; Middlemiss, 2010; Sheth et al., 2011).

Degrowth has been framed as a political or social movement based on environmentalist, anti-consumerist and anti-capitalist ideas. Primarily discussed in social ecology, human ecology, and ecological economics (Martínez-Alier, 2010), this concept has its origins in the seminal works of economist Nicholas Georgescu-Roegen more than three decades ago (for an overview, see Bonaiuti, 2011). As evidenced by current “Occupy Wall Street” and other collective actions, and underscored by declining trust in corporations and government (Adams et al., 2010), degrowth has become of general interest. Key to the concept of degrowth is that, for consumers, reducing consumption is not synonymous with “freezing in the dark” and does not require individual martyring and a decrease in well-being. Rather, the goal is to increase happiness and well-being through non-consumptive means, such as sharing work and consuming less while devoting more time to art, music, family, culture and community (Research & Degrowth, 2011).

The concept of degrowth is gaining in momentum in several academic disciplines, including operations research (see the special issue of the *Journal of Cleaner Production* 18 2010), economics, public policy, and environmental justice. In the past few years, several academic conferences dedicated to the topic of degrowth have gained notoriety for tackling the subject from an interdisciplinary perspective. These include the annual Economic De-Growth for Ecological Sustainability and Social Equity conference, the International Conference on Degrowth in the Americas, and De-Growth Vancouver. However, the marketing field seems not to have embraced the concept of degrowth yet. Given our understanding that marketing aims to create, communicate, deliver and exchange offerings of value for customers and society at large (AMA, 2011), the limits of growth, as well as the pursuit of happiness and well-being, present tantalizing issues for marketing research and practice. On the surface, the concept of degrowth appears contradictory to the tenets of marketing and presents seemingly-insurmountable challenges for operating in a business climate where striving to increase market share, profit margins, and other financial outcomes like customer lifetime value are indicative of success and provide the means to thrive in the competitive environment. Marketing metrics rarely include well-being and happiness of customers and/or society; instead, current marketing research focuses on the economic consequences of corporate social responsibility (e.g., Sen and Bhattacharya, 2001), “green marketing” opportunities (e.g. Peattie, 2001; McDonald and Oates,

2006), and on understanding the socially and environmentally responsible consumer (e.g., De Young, 2000; Mazar and Zhong, 2010). While some work also addresses marketing challenges and opportunities in recessions or low-growth markets (e.g. Carrigan and de Pelsmacker, 2009; Srinivasan et al, 2005; Piercy et al, 2010), degrowth, which implies radical and permanent change and a general transformation of markets and consumer culture, has not been broached in our field of research.

The potential negative implications of economic degrowth for the practice of marketing may seem overwhelming. Yet degrowth as a marketing strategy can conceivably be economically viable or offer new and creative opportunities to gain competitive advantages. As a rising trend, the impacts of degrowth on marketing have not yet been explored in detail. Therefore, this special session will discuss degrowth in consumerism, potential impacts and advantages of reducing consumption with respect to the field of marketing, and examine means by which the identity of marketing can be reconciled with the idea of degrowth.

Examples for Topics for Panel Discussion/Paper Abstracts:

- Degrowth and what it means for consumerism and consumer behavior research
- Degrowth and the marketing identity
- Transforming consumer cultures
- Strategic marketing implications of degrowth and reduced consumption
- The role of social marketing in shrinking economies
- The effect of first world consumption reduction on transitioning economies
- Future potential for degrowth, reduced consumption, and dematerialization in the marketplace
- The marketing triangle of sustainable consumption: purchase of green products, conservation behaviors, and anti-consumption
- The role of services in de-materializing consumption

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On Growing Other Things

Ben Wooliscroft, University of Otago, New Zealand

It is widely accepted that a sustainable world will only be reached through attention to three general areas; ecology, society and economy (Mitchell, Wooliscroft and Higham, 2010). And yet, as soon as we see the word “degrowth” we know that we are talking about the economy. While we may consider the dominant social paradigm (Kilbourne, Beckmann, Lewis and Van Dam, 2001; Albrecht, Bultena, Hoiberg and Nowak, 1982; Kilbourne, McDonagh and Prothero, 1997; Kilbourne, Beckmann and Thelen, 2002) as being counter to environmental health, we are generally totally unaware of how dominant the economic paradigm is — with its emphasis on monetizing everything.

At a recent consumer behavior and economics in tourism conference a presenter was discussing national parks and their impact on quality of life. The economists in the audience were bewildered; “why don’t you just measure willingness to pay?” The assumption that everything can be measured in terms of dollars was totally accepted by them, and most in the audience.

In much the same way when we talk about growth (or degrowth) we are automatically talking about economic growth, not growth/improvement in society, or growth/improvement in the environment. Sustainability reminds us that we are, figuratively, talking about a three way children’s see-saw — a see-saw where the fat child of economics/the economy has so dominated the equipment that the other two are left dangling in the air, very much second class in the discussion.

If we extend the same metaphor, of the three way children’s see-saw, it quickly becomes apparent that if we degrow the economy, we have the opportunity to grow societal wellbeing and environmental wellbeing. We would increase locally produced goods and services, giving people jobs that increase their quality of life and that of their community. It is also likely to lead to a much more responsible approach to the environment as consumers buy from firms that produce

locally, they can see the impact of their production. This approach would take us back to the underlying philosophy of writers like Alderson (1957) who saw the purpose of markets and marketing theory as being to improve the market system and improve the overall system — social and environmental, though environment gets less mention it is clearly part of the social wellbeing dimension — or Fisk (1981) who defines marketing as a provisioning technology, there to serve society.

Any suggestion of degrowth should specify what tradeoff we're going to make. If we are to trade off economic growth, let's not be afraid to look after the environment and have a healthy society with most people in meaningful employment that doesn't impact on their private lives. This would be in stark contrast to the growth in the economy that we have seen in recent decades. Growth that has been fueled for the most part on exporting jobs and degrading the environment, while at the same time lip service is given to corporate social responsibility through very public, but relatively low cost demonstrations of 'responsibility'.

**Demarketing Economic Growth to Public Policy Decision Makers:
Moving QOL into the Development Equation**

Don R. Rahtz, The College of William and Mary, USA

Gross Domestic Product (GDP) and such objective measures of economic well-being have been the guiding measure for most of the public policy decision makers around the globe for as long as policy makers have been making decisions. These measures are built on a variety of objective indicators. Things such as Consumption of Services, Durable and Non-Durable goods, Spending on Business Investment, Manufacturing, and Government have long been the sole set of indicators by which public policy makers gauged their decisions. In such a world, this reliance on objective measures has led to an "economic growth" that disregards the subjective indicators which often gauge the overall "well-being of the community."

We know that standardized objective measures alone are not very robust in giving a true picture of how well off a given community or society really is. To truly understand that side of the equation the subjective well-being of the individual, local community and the nation needs to be considered. One must have a multi-faceted view of QOL & development (Lee and Sirgy, 1999). Policy decisions must be considered within a framework that links social science & economic views of development. A community and a nation's development and growth must be recognized as elements that are related but yet distinct.

This presentation will offer a discussion related to how macromarketers might best influence the public policy discourse to include the use of subjective indicators in the development equation. In essence, there is a need to demarket the reliance on the use of GDP and other objective measures of economic well-being when development and growth decisions are being considered. In recent years, this discourse has often been characterized by media and economic growth advocates as a simple dyadic battle of "no-growth" radicals versus "economic growth" job creators. This dyadic representation of the debate has been driven, in part, by the use of the objective measures and indicators that in the minds of public policy officials leaves little

room to broaden the nature of the questions at hand regarding growth and development. This is especially true in the developing and transitional economies of the world.

The problem facing advocates of a more comprehensive assessment of growth and development is that often subjective indicators are not considered valid or even reliable by decision makers. In fact, there are a variety of conceptualizations and measures of Quality of Life (QOL) and the constructs that it encompasses. Indices such as the Human Development Index (HDI) and the Index of Sustainable Economic Welfare (ISEW) have long been used to assess the well being of nations and communities and are considered quite valid in social sciences circles. Within the marketing domain, the effect of marketing on Consumer Well-Being (CWB) has interested many scholars (see Lee and Sirgy, 2004, 2005; Sirgy, 2001; and Sirgy and Lee, 2006 for an overview). Marketing influences CWB in large part because it directly affects satisfaction in the consumer life domain (experiences related to the marketplace) and indirectly in other life domains such as health and safety, work, family, leisure, and financial, among others (Day, 1978, 1987; Leelakulthanit, Day and Walters, 1991; Lee and Sirgy, 1995; Sirgy, 2001; Samli, Sirgy and Meadow, 1987).

Industry analysts and policy makers often do not know how to choose an appropriate Wellbeing conceptualization and the corresponding measure most suitable for their task. The current presentation will offer a framework by which advocates of a more comprehensive evaluation of growth and development can move public policy decision makers to reduce their use of objective indicators as sole measures of national and community prosperity

Country-of-Origin Image Impact on British Consumers' Attitudes towards Greek Food and Drink Products

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Abstract

This study aims to assess Country-of-Origin Image (COI) of Greece and its role on the formation of British consumers' attitudes towards Greek food and drink products. Adopting a macro-environmental perspective, a multidimensional attitudinal construct of COI in a FMCG product category yielded positive attitudes towards Greece and its products. Particularly, the cognitive component of COI, consisting of macro-environmental aspects (e.g. climate, landscape, culture) had the strongest effect on each component of product attitudes. This study raises the importance of country's intangible assets as competitive advantages for marketing foreign-made goods in the global marketplace. Future development should compare COI and products with different countries (e.g. Greece, Italy, and Spain) in order to gain further insights for a better understanding on how attitudes are formed.

Keywords: Country-of-Origin Image, Consumer Attitudes, Product Attitudes, Macro-Environment, Culture

Introduction

Country-of-Origin Image (COI) has been growing importance in marketing literature, which is being increasingly considered essentially for the formation of consumer behavior (e.g. Roth and Romeo 1992; Dmitrovic and Vida 2010). Researchers have been interested about how macro-environmental aspects (e.g. culture) can assist countries to market their products in the global marketplace; especially COI has acted as an effective indicator in the encouragement of behavioral changes (Eroglu and Machleit 1989; Ruth and Diamantopoulos 2009).

The Greek economic crisis has forced companies to expand abroad, especially the food and drink sector counted for near 25% of the total Greek exports (Manifava 2011). The UK is among the main export partners of Greece in Europe (HEPO 2011), e.g. the Greek yoghurt brand TOTAL has a 30% share of the UK Greek yoghurt-style market. In the past decades, a great variation of ethnic cuisines has emerged in the UK partly due to the health benefits associated with Mediterranean style of diet, such as Greek food (Bord Bia 2009; Mintel 2009c), thus increasing the attractiveness for the UK market (Business Monitor International 2009; Invest in Greece 2011). Consequently, an understanding of the capacity to measure COI now seems essential to marketing activities.

The vast majority of studies have examined COI in product attitudes mainly in the USA, Germany and Japan by focusing on durable products (e.g. Dinnie 2004; Johansson et al. 1985; Han 1989; Papadopoulos and Heslop 1993), but no research has been conducted on the COI of Greece related to Fast Moving Consumer Goods (FMCG). This study will report upon how the COI affects British consumers' attitudes towards Greek food and drink products. This research aims to contribute to marketers' attempts on establishing powerful product-country associations and help to understand the importance of characteristics in the British market.

Country-of-Origin Image (COI)

Country-of-Origin Image (COI) is the image of a country as origin of a product, which is an essential part of a product's total image and has a considerable effect on the marketing of foreign-made goods, and subsequently on the consumers' product attitudes (Eroglu and Machleit 1989; Knight and Calantone 2000). COI makes a distinction between generalized country images (Desborde 1990; Iversen et al. 1998) and product-related country images i.e. Product-Country Images (PCI) (Papadopoulos and Heslop 1993). Research on COI shows that consumers' prior knowledge, feelings and experience for a country's products will lead to positive or negative attitudes (Knight and Calantone 2000; Nebenzahl et al. 2003; Roth and Romeo 1992) which stem from the particular country's culture, political system, level of economic and technological development, country stereotypes, etc (Allred et al. 1999; Askegaard and Ger 1998; Desborde 1990; Wang and Lamb 1983).

In the food and drink sector, PCI and COI are seen as indicators of perceived quality, safety, health, and value for determining consumers' attitudes (Balestrini and Gamble 2006; Hoffmann 2000; Juric and Worsley 1998). Furthermore, research highlighted that environmental aspects of COI and stereotypical images are critical on consumer evaluations (Brijs 2006; Scarpa et al. 2005; Verlegh 2001).

Moreover, the attitude theory is an essential element for COI study due to its impact on consumers' stereotypes, schemas, and feelings for a country, along with each individual's personal values and norms (Knight and Calantone 2000; Roth and Diamantopoulos 2009). The interrelation of the three attitudinal components of COI and product attitudes provides the framework of the research hypotheses listed in Table 1 (Brijs 2006; Laroche et al. 2005).

Table 1. Research hypotheses

- H1. Country-of-Origin Image (COI) is significantly related to product beliefs.
- H2. Country-of-Origin Image (COI) is significantly related to product evaluations.
- H3. Country-of-Origin Image (COI) is significantly related to purchase intentions.
- H4. The influence of the cognitive component of COI on product beliefs will be greater than its influence on product evaluations and purchase intentions.
- H5. The influence of the affective component of COI on product evaluations will be greater than its influence on product beliefs and purchase intentions.
- H6. The influence of the conative component of COI on purchase intentions will be greater than its influence on product beliefs and product evaluations.

Research Methods

150 British respondents were gathered from a convenience sampling framework with an effective response rate of 81%. The participants ranged in age from 18 to 66+ (mean age = 36) with 51% male. Nearly 67% of the participants had at least a Bachelor's degree. The majority of respondents (64%) had an average household annual income above £30,000.

The selections of COI dimensions (17 items) and product attitudes (13 items) were adopted from previous studies on a 7-point Likert scale (Brijs 2006; Laroche et al. 2005; Verlegh 2001; Verlegh and van Ittersum 2001).

Principal component analysis, with a Varimax rotation, was employed for an empirical summary of the data set (Tabachnick and Fidell 2001). Except the extraction of 3 items (economy and industry, political climate, hostility) from the COI construct (Costello and Osborne 2005), the rotation of COI and product attitudes produced one factor (all eigenvalues > 1) in each original variables. The range of overall variance explained from 54.224% to 85.494% with a KMO value range from .68 to .85 (Kaiser 1970). A Table 2 illustrates the reliability of the extracted factors.

Table 2. The Reliability of the extracted factors

Measurement	Items	Cronbach's Alpha (α)
Country Beliefs political climate)	Culture, Landscape, Climate, People's Personal Character (excluded economy and industry and	0.779
Country Affect	Positive Feelings, Pleasant Feelings, Enthusiastic, Trustfulness, Pleased (excluded hostility)	0.878
Desired Interactions	Do Business, Closer Ties, Investment, Buy Products, Ideal Country	0.785
Product Beliefs	Tasteful, Prestigious, Natural, Aromatic, Healthy	0.851
Product Evaluations	Good Quality, Appealing, Likable, Safe	0.896
Purchase Intentions	Willing to Buy, Consider to Buy, Chance to Buy, Suitability	0.939

Main Findings

This study does not aim to test those dimensions generated from previous studies; however, the interpretation of the results takes their findings into consideration. The results indicate the impact of COI and product attitudes on the formation of consumer behavior, reflecting the importance of previous studies (e.g. Erickson et al. 1984). British consumers had very positive opinions about Greece's "trademark" characteristics (climate, culture, landscape) and pleasant/positive feelings about Greek food and drink products. An intention of buying Greek products in the future was found in the conative components of COI and product attitudes. Respondents had also very positive opinions about the hedonic benefits (e.g. tasteful, natural and aromatic) and the likeability and perceived quality of Greek food and drink products. Consequently, British consumers were willing to purchase Greek products.

The research hypotheses testing via Bivariate Correlations resulted in a significantly positive relationship between the overall COI of Greece and product attitudes in the formation of

British consumers' attitudes towards Greek products (H1, H2, H3 were supported, $p < .01$ for all components). Especially, the conative component of COI had a stronger positive influence on product beliefs (H4 was supported, $p < .01$). However, in the rejection of hypotheses H5 and H6, affective COI had a stronger influence on purchase intentions than product evaluations, and conative COI had the least influence on purchase intentions.

In line with Laroche et al.'s findings (2005), multiple regression analysis showed that the strongest unique and statistically significant contribution in all attitudinal components was made by cognitive COI ($p < .000$ for all components; $\beta = .443$ for product beliefs, $\beta = .395$ for product evaluations, $\beta = .406$ for purchase intentions). While conative components of COI had also a significant value to product beliefs ($p < .000$, $\beta = .317$), the affective component of COI made an insignificant contribution to any variables. The results confirmed the rejection of hypotheses H5 and H6. Those results are in contrast with Brijs's study (2006) of a Spanish beer product, which has showed that the conative sub-effect is strongest for all components of product attitudes. Presumably, Greek food and drink products have limitations in the minds of British consumers. Future research should compare COI and product attitudes in different countries (Greece, Italy, and Spain) with different products in order to gain further insights for a better understanding on how attitudes are formed.

Conclusions and Implications

Overall, the cognitive COI (country beliefs) makes the greatest contribution to the formation of product attitudes. In line with previous studies, the findings of this research suggest that stereotypical country beliefs seem to stimulate product attitudes more than country affect and desired interactions. This stereotypical image leads to highly-rated opinions about product benefits (tasteful, aromatic and natural), product evaluations (appealing and likeability) and purchase intentions (willing to buy). Consequently, the findings highlight the favorable images created from the geo-cultural elements of Greece (landscape, climate, culture), coupled with positive feelings, which may result in future, mostly short-term interactions of purchase of Greek products and vacation in Greece.

In today's information-overloaded marketplace, country beliefs of COI can be seen as an eminent informational cue for helping consumers to simplify their decision-making process. The positive cognitive stereotypical image as an intangible asset creates positive attitudes towards Greece and its products. Marketing strategies could emphasize on activating or reinforcing the assets of the beliefs in the country of Greece and matching its proudest benefits, especially, promotional efforts will serve to build salient and unique country associations. Nevertheless, the examination of COI is highly complex, due to each country carries its own stereotypical image, which derives from country-specific environmental conditions (Ger et al. 1999; Knight and Calantone 2000). Theoretically, although this study raises the importance of COI effects as heuristic and extrinsic cues in moderating consumers' behaviors, measurement now needs to be further tested by using a more structured probabilistic sample frame and more advanced development of hypotheses.

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Have It Your Way: Preferences for Genetically Modified Designer Foods

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Abstract

The introduction of genetically modified (GM) organisms into contemporary food systems has presented numerous challenges to the production, distribution, regulation, and consumer-acceptance of affected foods. This study provides insight into consumer intentions to purchase hypothetical GM food products (plant and animal) containing functional, as well as sensory or packaging benefits. Results demonstrate that consumers' generalized perceived risk, and affective posture are important predictors of purchase for common household foods, especially so for an animal-based food in contrast to one plant-based. Expected price benefits also contributed to willingness to purchase. Departing from earlier findings, age and gender played no role in explaining acceptance, and most risk-specific variables were found to not correlate with likelihood of purchase.

Keywords: genetically modified food, risk, functional food, price, food innovation, intention to buy GM food, Food and Drug Administration, salmon

Introduction: Prevalence, Trends, & Influences in Adoption of Genetically Modified Foods

Biotechnology emerged as a leading force for change in the agricultural food system in the 1990s, first entering the United States commercially as a delayed-ripening tomato (Feldmann 2000; Onyango *et al.* 2005). Approximately 25 countries grow **plants** including biotechnology, with a projected 40 nations doing so by 2015 (James 2008). The European Commission has identified as many as 124 new commercial GM crops in the “pipeline” possibly ready for planting by 2015 (Stein and Rodriguez-Cerezo 2009). A likely majority of processed foods available in the U.S. contain *ingredients* from GM plants (e.g., Lusk *et al.* 2006). While focus has been upon producers' agronomic/economic advantages, the Australian government approved trials of wheat including traits to produce higher levels of desirable plant fiber, and also result in lower human levels of glycemic index. In July, 2011, Greenpeace protesters entered the site and destroyed all plants (Nairn 2011).

Historically, GM-altered **animals** have not been commercialized, but that may change with U.S. regulatory consideration (Food and Drug Administration) of a salmon species known as the *AquaVantage*. *AquaVantage* includes a gene/DNA for faster growth and reduced feed inputs (AquaBounty 2011). Introduction is controversial (Scott-Thomas 2011; Watson 2011; Curieux-Belfond *et al.* 2009) and no FDA decision has been announced.

As GM food products with functional attributes emerge (e.g., Australian wheat), consumers may choose between **whole-** and **processed-**GM products with added benefits, and those traditional, non-GM products that cannot. Whereas previous studies have examined the impact of GM enhancements of a non-functional nature, this paper reports consumer reactions to hypothetical GM-based products, **both** plant and animal, promising functional benefits.¹ Here, the authors empirically model acceptance of *specific products* using consumer risk concepts and demographic factors.

Consumer Acceptance. Consumers are not well informed about inclusion of GM ingredients in foods, with studies reporting that most are unaware of labeling, presence of a GM ingredient, and/or availability of such products (Wachenheim and Lesch 2004; Hebden *et al.* 2005; Hallman *et al.* 2004; International Food Information Council 2008). GM products have faced challenges by some regulators and consumers, particularly in Europe and Asia (Frewer 1999; Hallman *et al.* 2002). Loureiro and Bugbee (2005) reported that more than 94% of European Commission consumers desired the right to choose what they would buy, with 71% opposed to GM foods. Alternatively, several different studies have demonstrated distinctions between what consumers “say” and what they would “do,” actually demonstrating pro-GM behavior (Knight *et al.* 2007; Cormick 2005).

Research shows that males are more favorable toward GM foods (Magnusson and Hursti 2002; O’Fallon *et al.* 2007), while reactions based upon age are mixed (Fjaestad *et al.* 1998; Magnusson and Hursti 2002). Consumers report less aversion to plant modifications than those to animals (Hallman *et al.* 2003; Wachenheim and Lesch 2004; Kaneko and Chern 2005). Some research suggests American consumers may prefer GM foods to be labeled, but they remain confident in the FDA (no labeling requirement; Loureiro and Hine 2004) due to the high level of trust it enjoys (Harrison, Bocacletti, and House, 2004).

Townsend (2006) suggests that **risk-based** propositions, including GM foods, are influenced by affective dimensions, and the valence, as well as ‘vividness’ of imagery associated with the respective product. Moreover, the degree to which the risk can be knowable or is unknown, is important. Research by Nganje, Wachenheim and Lesch (2009) argued that demand for GM foods will grow if expected utilities are clear, and demonstrated that willingness to serve GM foods, and consumer risk could be modeled from a bundle of factors including health and product attributes, altruism, consumer outrage (fear of the unknown), and demographic factors (as above). The authors utilize this model here, in reduced form (below).

¹ PUBLIC awareness of the connection between diet- and lifestyle-related diseases is growing (Barkema 1994; Chandler 2006; Malla, Hobbs and Perger 2007) and industry has responded with a spectrum of products called functional foods. “A food can be regarded as functional if it is satisfactorily demonstrated to beneficially affect one or more target functions in the body, beyond adequate nutrition, in a way that improves health and well being or reduces the risk of disease” (Boobier, Baker, Davies 2006, p. 2). An International Food Information Council Food and Health Survey (2011) revealed that more than 80% of all Americans reported either current use or interest in foods or beverages with such added benefits. Such foods are found in a number of benefit categories (e.g., heart disease, osteoporosis; International Food Information Council, 2006; Seaton, 2006). Industry labels these consumers “food as medicine shoppers” (Hovde *et al.* 2007).

Research Questions and Methods

Current research modeling demand for GM-based functional foods is sparse. The literature shows consumers and society are concerned about risks of GM, although nutritional fortification is broadly accepted. With few exceptions (e.g., Nganje, Wachenheim and Lesch 2009), risk and demographic factors have been shown to be associated with adoption of either GM-based foods, or, functional foods, but studies have not co-mingled the concepts. Questions addressed here include:

What is the explanatory efficacy of risk theory concepts to adoption of a) an animal food product with functional benefits resulting from GM technology? b) a plant food product with functional benefits resulting from GM technology?
Is there explanatory value in demographic factors for either of the aforementioned products?

Data Gathering and Analyses. This study employed a regional, probability-based telephone survey of adult shoppers in North Dakota, USA. Data were collected over a 2 ½ week period in Fall, 2003 by a professional service (CATI system), following a pre-test of the instrument (n=25) with resulting improvements for communication and flow. Interviews averaged sixteen and one-half minutes.

Respondents were presented with either a hypothetical pasta product, or, a hypothetical ground beef product, each expressing individually-considered, functional benefits resulting from genetic modification.² Pasta- improvements included enhancements to texture, color, flavor and shelf-life, and additional vitamins and minerals.³ Ground beef-improvements included texture, flavor, color, and shelf life, along with enhancements to higher levels of protein, additional omega-3 compounds, and vitamins and minerals. In both cases, respondents compared the hypothetical product with one in class and price which did **not** have those features.⁴ Prior research (Lesch, Wachenheim and Stillerud 2005) has shown consumers' approving of pasta containing additional vitamins and minerals (78%), improved flavor (59%), and an extended shelf life (41%); acceptance for modified beef attributes was found in the cases of additional omega compounds (66%), added vitamins and minerals (56%), higher protein levels (57%), and better flavor (51%).

A total of 202 pasta-scenarios and 177 ground beef scenarios were deemed usable for the study. Shopper-respondents were mostly female (67%) and a majority were Caucasian (89%

² Beef is consumers' top choice of protein in the United States (Beef: It's What's For Dinner 2009; Harnett, 2007). Pasta is often enriched with B-vitamins, iron, and folic acid, with steady U.S. growth (Wheat Foods Council, 2009).

³ All respondents received the following definition at the outset of the interview: "GMO stands for genetically modified organism. It refers to the process of modifying plants or animals by adding genes to change the makeup of the original organism. The traditional plant development process uses cross breeding, which requires plants to be similar, and it takes time. The genetic modification process moves genetic material from one organism to another such as bacteria to plants, or between dissimilar plants or animals. It produces plants or animals with desired characteristics faster than traditional cross breeding." This was justified given the low level of awareness of the technology.

⁴ The preference for features were taken one at a time and expressed as respondents' reported willingness to purchase the product on a 1-5 scale (much more willing, more willing, indifferent, less willing, or, much less willing), with attributes presented at random. This format provides the most direct measure (short of trial) of the utility of the product attributes, in contrast with more global measures (e.g., willingness to serve a GM product) used by some (e.g., Nganje, Wachenheim and Lesch 2009), and offers improved validity as a measure of acceptance.

versus 92.4% of the state). Respondent scores for each of the product attributes were summed and an average score (compensatory) attributed to each product for the *bundle*. The resulting variable was dependent in separate-sample (pasta and ground beef) regression analyses in which the predictor variables included a) risk concepts drawn from the literature review and b) demographic variables. Predictors were scaled in Likert-format, including ranges of 1-5 (Agree-Disagree, w/neutral point).

Findings. Table 1 shows the statistical summaries of the pasta and beef models.

Pasta Product				Variable	Ground Beef			
Mean	Std. Beta	t	Sig.		Mean	Std. Beta	t	Sig.
2.04	-0.016	-0.24	0.81	Are GM foods available in stores?	2.03	-0.057	-0.79	0.43
1.30	-0.075	-0.95	0.35	Should labels contain GM information?	1.23	0.089	1.04	0.30
1.38	-0.097	-1.23	0.22	Should labels say GM-free?	1.31	-0.012	-0.14	0.89
3.72	0.042	0.57	0.57	Feel adequately informed	3.58	-0.004	-0.05	0.96
1.29	0.411	5.17	0.00	Fruits and vegetables would be less expensive*	1.44	0.223	2.16	0.01
1.54	0.142	2.09	0.03	Balance of nature is easily disrupted	1.47	0.054	0.77	0.45
2.62	0.020	0.38	0.71	People's fears block development	2.51	0.074	1.01	0.31
3.53	0.125	1.40	0.17	Presents no danger for the future	3.42	-0.085	-0.94	0.35
3.25	0.013	0.14	0.89	Risks are acceptable	3.52	0.242	2.51	0.01
2.73	0.127	1.69	0.09	Risks have been greatly exaggerated	2.68	0.082	1.03	0.30
2.41	0.011	0.15	0.88	Profit is more important than safety	2.34	-0.061	-0.84	0.40
2.59	-0.012	-0.13	0.90	Modified foods will benefit many people	2.67	0.195	1.92	0.05
3.50	0.009	0.13	0.90	Government keeps public in mind	3.51	-0.034	-0.43	0.67
2.28	0.238	2.74	0.00	Feel about plants (animals) created using GM?	3.07	0.266	2.57	0.01
50.34	0.068	.97	0.34	Age	50.26	-0.016	-0.21	0.83
1.68**	0.015	.23	0.82	Gender	1.66	0.027	0.38	0.71
*Approve=1; 2= undecided; 3=Disapprove				**1=Male; 2=Female				
Mean Pasta "willingness to purchase": 2.85				Coefficient Alpha: 0.858				Multiple R: 0.762 Adj. R-Square: 0.517
Mean Beef "willingness to purchase": 3.03				Coefficient Alpha: 0.922				Multiple R: 0.744 Adj. R-Square: 0.484

Discussion

Previous research of consumer acceptance of GM-based foods has shown an explanatory role for risk, i.e., perceptions of risk present an obstacle to the development of favorable attitudes and subsequent adoption (Townsend 2006; Nganje et al. 2009; Costa-Font, Gil and Traill 2008). Risk-related items found important to understanding consumer acceptance in those studies did not perform here as uniformly favorably with reference to a specific product purchase. In the case of the GM-altered, functional pasta, the fragility of nature was the only *individual* element of uncertainty to be related to express willingness to purchase. Otherwise, the utilities from lower price played a significant role, as did the affective element. In the case of the altered ground beef, risk was far more important, but this in a generalized manner. The more specific risk-related items did not correlate well with subjective purchase. Rather, affect, price, and the "greater good" were determinants.

Findings from this study may illustrate that acceptance of a specific-reference, GM-based functional food may fare differently from what would otherwise be expected from a generalized-item of GM-food intention. This is consistent with studies demonstrating that actual behavior toward GM altered foods is not nearly so aversive as would be suggested by non-specific, self-

report. More consistent with Townsend (2006), a strong affective component was found to be a driver for individuals' willingness to purchase either an altered pasta product, or, and altered beef product, a not-so unexpected finding given the information-poor environs for these products. This may result from a "gap" between what is cognitively knowable, and what is known, by consumers, the ambiguity being "filled" by affect. The extant levels of knowledge, or cognitions about GM are generally very low. Moreover, support was found for an expected price benefit, even though consumers were instructed that comparables would be of the same class and price, although the effect-size differed between the classes. In both cases, neither gender nor age were predictive of likely use, inconsistent with studies demonstrating higher acceptance among males (above).

Consistent with prior research, acceptance of this animal-based, functional food was more sensitive to the generalized perception of risk. However, for both products, most of the risk-based items were not found to be significant predictors of willingness to purchase, suggesting that individual – level consumer behavior—bounded by personal utilities and affective states—may play a more powerful role in supermarkets. The role of government and the role of the firm appeared not to play empirically significant roles in these individual decisions, a finding also inconsistent with studies utilizing more global constructs of intention not drawn at the product-level. Dannenberg's (2009) meta-analysis underscored the importance of methods, i.e., the heterogeneity of methods as a possibly powerful explanation for the resulting heterogeneity of findings regarding GM foods.

Additional studies should address the sequence and role of factors that influence decisions to purchase/trial in more causal manner, addressing the interplay of factors within and across cultures.

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Triangulating Qualitative and Quantitative Results: the Coberen Wall of Pictures Case

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This study aims at showing the added-value of mixed methods and triangulation for studying consumption phenomena. On the basis of an international survey, conducted online in thirty countries (through the Coberen network), and concerning mainly the consumption of beverages, this paper introduces the “wall of pictures” protocol as a particular relevant application of mixed method research. Good internal and external validities of the proposed instrument make possible to produce relevant measures of consumer representations, and a large range of analyses, demonstrating the ability of the tool for cross-validating qualitative (selection of pictures, textual data) and quantitative (closed questions, scales) results.

Creating Market Access through Producer Organisations- Understanding Issues Affecting Sustainable Marketing Collaboration from a Small & Marginal Producer Perspective

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This paper seeks to understand the process of market participation in Indian agricultural clusters from the lens of subsistence sellers- in this case the small and marginal farmer. The contribution of agriculture to India's GDP has been consistently falling in percentage terms; however, millions of farmers are still dependent on agriculture for their livelihoods. Indian Farmers constitute 52 percent of the Indian workforce and contribute 15.7 percent of the Gross Domestic Product of the country. A large number of these farmers can be classified as small and marginal farmers; they face significant challenges to participate in the market place. Small and marginal farmers face constraints in accessing resources, markets and other services. As per a CRISIL study, price realization of a farmer in India is 35 to 40 per cent of the retail price compared to a realization of 60 to 65 per cent in several other countries. The agricultural sector has also witnessed large scale instances of suicides by small and marginal farmers in many states of the country. In 2006, the state of Maharashtra, with 4,453 farmers' suicides accounted for over a quarter of the all-India total of 17,060, according to the National Crime Records Bureau (NCRB). NCRB also stated that there were at least 16,196 farmers' suicides in India in 2008, bringing the total since 1997 to 199,132. Small and marginal producers continue to be socially and physically remote and do not have the required skills to participate in modern value chains. The central issue is one of sustainable access to markets, information and related resources. How can small and marginal farmers overcome these problems and challenges?

Small and marginal farmers also have some intrinsic strength in the form of community linkages, traditional knowledge and skills and inherent flexibility to respond to changes. The key issue is whether small & marginal producers can leverage these strengths to create and sustain new markets? There are new opportunities emerging in low input organic farming, fair trade preferences and the resurgence of the co-operative movement in India. Is there a possibility of ensuring sustainable marketing access by small producer collaboration?

Economic activity tends to cluster in certain geographies, agriculture and allied activities are no exceptions to this rule. Clustering creates an opportunity to cooperate amongst small and marginal farmers; cooperation can harness the potential benefits of aggregation in the form of increased bargaining power, reduced costs and risks of market participation. Small and marginal farmers are coming together as agricultural cooperatives, producer companies and federations all over the country with support from various agencies, to create new opportunities for themselves. If so, what are key issues that need to be addressed for ensuring successful collaboration?

This paper intends to study cooperatives, producer companies and informal farmer collectives in the Indian states of Odisha and Andhra Pradesh. It is envisaged that this paper would generate a better understanding of the key issues affecting market access through these interesting collaborative marketing mechanisms. For the purpose of this paper, marketing will be defined as “The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”. (This definition was approved by the American Marketing Association in October, 2007).

The various forms of marketing collaboration would be compared in terms of responsiveness to markets & producers, transparency, speed and flexibility in responses and the costs of maintenance. It is envisaged that comparisons based on these parameters would bring out the underlying issues affecting marketing collaboration in producer organisations. The methodology of the study would be a combination of qualitative and quantitative approaches consisting of surveys, detailed value chain analysis, comparison and synthesis with the existing literature on transaction costs, social capital, small farmer economics, inclusive value chains and marketing collaboration.

This research effort has the potential to add value to the research ecosystem focused on small and marginal producer participation in modern value chains. The paper seeks to make an earnest attempt to enhance our understanding of how to make markets work for the poor. Given the Indian government’s interest in allowing foreign direct investment in retailing, this paper would also address the issues and possibilities of producer participation in modern markets through collaborative marketing mechanisms.

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Evolving forces at work in the villages of Matlab Bangladesh with respect to the adoption of microcredit offerings

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Introduction

This paper discusses the part of my research that illustrates the evolving forces at work throughout the marketing systems active in the microcredit marketplace in Matlab Bangladesh. The findings indicate that microloans in this subsistence rural area are disruptive to the quality of life of the poor farming families who take loans from NGOs and addresses the question of why the increased adoption of these microcredit offerings has provoked this shift away from sustainable subsistence.

Background

Micro-loans are made for a purpose and if, as that purpose is fulfilled, it is disruptive to traditional life styles and economies, the micro-loans will produce unintended results. This paper discusses the part of my research that illustrates that point.

Table 1: Sources, Purposes and Preferences for Finance

Purposes for Acquired CreditAssortments of Credit Options				Total	%
	Family and Friends	Local Cooperative	Money Lender	NGO		
Dowry	4	2		7	13	18%
Agriculture	4	6		15	25	35%
Children's Education	1			1	2	2%
Start a Business		1		4	4	5%
Build a House	4	2	1	10	17	23%
Income Smoothing	4			6	10	14%
%	23%	15%	1%	60%	71	
Total						

Twenty three percent identified family and friends as their preferred means of financial support. However 60% of credit assortments were micro-credit offerings from NGO's. The nature of these NGO's found to be operating in the Matlab district is outlined in Table 2 below which shows the mix of financial entities offering micro credit assortments.

Table 2: Financial Entities Found to be Offering Micro Credit Assortments in Matlab

Financial Entity	Total
Local financial co-operatives called "Shamitis"	12
National NGO's BRAC, ASA, etc	34
Grameen Bank	3
Government Bank	1
Money Lenders	2
Relatives	13

The study participants talked about the consequences for them and their families of taking on micro debt. Farmer 1: *"I had to sell my pet goat and land to pay the loan.....paying money from selling goat may solve one problem but what about other instalments (of the micro-loan) .I had to sacrifice my land to get quick cash to pay the loan ..."* Farmer 2: *Now we have no peace and happiness....always in tension when/how to pay...we buy the cheapest food from the market....somehow live life...it's not life...if you want to eat good food where is the money?* These comments illustrate the disruptive effect of micro loans on farming families in this community. The selling of land to pay off the micro debts is of particular concern and was found to be a widespread practice (Jackson 2011). The comments also reflect the changing feelings and attitudes of the respondent farmers with respect to microcredit offerings, the outputs for them being more complex and unpredictable financial situations (Lieberman and Trope 2000). The quality of life in these villages was found generally to be eroding as a result. Many respondents talked about how they had to reduce their food consumption and/or exchange, sell or deplete their assets, such as livestock or land, in order to repay micro loans. Farmer 1: *Cannot afford to have proper meal each day. Need to rely on others for food. Despite hunger, I had to pay installments NGO will never care why I can't pay.* Farmer 2: *I had to sacrifice my land to pay the loan. Does not matter if you die you have to pay the instalment, so sell house or land.* Farmer 3: *These NGO is not good for us, our poverty level is increasing but we have no other option. The poverty is becoming "boundary-less".*

A middle aged woman with a husband, three sons and a daughter reflected on the gradual erosion over time of their quality of life since the introduction of micro credit. *"Our parents struggled but were happy and provided us food. Look now, this credit culture destroying us all". "This credit will destroy the culture and community."* Concerns of this nature were found in all three villages in the study in response to the negative effects of debt spirals created by the use of multiple micro loans.

Evolutionary Forces Influencing Marketing Flows in the Matlab Villages

The adoption of microcredit was found to be provoking a shift away from sustainable subsistence. The evidence for how this has occurred can be found in an examination of changes to the marketing flows within the marketing systems operating within the villages since microcredit has been used in this community. For example, the information flows about which loans to borrow were found to be predominantly based on informal local knowledge passed through trusted family members; they were contained within “small world” boundaries (Layton 2007). There was little evidence of information being given by NGO agents to help with assessing the risks associated with the adoption of micro-debt. The information flows were found to be value laden, and carrying imperfect and incomplete information on financial matters. This very limited flow of information affected the flows of finance, risk, ownership and possession (Hunt 1981; Layton 2007). A typical scenario of how this played out across these villages is as follows: the cost of seed and fertilizer was found to be rising substantially because farmers had been encouraged by the government to experiment with growing maize rather than the traditional crop of rice (Ali, Waddington et al. 2008) and some NGOs were found in this study to be offering microcredit contingent upon the farmer buying non-regenerating maize seed and fertilizer from them, every season. The study found a high incidence in the villages of crop failure from these experiments with maize because of farmers’ unfamiliarity with the necessary farming techniques for growing and harvesting maize, again because of limited information flows. They purchased maize seed and fertilizer with micro loans and after their crops failed there was little or no harvest money to pay back the loans. The price of rice in the market place was increasing and farming families now borrowed more money through microloans to buy rice, affecting the flows of risk and finance throughout the villages. Farmers were found to be borrowing from NGOs to smooth incomes and provide for their families’ needs. They then have to manage high levels of income insecurity, risk and uncertainty for most of the year. *We grow crops with big hope, but bad weather, lack of fertilizer and poverty, thus we cannot get expected yield. This is the reason why we have to take loan from NGOs.*

Because there are very few means available to these rural communities to protect against risk to income, micro credit appears to have become a de facto insurance vehicle, acting as an adaptive system attribute (Layton 2007) and a means of inter-temporal resource transfer in order to achieve consumption smoothing, offset risks to vulnerable income streams and avoid the consequences of not having enough money to provide food for the family during the months of monsoon seasonal flooding. This appeared to be the main purpose stated by many villagers for deciding to take a micro loan. They are in a situation where sustainable financial options are severely limited (Grimble, Cardoso et al. 2002) heightening perceptions of risk and giving rise to feelings of vulnerability.

Perceptions of increasing vulnerability were found to be a significant factor in the increased adoption of micro loans. Vulnerability arises from a “*combination of exposure to a threat with susceptibility or sensitivity to its adverse consequences*” (Ashley and Maxwell 2001) P 412). Perceived increased vulnerability drove changes to the flows of risk, and finance in the villages. The experience of vulnerability in this context is “*an aspect of poverty in and of itself, that is, a palpable disturbance to one’s ‘peace of mind’*” (p.29). The implications for chronically poor farmers are that their abandonment of traditional risk management practices of borrowing

money when needed from family and friends are leading them to financial decisions that increase debt and subsequently further deplete their assets both physical and social.

Conclusion

Micro-loans are made for a purpose and in Matlab, as that purpose is fulfilled; it has been found to be disruptive to the traditional life styles of the three communities studied. Micro-loans have produced unintended results and the resultant degrading changes in social and cultural patterns are not well understood and require further investigation

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Value in Context – A Resource-Dynamical Perspective

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An increasing recognition of the importance of value created through a customer's own processes has led to a resurgence of interest in developing approaches for understanding customer value among both marketing researchers and practitioners. Drawing on the service-dominant logic this paper provides a conceptual framework for the assessment of value in context. Considering resource integration processes through which the customer integrates supplier resources with own resources in the context of the customer's usage purposes, the framework allows a more dynamical perspective for assessing customer value. The paper closes with future research directions.

Sharing Values: How the Redefinition of Value Creation in Marketing Turns the Market Into a Preferred Arena for Problematizing and Resolving the Sustainability Debate

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Abstract

Sustainability is an issue that challenges the legitimacy of the market, particularly the firm-level system of exchange. Micromarketing as practiced today struggles in dealing with the sustainability debate and its critique of capitalism (in particular for-profit organisations). Lost trust in formal market institutions has led to a shift of the discursive epicentre of the meaning of consumption from marketing departments to new social movements. With consumers more and more turning towards social aspects of consumption, their higher trustworthiness is turning these new social movements into the preferred source for consumers' individualized (but shared) sources of ethical consumption narratives.

In this article we relate new ideas concerning value creation – such as the Service-Dominant logic and value co-creation – to a macro-marketing view on the link between firms and society. We suggest that a novel view on the process of value creation and the role of marketing in it, viewed at the macro-marketing level, holds the potential to incorporate the sustainability movement into the market and ultimately enlarge corporations' influence upon the societal discourse. We argue that brand communities, perceived as bridges between the marketing system and society, start to serve as platforms to incorporate sustainability-inspired critique into business, rather than merely leaving it to civil society to shape the sustainable consumption discourse and develop solutions.

With this article we aim to capture and explain the evolution of the macro-marketing debate to the communal and ethical. We further claim that this discussion is starting to find its way into micromarketing practices and thereby re-establishes the marketing system's dominant role in shaping consumption narratives and thus how consumption relates to 'quality of life'.

Keywords: Brand communities, Identity-creation, New social movements, Quality of life, SD-logic in marketing, Shared values, Sustainable consumption, Value co-creation; Macromarketing system

Introduction

Economic distress and social and environmental problems have led to a shaken trust in for-profit organisations' role in society and their positive contribution to desired societal development in the early 21st century. Capitalism is facing a crisis of trust (Barton 2011). Society (at least in industrialised countries) more and more perceives the capitalist system as exploitative

and harmful to society and nature, rather than what its founding fathers (most prominent Adam Smith) had imagined it to be, namely an ‘engine of prosperity’ (Barton 2011: 86; see also Lantos 2001). An increasing number of business leaders are becoming aware of this divide (cf. Barton 2011; Polman 2011). They are also aware of the necessity to react to the threat this confidence crisis in corporate activity poses to their ‘licence to exist’. As Dominic Barton, the global managing director of McKinsey & Company states in a recent Harvard Business Review article, ‘We can reform capitalism or we can let capitalism be reformed for us, through political measures and the pressures of an angry public’ (Barton 2011: 86). Voices that advocate for stronger regulation of companies to stop destructive corporate behaviour and enforce pro-social and pro-environmental behaviour are therefore getting louder (Barton 2011; Reich 2008), and we might find ourselves back in a situation similar to the one Fisk (1973: 24) described 40 years ago, ‘by ignoring social externalities created by marketing and production decisions, business executives have invited rising public criticism and government regulation’. Marketing has been slow to recognise this problem, and the marketing industry has itself become a major target for those arguing against capitalism and consumerism (cf. Alexander, Crompton, and Shrubsole 2011; Moisander, Markkula, and Eräranta 2010).

In this article we will benefit from the wider conception of marketing within society afforded by the stream of thinking that has been fostered by the macro-marketing discipline to assess the role of marketing in a world that is turning citizens more and more into consumers and consumption into self-identity. We discuss this ‘crisis of trust’ capitalism in general, and for-profit organisations in particular, are facing today and focus on the difficulties of (micro-) marketing as practiced today to deal with this crisis. We relate this inability to the increasing role of new social movements in defining narratives of sustainability in consumption and claim that what is missing from marketing as practiced today are shared (ethical) values between corporations and consumers that define what the company and its customers can unite around and strive for. We then discuss how macro-marketing theory is starting to get to terms with this shortcoming and tackles it via a redefinition of value, value-creation and corporate values (cf. Arvidsson 2011, 2008). A systems perspective of the market, to quote Vargo and Lusch (2011), gives insight as to how to appropriate of macro-marketing links between firms and society and sustainability (Assadourian 2010). We develop this perspective as we discuss how to enable better ways of tackling the sustainability challenge. We adopt Zwick, Bonsu, and Darmody's (2008) line of argumentation that SD-logic in marketing and a co-creational approach to value is a means for corporations to maintain their relevance and power in a changing world and argue that the same logic also holds for the sustainability debate, which has turned into a real challenge for for-profit business and has already resulted in new, alternative processes of economic exchange. We conclude by suggesting that a corporate response to deal with this development might be emerging in the form of co-creational approaches to value. This idea, which has emerged on a macro-marketing level in recent years, we argue, holds the potential to turn the sustainability critique from a threat to for-profit organisations into a renewed licence-to-exist and increasing trust levels for for-profit corporations and capitalism among consumers and the broader public. While the focus of the debate surrounding value co-creation has so far been on the potential to ‘put the customer to work’ (cf. Zwick et al. 2008), we argue that co-creational approaches to value are not only a means to harness customers’ free labour, but – more importantly – to align corporations’ internal values with those of consumer communities. As Kadirov and Varey (2011: 168) point out, ‘[f]rom the symbolic perspective, the output of the marketing system is meaning (in a macro sense) that grants a vital sense of societal purpose to

product assortment'. In our believe, ideas surrounding value co-creation will – in the long run – lead to corporations being perceived as part of the solution rather than the problem in consumers' desire to consume with good conscience.

Sustainability and consumption

At least since Rachel Carson's book 'Silent Spring' was published in 1962, environmental and social concerns have been growing among the wider (Western) public and consumers have repeatedly expressed their interest and willingness-to-pay for pro-environmental and pro-social product attributes (Peattie and Crane 2005). It is claimed that about 15 % of the population in wealthy Western countries is making sustainability concerns a top priority in their consumption decisions (Bonini and Oppenheim 2008; Ogle, Hyllegard, and Dunbar 2004), while another approximately 50 % express concerns for the environment but lack knowledge, commitment, or perception of efficacy to apply this concern to their consumption patterns (Ogle et al. 2004). Kardash (1974) once famously even claimed that everyone in principal is a 'green' consumers in that, faced with two products that only differ in terms of their environmental performance, will choose the more environmental friendly option. Today, morality has taken a central position in consumption (Ulver-Sneistrup, Askegaard, and Kristensen 2011; Micheletti, Follesdal, and Stolle 2003).

Despite consumption's centre-stage position in the debate about sustainability and the intensifying critique of marketing's role in "manipulating" people into unsustainable consumption patterns by emphasising and reinforcing the simplistic and partly wrong belief that increased consumption is equal to increased quality of life (QOL), to simply assume sustainability in consumption would mean a decreasing importance for consumption in individuals' lives is unrealistic. Consumption has become a vital part of Western culture (Schaefer and Crane 2005). As individuals we continuously redefine our identity through what we consume. Consumption, especially in a post-modern setting as is true for Western culture, fulfils a role by far surpassing the wants and needs of individuals. As (Giddens 1991: 81) famously described,

Each of the small decisions a person makes everyday – what to wear, what to eat, how to conduct himself at work, whom to meet with later in the evening – contributes to such routines. All such choices (as well as larger and more consequential ones) are decisions not only about how to act but who to be. The more post-traditional the settings in which an individual moves, the more lifestyle concerns the very core of self-identity, its making and remaking.

Consumption is meaning-giving in modern life and unlikely to be given up for social or environmental sustainability. It is a core aspect of who we are today. Even those of us that deeply desire ecological and social sustainability consume to define us as socially and environmentally concerned individuals. Miles (1998: 4) states 'consumerism is ubiquitous and ephemeral. It is arguably the religion of the late twentieth century', and Bartholomew (2000: 6) notes 'consumerism points to a culture in which the core values of the culture derive from consumption rather than the other way round'. To meet our aspirations via consumer demand has become a key goal for the post-modern condition (Brown 1993). Rather than assume consumers as being trapped in an unsustainable 'societal cage' in which marketers are forcing ever increasing consumption levels upon them and which they deeply within want to escape from, the post-

modern individual is embracing consumerism as a means to create and modify self-identity and not at all interested in “escaping” from consumerism.

More likely than a renouncing of consumerism for the sake of sustainability therefore seems a redefinition of value and a reorientation of consumers towards the collective, social and creative aspects of consumption. Ulver-Sneistrup et al. (2011) argue that today’s consumers – who have understood and accepted that the market is inescapable – make use of mythological and ideological resources that represent authentic and ethical production for them to bridge the gap between legitimate and illegitimate consumer practices. Confronted with an otherwise autonomy-lacking marketplace that is not negotiable, consumers turn towards specific practices that – in their understanding – allow them to work the market and thereby express their resistance to unethical market practices (ibid).

Schaefer and Crane (2005) argue that civil society has become a powerful force in this process that pushes for the reinvention of consumption to a way of consuming that does not compromise social or environmental values. How this redirection of consumption towards more sustainable alternative forms of consumption (and non-consumption) could happen, and which social actors might become the driving force for this rethinking is not quite clear yet. Whatever the driving force(s) will be, and however this change will come into place, though, it will require a change of values and behaviour by a majority of individual consumers (Schaefer and Crane 2005). What will be interesting in this respect is how the rising levels of resistance displayed by consumers within the market will influence the relationship consumers have with marketers and corporations in general and how consumers will make the difference between what they perceive as ‘good’ and ‘bad’ consumption (cf. Ulver-Sneistrup et al. 2011).

The process of identity-creation is not the outcome of individualistic and socially atomized individuals and decisions, though, but instead the result of individuals embedded in a wider communal context. People are social beings whose attributes and actions are conditioned by their location within networks (Granovetter 1985) through which, in a post-modern world, they define who they are. Maffesoli (1995) calls these groups ‘neo-tribes’, which Cova and Cova (2002: 602) define as ... network of heterogeneous persons ... who are linked by a shared passion or emotion; a tribe is capable of collective action, its members are not simple consumers, they are also advocates.

Our self-identity creation process is thus the result of the communities we belong to, and values and self-identity derive from a reality that is not individualistic and atomized, but contextual and the outcome of social interaction in communities in which consumers connect with likeminded people and exchange meaning to transform reality together (Trevarthen 1990 In: van Dam and Apeldoorn 1996). The process of identity-creation is then the result of culture(s) of consumerism created within voluntarily chosen communities (Miele 2006) from which the individual derives the (shared) values she can build her identity on. This process is particularly relevant for aspects of consumption that concern morals and ethics, such as it is the case for sustainability.

Foxall et al (1998: 228) define values as consensual views about the kind of life individuals should follow, formal and informal rules specifying the goals they should pursue and how they should pursue them.

As noted above, these values consumers build their self-identity upon are not private but communal, shared between individuals of the same group. Value created by consumers thus relies on values describing what groups of people believe ought to be, rather than what is (Schein 1985). The consumer must thus be understood as social being which engages in various consumer 'tribes' to create meaning in life and (constantly re-define) her/his identity. These 'neo-tribes', as Maffesoli (1995) has called them, are platforms of shared meaning, of shared values for those participating in them. The value that is created through consumer action is thus not so much building on personal needs or wants than on shared values. Giving worth is a community endeavour and based on prior assumptions largely shared in groups. Where there are shared values, this may help members of an organisation or a community to "make sense of" their world (Brown 1998; Weick 1995).

What draws today's consumers towards social movements and civil society created solutions to consumption is thus the existence of shared values around social and environmental sustainability between consumer communities and social movements. Given society's broader concern for sustainability and individual consumers' struggle to integrate this concern into their consumption habits, shared values will play a crucial role in developing and maintaining trust among consumers.

This, of course, poses a major problem to marketing as practiced today. With value being artificially constructed by the marketer and its strong focus on sales, it finds itself in an inferior position to the credible shared value-propositions social movements can offer the consumer.

Marketing's (perceived) role in unsustainable consumption

Marketing has been challenged for its contribution to the deterioration of our natural environment. It is blamed for over-consumption and said to mostly exist to create artificial wants among consumers (Kilbourne, McDonagh, and Prothero 1997). Marketing is thus perceived as the primary driver of consumption (van Dam and Apeldoorn 1996). As Morgan (1992: 21) notes, '[f]rom a critical perspective the discourses and practices of marketing [...] are seen to be as much a propagator and seducer of consumer desire as they are an articulation of, or response to, human need.' Venkatesh and Brown (1997) suggest that it is the American marketing paradigm with its set of ideological assumptions that is the problem. The assumptions within which marketing on the micro-level work are that firms must be free to do whatever they want; the essence of firm-level marketing is to increase profits; marketing has in essence to do with a single firm in a competitive environment; if broader contexts are amenable to marketing, this is only done by replicating these assumptions, not by questioning them. Marketing enables organisations to meet their objectives. Management is currently committed to control, to purposive action, to efficiency and effectiveness (Habermas, 1971; MacIntyre, 1984). It is claimed that marketing aims to 'encourage the fulfilment of sociocultural needs through consumption of new goods' (Schaefer and Crane 2005: 88; see also Soron 2010). Kilbourne et al. (1997: 5) describe marketing's main objective as to encourage a development 'from consuming to live into living to consume', and identify it as the sacred cow of marketing. To keep consumption levels rising, marketers primarily work on the commodification of life in which an imperious market absorbs traditionally nonmarket areas of life. Marketing equals increasing consumption levels with increasing QOL and promotes this view to society, while rarely questioning the implications of this ideal. Marketing thereby perpetuates the ideology of consumption, which has negative environmental and social consequences.

To Kilbourne et al. (1997) it is unlikely, though, that this idea will continue to be as successful as it has been in the past. The marketing concept, in its micro-definition, takes no account of needs and wants that can be satisfied via non-consumption, even though these are intimately related to individuals' QOL. With declining confidence in the economic and political institutions, people have started looking for something else, though, something that better satisfies their desire for QOL, including social and ecological aspects (ibid), a development we are already witnessing in the early 21st century (Schaefer and Crane 2005). To Layton (2007) marketing needs to be in tune with socially desirable outcomes to remain a legitimate force in society. Pointing at the self-undermining role marketing practices can have when resulting in undesirable externalities of the marketing system, Kadirov and Varey (2011) argue for the importance of analysing how symbols and meaning are created in the marketplace. According to them, changes in how market participants interact may result in new marketing systems changing the way consumption is made sense of.

The search for meaning and self-identity in social consumption

Consumer tribes, as discussed earlier in this article, do not derive their understanding of reality from ideas emerging from within the group. Rather, the group can choose from a range of existing narratives of what it means to consume sustainably and how to behave accordingly (Caruana and Crane 2008). The way these values are formulated and collectively agreed upon is strongly influenced by various actors, such as corporations, consumer associations, government bodies, the media and consumers themselves, all engaging in a contested discourse about what it means to be a responsible consumer (ibid). How groups of consumers react to the societal debate about sustainability then depends on where they choose to look for the narratives that will guide their understanding of the issue.

In respect to recent years' protest action against the social and ecological costs of free-market global capitalism and the role of for-profit organisations in it, Schaefer and Crane (2005) notice two remarkable facts, 1) the sheer number of people taking part, and 2) the role of civil society, with intensive cooperation and coordination between NGOs and other civil movements. Thus, not only does societal dissatisfaction with the status quo seem large, it also seems to channel consumer dissatisfaction into societal movements. In their eyes, '[i]f this is indeed a sign for widespread uneasiness with the socially and ecologically destructive aspects of modern, affluent economic development, this may well be the seed for more significant change to the dominant social paradigm, including its attendant overconsumption' (Schaefer and Crane 2005: 89).

Kilbourne et al. (1997) relate the popularity of new social movements (cf. Beck 1992) to their higher credibility, compared to existing economic and political institutions. Through encouraging consumers to buy from local farmers, the purchase of second hand goods, as well as various exchange and hire systems (such as 'Community Supported Agriculture' [cf. Thompson and Coskuner-Balli 2007]), these new social movements have become a shaping force in the market (Schaefer and Crane 2005), and the extent to which these new ways of consumption are driven by communities would appear to be an example of the role of communities of consumers (i.e. consumer tribes) and the powerful influence these social movements now have on these communities. Johnston (2008), discussing the case of sustainable food consumption, believes these social movements have a real chance to redefine consumption. Possibilities for a more

citizenship-focused hybrid may be found in different modes of food provisioning, particularly when they are framed by non-profit organizations more able to de-center the idea of consumer choice in the service of ideals like social justice, solidarity, and sustainability (e.g., community supported agriculture, slow-food movements, community food security projects). Seyfang (2008: 92) discusses the example of a local food co-operative, which aims to ‘create a global network of communities, not a globalised food system of isolated individuals’. Hilton (2003: 339 In: Johnston 2008: 263) suggests that consumerism ‘has offered the most potential not when it has confined itself to obtaining value for money at the point of sale, but when it has sought an active relationship with the wider concerns of citizenship’. This can be explained by the fading feelings of loyalty towards nation states in today’s globalizing societies combined with growing feelings of resistance to the abusive sides of economic globalisation (Falk 2000: 7). To Falk this may result in the rise of transnational social forces which, due to the ‘seeming exhaustion of government as a source of creative problem-solving with respect to fundamental social concerns’ (Falk 2000: 16) provide alternatives to the individual to derive normative conduct.

Its potential to perform this role and redefine consumption and add the social aspect to it has, according to Kilbourne et al. (1997), made the Green movement a strong identity-giving alternative to nation states and resulted in it becoming the greatest ideological adversary of global capitalism. It challenges the ‘commodification of life’, with new narratives individuals draw from to create their self-identity and thus decide how to consume.

One might conclude that it is not consumption per se that is at risk from the sustainability debate, but faceless and value-deprived consumption, and with it the distrusted faceless corporation.

The reinvention of value

In recent years, a number of new ideas in viewing the relationship between marketing and the consumer have gained popularity, which all, in one way or another, rethink the predominant idea of how and where value is created (Arvidsson 2011). These theories promote a view in which value-creation has over the last century or so moved from the production line (in the post-Second world war thrift economy), to the marketing department (in the current need-creation and consumption perpetuating overflow economy) to finally end up with the consumer (in the global, highly competitive and connected economy of tomorrow). The company here turns into a service-provider rather than a seller of goods, with its main objective to facilitate consumers’ attempts to create value for themselves (Vargo and Lusch 2004). This type of value Vargo and Lusch term ‘value-in-use’, as opposed to ‘value-in-exchange’, and a focus on the former is, according to them, a fundamental shift in marketing worldview (Vargo and Lusch 2004: 2). This new worldview they term ‘Service-dominant logic in marketing’, and it puts the customer behind the steering wheel. This new approach will make the boundaries of the firm less clearly defined, it is claimed, with customers and communities having much greater influence on the overall strategy of a firm (Leavy and Moitra 2006). The process to describe this form of value-creation is commonly referred to as value co-creation, and it describes a seemingly chaotic and uncontrolled – one might argue ‘postmodern’ (cf. Brown 1993) – form of value-creation taking place in consumers’ buzzing and vibrant social networks rather than the market as exclusive site of value exchange (Tapscott and Williams 2006 In: Zwick et al. 2008: 172). Adopting this perspective, value creation is as much the result of communication and co-operation within groups of

consumers and consumer-networks and other societal groups, as it is the result of co-operation between consumers and the companies they choose to engage with. In Zwick et al.'s (2008: 174) words, the company turns into 'a facilitator of social communication and cooperation'. At least partly, this development is seen as reaction to the 'increasingly cynical attitude toward all forms of overt marketing and advertising assaults (Frank 1999; 2000)' (Zwick et al. 2008: 171).

Putting consumers in charge of consumption (and its consequences)

The discussion surrounding the consumer-focused approaches of value-creation with companies as mere facilitators to that process has been largely positive and even enthusiastic about the meaning of this for the empowerment of the consumer, and value co-creation has been described as a great opportunity for innovation and customer satisfaction. Corporations role is described as to contribute to the process of creating shared values, and this offers the potential for 'the networked multitude' as a whole, to produce an ethical surplus in the form of a common' (Arvidsson 2005: 252). To Zwick et al. (2008) the service-oriented co-creation of value is, for the company, thus not so much a loss of power over the consumer than a means to remain in control despite a changing world. 'The discourse of value co-creation stands for a notion of modern corporate power that is no longer aimed at disciplining consumers and shaping actions according to a given norm' (Zwick et al. 2008: 184), but at working with and through the freedom of the consumer. Co-creational approaches to value could thus be seen as offering 'platforms for consumer practices that help to free the creativity and know-how of consumers, but also channel consumer activity in desirable ways' (Zwick et al. 2008: 165). Arvidsson's (2011) ethical surplus, generated by co-creation and companies' ethical activities, then mainly results in growing power and wealth concentration rather than the often assumed democratisation of consumption. What S-D logic in marketing and the striving for co-creation of value really represents is the harnessing of free labour from the consumer. Co-creation is 'a tool for consumer exploitation' (Zwick et al. 2008: 175). Zwick et al. (2008: 176) continue to argue that '[t]he co-creation paradigm represents an attempt to establish a specific form of government, in the sense proposed by Michel Foucault (1991), to bring about particular forms of life in which consumers voluntarily provide unwaged and exploited, yet enjoyed labor.' This is achieved, according to Zwick et al. (2008), through the embedding of 'mass intellectuality into the structures of the market' (p. 179).

In respect to sustainability, it is not difficult to understand that a new consumer-steered value-creation approach, with companies merely being facilitators, also offers a formidable opportunity to respond to societal critique of for-profit organisations and establish a relationship with consumers that is better fit to counter the growing influence of social movements. According to Johnston (2008) such is achieved by focusing on the hybrid-model of the citizen-consumer as a narrative for individuals to feel comfortable carrying their environmental or social concerns to the market. There, marketers can influence the process of sustainable consumption and, by stressing the consumerist part over the citizenship goals, successfully harness value from consumers' citizenship concerns. Johnston (2008) compares this strategy with marketers' ability to transform various counter-cultures into marketing opportunities. By handling over the task of value-creation to groups of consumers marketers have higher chances to match the power of social movements, as it allows for them to let consumers co-create the ethical values that underlie the narratives of what it means to consume sustainably, while at the same time preserving the power to structure the market exchange. Consumers will, in a co-creational relationship with companies, feel more attached to the outcome of the market interaction, while they will also have

to take the responsibility for the narratives they co-create. Service-dominant logic in marketing and co-creation ideas, we therefore argue, will serve to unite the value-shaping process of the corporation with the value-shaping processes among communities of consumers and make them one. A co-creational approach to value aims to unite values shared by the shareholders of the cooperation, its employees, and the consumer communities the corporation serves, thus establishing a set of shared ethical values similar – even though slightly more constructed – to the ones social movements offer the consumer striving for means to create self-identity. The outcome of this exercise is well described by Moisander, Markkula, and Eräranta (2010: 77),

‘The aim is rather to produce ‘active consumers’ and ethical subjects who not only conform to, and internalize, specific rules, but also voluntarily govern themselves to achieve specific objectives. Through practices of marketing, consumers are thus called up as ethical subjects to question and render problematic their own beliefs, values and behaviours, as well as to work towards good, virtuous, appropriate and responsible conduct – in particular ways that serve the interests of the marketer.’

This view implies a newly developing logic in marketing systems, with marketing not anymore a creator of needs and wants following the ‘living to consume’ ideal, but instead adopting the consumers’ values and their striving for QOL through both commercial and non-commercial activities. The firm, which in value co-creation is claimed to become a ‘platform for consumer practice’ in value co-creation (cf. Lury 2004), thus also becomes a platform for the co-creation of ethical and moral (i.e. sustainable) values.

Whatever the outcome of this process might be in terms of sustainability, this process will turn the corporation from the enemy consumer communities unite against into a tolerated or even appreciated ingredient in consumer communities’ striving for sustainable ways of consumption and thus make it much harder for anyone to blame corporations and capitalism for unsustainable consumption patterns. Where there are shared values, consumers find what they desire in order to create their identity and belonging to a group, while it provides companies with a renewed ‘licence to exist’. What S-D logic and co-creation of value do, then, is not only to harness consumers’ potential to create value from their purchases; it also makes the consumers’ problems and values the corporations’ problems (i.e. creating shared values), though – when solutions are found in co-operation between the two – with the achieved ‘ethical surplus’ (cf. Arvidsson 2011) remaining with the company (Zwick et al. 2008). Moisander et al. (2010) pointedly describe this kind of marketing as a form of government, where decisions are taken seemingly democratic, thus with the consumer feeling in charge, while those that steer these decisions in the background – those that condition the possibilities for consumers’ subjectivity and agency in the market – remaining unnoticed.

An example for how this is already happening can be witnessed in the increasing importance of brand communities and how they deal with sustainability.

Brand communities’ quest to replace social movements

Hirschman (2010: 17) calls today the ‘Era of Constructed Innovativeness’, and brands have become less a product or service, less a wholly owned firm asset, but rather a symbol available for individuals to appropriate in constructing their selves ‘from a kaleidoscope of social meanings that define the ‘who’ I can be ... [using] the resources of culture and society’

(Anderson and Schoening 1996: 214). At the same time, these brands more and more have to clearly take position for (and against) moral and ethical standpoints and proof these standpoints through their actions. Holt (2002) claims that the days of brands denying to stand for anything by themselves are over. Instead, he argues, 'what consumers will want to touch, soon enough, is the way in which companies treat people [and the environment] when they are not customers' (p. 88). Consequently, consumers will more and more 'lock out all but a minuscule subset of the sponsored world' (ibid). By restricting the companies consumers deal with to a small number of companies that show proof of a set of shared values, consumers will more and more put pressure on brands to proof ethical correctness. Though, with brands having achieved a status of 'overarching capitalist meta-narratives' (Glodman and Papson 2006: 327 In: Ulver-Sneistrup et al. 2011: 221), even in a consumer-culture dominated by the desire for authenticity and resistance to depersonalized and immoral market interaction brands have managed to be at the centre stage of consumers' striving for self-identity.

The values this process is based upon is not private, though, but communal. Much has been written about the increasing importance of brand communities, and how they shape the brands they choose as 'theirs' (cf. Schau, Muniz, and Arnould 2009). Holt (2002: 88) writes about the 'proliferation of narrowly focused consumption communities', and that they can be understood as counteraction toward consumer culture. These communities carefully choose which brands to engage with and provide their creative co-creational potential to. What is essential for a brand to be among "the chosen ones" according to Schau et al. (2009) depends on the development of shared understandings. To them the creation of brand value is a collective endeavour. For a company to create a sustainable brand then requires for the brand to be perceived as sharing the values of consumer communities. In a way, branding that takes the sustainability debate serious must develop into a cultural myth (cf. Holt 2004), with the myth 'serving principally to establish a sociological charter, or a retrospective moral pattern of behaviour' (Malinowski, 1926/1992: 113). The myth then functions to validate a group's identity, 'and to explain and sustain common life' (Wright 1997: 89), and thus provide the meaning-giving aspect of consumption consumer communities rely on in their search for identity through consumption.

Brands, we claim, represent the co-creational approach to shared sustainability values (and thus to create a cultural myth surrounding the brand), and, by adopting a shared values approach to their market appearance, managed to substitute social movements in providing a mean for the consumer to integrate sustainability into her self-identity. In a co-creational fashion some brands have achieved a state of shared values between their business operations and their customers, with consumer communities deciding which issues to focus on, while brand owners staying in charge of the market interaction.

An example for a brand community as means for a group of consumers sharing an ethical value to express their concern and create individual and group identity is 'Fair Trade'. Companies that use the Fair Trade brand, even though not in charge of the process behind defining the ethical values it builds upon, are perceived as sharing this set of values by the consumers, and thus perceived as part of the solution rather than the problem. In Johnston's (2008: 239) view,

The fair-trade movement has piggy-backed on the anti-corporate messages of some global justice activism by emphasizing that many of the worst abuses in the global system are associated with foods that are integrated into our everyday life through transnational commodity chains –

sugar, bananas, coffee, chocolate – magnifying consumers' complicity in social abuses associated with their production.

Much like in Arvidsson's (2011) explanations of value co-creation, consumers invest considerable efforts into creating the Fair Trade brand, while companies are harnessing the produced 'ethical surplus'. Fair Trade thus seems one of the first and most successful examples of the role service-dominant logic and co-creation of value can play to commercialise sustainability by establishing a feeling of shared values between consumer communities and companies. Here a brand has managed to channel societal concern for environmental and social issues into the market to be solved by private corporations rather than other societal institutions, with groups of consumers providing most of the creative work but the market harnessing most of the benefits. At the same time consumers do not feel exploited by companies; quite the opposite they cherish those companies using the Fair Trade brand for sharing a set of values they hold high. By letting a brand be shaped by the values of its brand community(ies) and credibly pursuing these values, Fair Trade has achieved lasting relationships with customers and engage with brand communities that are willing to lend their loyalty. This is in line with Halliday and Christy's statement that 'the perception of shared values [...] may play a role in the development and maintenance of trust by providing a firmer basis for deciding to bestow (or reaffirm) trust' (Halliday and Christy, 2003: 9), and Arvidsson's (2011) claim that 'the most important source of value in brand communities are those practices that are able to install affectively significant relations among members of the community, and between the community and the public at large'. The most valuable brands are those generating 'ethical surplus' (Arvidsson 2011: 268).

Conclusion

We started this article with the claim that micro-marketing as practiced today is not well suited for the growing societal demand for corporations to react to the problems of (over) consumption of their products and services. At the same time, consumerism is likely to remain a dominant aspect of today's lifestyles. Being deeply engrained in post-modernity, consumption must be understood as to a growing degree intertwined with an individual's self-identity. This process of identity-creation being the result of shared values develops in numerous interactions within different groups of consumers as well as it draws from narratives of sustainable consumption, which are derived from the environment these consumer groups are embedded into. Due to their credibility and ability to contribute in the creation of shared values with groups of consumers the Green movement has grown into a serious challenge to for-profit corporations. The sustainability discourse is changing the dominant marketing system, without micro-marketing practices adapting in a sufficient way.

The S-D logic in marketing and co-creational approaches to value creation, we argue, reveal an interesting new logic to the functioning of marketing systems and – by redefining the role of business in value creation – open up a door for for-profit organisations to engage in the co-creation of shared values of sustainable consumption. Co-creation of product and service value provides protection for business from harm looming from the sustainability discussion and the critique directed toward businesses and capitalism. Through becoming a co-creator of shared values companies establish a level of trust and continuity that allows for both, sustainable consumption and competitive advantages to be achieved. Marketing (for example through brand communities) then becomes a tool for companies to enter into a dialogue with consumer groups, thereby gaining influence over the shaping of consumption narratives and the dominant societal

paradigm (cf. Kilbourne et al. 1997). As discussed, examples for such an approach already exist, for example the Fair Trade brand community. Through the development of shared values, we conclude, corporations may find a way to safeguard (or re-establish) the narrative of the market as problem-solving area in Western society and thus reinforce the neo-liberal idea, with social and ecological concerns becoming the issue of private market exchanges rather than collective action (cf. Johnston 2008).

Future research

We propose ethnographic research into the lives of the avant-garde market mavens of ethical marketing and branding and the co-creation of shared values – both the committed consumer, the brand community and the companies sharing their brand credentials as shared values. How do these actors deal with the desire for greater levels of consumption and the currently competing ideal of saving the planet?

Further, the process of the creation of shared values between corporations and groups of consumers deserves further attention. Who is in charge in this process? Does the commodification of social and environmental concerns mean a loss of influence of civil society, or does it stay in charge of the dominant narrative, but with corporations harnessing the profits? To what extent would it be helpful to use Layton's (2007) terminology to understand this process as part of the market system, or of the tradition and command system?

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Reconceptualizing Resources in Service-Dominant Logic

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It is imperative to reconceptualize resources in marketing at a time when this concept moves beyond its providential domain of the firm to embrace wider issues of the economy, society, and planetary ecology. This paper demonstrates that the relationship between intangible human capabilities and tangible physical assets is complex and under-investigated, and it argues that conventional thinking in service-dominant logic constrains resource theory development. It introduces a parsimonious model of a more holistic theory of resources. It then presents two aspects of this model, addressing embodied information and the by-products of service. The paper challenges ideas about the superiority of certain kinds of resources and it identifies a pervasive culture of demateriality in service-dominant logic – the idea that ‘stuff’ does not count.

Sustainability Embedded in a Marketing Curriculum: An Evolving Case Study

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In this paper, I discuss the process of integrating sustainability and internationalization into an MBA curriculum. Based on a case study of a business school that has a history in international education and now attempts to embed sustainability into the curriculum, I elaborate on the evolving process of developing a marketing concentration in the MBA curriculum. I stress the importance of including a macromarketing course but also address macro issues for more traditional micromarketing courses such as consumer behavior and marketing communication. The purpose of the paper is to stimulate further discussion on how to most effectively integrate sustainability into the marketing field.

Business schools have recognized the need to address sustainability in their programs. More programs now have a concentration in sustainability, or at least offer electives dealing with the subjects of corporate social responsibility, green products and industries, preserving environmental resources and establishing policy for fair labor practices. Few schools have devoted their whole program towards sustainability, since in present economics, politics and labor markets, the emphasis may not necessarily convert into immediate and lucrative employment opportunities for students. Yet, the need for a complete shift in paradigm seems inevitable: More broken down economies, more environmental disasters, and larger inequities between social classes even in developed nations, bring about social unrests and the quest for more radical changes.

Institutional Background

A small non-profit private University in Southern California with a diverse international student population has a tradition of addressing the needs of business students from all continents of the world. While the students themselves often come from a privileged background, their home countries often have to deal with poverty if not war. For about fifty years, this business school had a tradition of serving this international student market and addressing management, marketing, and finance issues within the cross-cultural context. More recently, passport and visa policies after September 11, 2001 brought not only fewer numbers of international students but also more reluctance to address controversial political economic situations. The school went through several re-inventions, transitions in administration and faculty, and finally agreed on a new mission. After a “non-break-through”, *Green MBA* was discontinued, cross-cultural/internationalization and sustainability will now be *embedded* in the business curriculum. Adopted from Chris Laszlo and Nadya Zhexembayeva’s (2011) *Embedded Sustainability*, the school seeks to address global challenges through incorporating environmental health, social value and equity, and economic viability into the DNA of the curriculum. Instead of focusing on a green niche

market, the goal is to address global sustainability issues in everything the school does. With the backing of the administration, the faculty must determine how to create a representative curriculum. The building blocks are a core MBA (feasible for various accreditations), with several traditional and less-traditional concentrations of internationalization and sustainability running through all course objectives and outcomes of the program. This evolving case study addresses how sustainability and internationalization may be embedded in an MBA marketing concentration.

Embedded Sustainability in the MBA

The business school decided to create a core MBA that incorporates all significant fields in business (and several bridging courses on) cross cultural management and international political economics. The most relevant course for practicing managers seems to be Marketing Management, selected as a core requirement for all MBA's. In addition, the concentration will have four courses most relevant to the field (also, dependent on background and interests of the faculty). The questions to be resolved are: how to teach the traditional Marketing Management course, and how to effectively select the four concentration courses.

The literature shows significant debates over the increasing importance of incorporating sustainability into standard marketing curricula. Embedding sustainability into basic marketing management skills, as well as discussing deeper societal issues in the concentration courses, provides opportunities to cross micro/macro boundaries. The professional manager needs practical application skills. Given the nature of a professional practice university, the traditional marketing management course was retained for the core curriculum. Embedded in the course, are components currently taught in a specialized sustainable marketing course. Similar to Bridges and Wilhelm (2008) and Borin and Metcalf (2010), the course will integrate sustainability while discussing the 4 P's and marketing planning building blocks. The objectives are not only to address green products and green markets as a marketing niche but also to deepen students' philosophical understanding about more sustainable production processes. These understandings include: 1) how to influence consumers toward making more sustainable consumption choices, and 2) how to design authentic marketing communications. Students will learn to distinguish between "greenwashing" and effective marketing of sustainability practice. MBA students learn the effective practice of marketing skills, and recognize marketing's potential contribution towards promotion of sustainable companies.

Courses in the Marketing Concentration

The concentration courses offer an opportunity to provide more in-depth knowledge and to teach advanced strategic thinking. The program selected four courses for the MBA concentration in marketing: *Macromarketing*, *Consumer Behavior and Culture*, *Marketing Research* and *Integrated Marketing Communications* (or alternatively, *e-Business*). Each of these courses effectively addresses unique issues in internationalization and sustainability in marketing.

The most important course discussing the role of sustainability and marketing in society is *Macromarketing*. Layton and Grossbart (2006) discuss "Competition and Markets", "Marketing Ethics and Distributive Justice", and "Marketing and Development/ Global Policy and Environment" as future challenges for macromarketing research. They provide a guide to curriculum learning outcomes. Clearly, these issues are closely related to sustainability, yet are

not addressed in micromarketing management. Indeed, many of the students from developing nations are used to different types of market systems and environments. They may have different issues regarding social justice, and different needs for quality of life. They may be more influenced by a sufficiency economy rather than sustainable society. A move toward a market-oriented society may also indicate a necessary shift toward sustainability. Hult introduces adequate readings in a special issue of the *Journal of the Academy of Marketing Science* (2011, Issue 39)

A traditional consumer behavior course addresses micromarketing issues of the consumer. In the proposed curriculum, *Consumer Behavior and Culture* addresses not only the behavior of individual consumers but also, considers the meaning and impact of consumption in various cultures. One of the primary reasons for marketing's questionable reputation in the world of sustainability thinkers is its promotion of consumption. In an international curriculum, instructors discuss multiple cultural significances of the consumption of products (e.g. the consumption of "coffee") but also address the meaning and impact of consumption at large ("fair trade coffee" in society). A more sustainable marketing curriculum may address the influence of marketing on more sustainable consumption.

More sustainable consumption occurs under the influence of marketing activities. A course in *Integrated Marketing Communication* addresses not only the effectiveness of marketing persuasion but also the marketers' responsibility in using persuasive tools for authentic communications. Schlee et al. (2009) discuss the importance of more cost effective marketing communications and publicity. Overall, the marketer may communicate not only the benefits of products to the consumer but also to benefit sustainability at large.

The final course in the marketing concentration would be *Marketing Research*. Many consumer statistics about green consumers and their behaviors remain inconclusive. In many emerging markets, sustainability is a vague idea that can neither be identified nor measured. The need for primary research data is immense. Especially international marketing research skills are needed. This need will also require more education in qualitative and ethnographic marketing research (Schlee et al., 2009).

A Constructive Debate

In this summary, the author addresses only main issues of the curriculum. A detailed presentation will include specific objectives and learning outcomes, detailed syllabi, readings, and case studies. Even though the MBA is more of a professional practice degree, the proposed evolving curriculum places macromarketing and global sustainability issues at the center of discussion. Rather than macromarketing issues as separate, they are embedded in more traditional micro marketing courses (such as consumer behavior, marketing communications, and marketing research). In this integrated approach, students recognize how more sustainable marketing actions influence society at large, for a positive sustainable global culture.

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Experiential Learning and Macro-Education: Enhancing Traditional Marketing Courses with Macromarketing Projects

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This paper reviews benefits of experiential learning to highlight the value of the approach for advancing macromarketing education. We consider how incorporating experiential learning projects into core marketing courses can help deliver macromarketing education and enhance the delivery of critical micromarketing principles for a broad range of business students. Experiential learning reflects a dynamic, four-stage learning process emphasizing concrete experience, reflective observation, abstract conceptualization, and active experimentation. Experiential learning projects that achieve the four stages of experiential learning help business students understand how to frame managerial decisions in terms of the broad moral, political, and social contexts in which all businesses operate. The authors describe three class projects as case examples of how macro-oriented projects incorporated into core marketing courses can achieve the four stages of experiential learning, infuse macromarketing topics into core marketing curricula, and enhance the delivery of micromarketing principles.

Introduction

Growing interest in macromarketing research topics (e.g. ethics, transformative consumer research, sustainability) among scholars has not been fully realized in marketing curricula. Traditional marketing pedagogy tends to focus narrowly on managerial decision-making in organizational contexts while largely ignoring the wider moral, political, and social contexts (Catterall et al. 2002). However, as Debra Sullivan simply stated, “when you climb a mountain, you must not forget others along the way” (2009, p 6). That is, marketing curricula should aim to help students understand how to frame managerial decisions in terms of the broad moral, political, and social contexts in which all businesses operate.

Because business schools have been slow to incorporate macromarketing courses into marketing curricula and because undergraduates may find macromarketing electives intimidating (Kilbourne 2008), efforts to deliver macromarketing education may be better served by integrating macromarketing projects into traditional marketing courses. A brief review of experiential learning underscores the value of using experiential learning projects for teaching macromarketing principles. Specifically, we propose that macro-oriented experiential learning projects offer an excellent opportunity to integrate macromarketing concepts with traditional strategic and tactical marketing topics. We draw on case examples to review three broad

approaches to achieving this goal: *for-profit firms-macro concerns, non-profits as beneficiaries, and social marketing.*

Experiential Learning

Experiential learning recognizes that knowledge is created and acquired through the transformation of experiences (Kolb et al. 2001). Experiential learning-based projects emphasize active, student-centered processes requiring students to be responsible for their own progress and deal with complex issues in context (Hernandez 2002). A number of studies (e.g. House 2002, Udovic et al 2002, Zoller 1987) highlight the benefits of experiential learning relative to more passive learning styles. In marketing, experiential learning has been used in service learning activities (Wiese and Sherman 2011), participative case studies (Forman 2006, Hunt and Laverie 2004), and class projects employing realistic problems or engagements with clients (Wynd 1989). Such experiential learning projects are particularly conducive to teaching macromarketing concepts. Incorporating these types of projects into traditional marketing courses offers an opportunity for students to develop critical reasoning skills and enhance their knowledge of the complex and dynamic context in which all businesses operate (Catterall et al. 2002).

Kolb and Kolb (2005) describe experiential learning as a continuously evolving process with four stages: concrete experience, reflective observation, abstract conceptualization, and active experimentation, where “immediate or *concrete experiences* are the basis for observations and *reflections*. These reflections are assimilated and distilled into *abstract concepts* from which new implications for action can be drawn. These implications can be *actively tested* and serve as guides in creating new experiences” (Kolb et al. 2001, p. 194 – emphasis in original).

The following three case examples illustrate how macro-oriented class projects incorporated into core marketing courses can achieve the four stages experiential learning. For each case example, we describe the basic structure and requirements of a class project and highlight how specific elements of the project achieve different stages of experiential learning. Together, the three cases suggest that this approach can help deliver macromarketing education to broad groups of business students.

Case 1 – For-Profit Firms, Macro Concerns

For-profit organizations offer numerous opportunities to base macro-oriented student projects. An example is a class project aimed at increasing participation in a residential curbside recycling program. Senior undergraduate students enrolled in an Advanced Marketing Management course developed competing proposals for a marketing campaign to promote a curbside recycling program to residents of a mid-sized community. City administrators and representatives from a nation-wide solid waste processing company served as clients for the course project. The client’s objective was to increase from 5% to 40% the solid-waste diversion in the local community. The project addressed several macromarketing topics including resource sustainability, community citizenship and engagement, public policy, and systems theory. Data collected as part of the project and secondary data provided by the clients informed the design of students' proposed marketing campaigns and provided important insight into open questions in the field of sustainability.

The project provided concrete experiences by requiring students to consult with professionals and experts in city administration and solid waste management, collect and analyze data, and present their proposals to the client. Progress meetings with the client and revisions of initial strategies provided students ample opportunities to reflect on their experiences. Revising and responding to feedback from the client also required students to synthesize specific information from the project with abstract micro and macromarketing concepts. Finally, students actively tested their proposed marketing programs among key target segments they identified in their project proposals.

Case 2 – Non-Profits as Beneficiaries

Arts organizations, charities, and other non-profits share many characteristics with traditional business. So basing course projects on such organizations does not deny students an opportunity to learn traditional strategic and tactical marketing concepts. However, the challenges of these organizations require students to develop a greater appreciation of the full scope of the social contexts in which arts organizations operate. As an example, students in a senior level Arts and Culture Marketing class worked with seven non-profit arts organizations, including theatres, festivals, art galleries, and dance companies. Each client was at a turning point for its organization. Students created 1) a research design that suggested innovative ways for the clients to gather research on a limited budget, 2) a case writing exercise, and 3) a case analysis of the newly written case.

The project provided students opportunities for concrete experiences from visiting performances and meeting in person with the clients. The case writing exercise engaged students in reflective observation as they translated their own observations and experiences into creative story-based documents about the organizations. The research project provided students an opportunity to draw from abstract concepts from various marketing courses to develop actionable plans that could be implemented by the organizations. Finally, since public non-profit organizations are subject to community scrutiny, the client organizations were invited to the final presentations offering students an opportunity to share their findings with numerous members of the arts community.

Case 3 – Social Marketing: Creating Social Awareness

Using marketing techniques to solve social issues challenges business students to implement marketing principles in different contexts. Social marketing is the application of commercial marketing principles to social issues (Hastings 2007) driven by the need to engage people in social change and delivering social value to benefit individuals and society (Domegan and Bringle 2010). A Marketing Creativity and Innovation course was designed to explore creativity concepts in marketing. The group project asked students to research, understand, and find creative solutions to a social issue. Examples of the social issues are: poverty, healthcare, violence, citizenship and human trafficking.

Students examine and explore abstract concepts by conducting research to understand the problem, discover key stakeholders, and assess existing programs. This project approach offers less concrete experience than the prior two approaches. Throughout the course, status reports are required as is a reflective section in the final report titled, ‘What We Learned and What We

Would Do Differently’. This section is often the most interesting of the entire report. The majority of the comments provide insights into the value of the market planning process to find creative solutions for social issues. There is an important personal development component to the project, as former students have become impassioned about their topic and involved with no-profit organizations. For example, the violence student group took their idea and began looking for sponsors for their project and the citizenship student group became involved in a civic election. Such engagement provided students opportunities to develop concrete experiences and actively test their ideas.

Concluding Remarks

Experiential learning projects offer a creative way to incorporate macromarketing topics into core courses in the marketing curricula and thus to deliver macromarketing education to a broad range of business students. In contrast, relying on elective courses to deliver macromarketing education necessarily limits exposure of macromarketing topics to students who self-select into macromarketing electives. Macromarketing electives tend to be difficult, thought-provoking courses that challenge students’ worldviews. Thus, students who opt out of taking such electives may be the very students who would benefit most from learning macromarketing concepts.

Given that few business schools require macromarketing courses as part of their curricula, scholars who recognize the value of macromarketing should be encouraged to incorporate into core courses macro-oriented experiential learning projects that leverage the value of hands-on experiences. However, experiential learning projects should not be used as a stand-alone approach. Such projects should be used in conjunction with relevant cases, readings, and lectures to ensure students develop their analytical skills and gain appreciation for the wider social context within which businesses operate. In sum, constructing meaningful experienced-based class projects provide students a broad context for future marketing decision-making. When assessed in terms of creativity (Amabile 1983), such projects can engage students on a personal level and produce valuable solutions to macromarketing challenges.

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Courtesy and Kindness: Social Marketing and Cultural Control in Singapore

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Abstract

This paper critically examines how the Singapore government has used social marketing campaigns espousing courtesy and kindness to mold the young nation's culture. Following a brief overview of state-sponsored social marketing, the paper draws from both primary data sources and the secondary literature to investigate the Singapore campaigns in terms of: 1) the unique political, social, and cultural environments that motivated them; 2) the themes, slogans, and visual representations used in their executions; and 3) the level of success they achieved in instilling and reinforcing a variety of positive interpersonal behaviors. Implications for macromarketing ethics, theory, and policy are discussed.

Keywords

Singapore Courtesy Campaign, Singapore Kindness Movement, social advertising, social marketing, social engineering

Introduction

Nation states around the world have long employed social advertising and marketing campaigns to change people's opinions and behaviors, but over the past half-century few can match Singapore for its unstinting efforts to shape the local culture and control its citizens. Since 1959, various government bodies and statutory boards have mounted over 200 national campaigns for social change (Teo 2004). This paper critically examines two examples: the Singapore National Courtesy Campaign, which began in June, 1979 under the direction of the Ministry of Culture, and the Singapore Kindness Movement, a government funded non-profit organization launched in 1997. These initiatives merged in 2001. The Courtesy Campaign has sought to instill positive social behaviors, especially among service workers interacting with the public, whereas the Kindness Movement has addressed deeper values of caring and graciousness in Singaporean society.

Three sets of empirical questions guide this study: 1) How has Singapore's economic, political, and cultural environment influenced the creation of these campaigns and motivated policy makers to pursue them over more than three decades? 2) What themes, slogans, visual representations, ephemera, and organized events and activities have been used to promote courtesy and kindness behaviors? 3) Have these campaigns actually resulted in positive social change? With this factual understanding established, the ultimate purpose of the research is to then critically evaluate these efforts by the Singapore government to shape public behavior through social advertising and social marketing.

When a state uses social marketing techniques on a broad scale to control the culture of an entire nation, significant macromarketing issues are raised. Encouraging courtesy and kindness are respectable social goals that few people anywhere would question. Nevertheless, the processes through which these behaviors are selected as social problems, and the means through which they are addressed by marketing campaigns, have ethical implications (Brenkert 2002). We do not intend to question the integrity and goodwill of the many Singaporean officials and ordinary citizens who have formulated and executed the courtesy and kindness campaigns for over three decades, but we do wish to raise some questions about their guiding philosophies, social problem definitions, and target market relationships. Such macromarketing analysis will lead to more informed public policy for future social marketing by governments.

The primary data sources assembled for this study include speeches, newspaper accounts, posters, and a variety of other ephemera generated by the Courtesy Campaign and the Kindness Movement. This material is analyzed in terms of the government ministries involved, the social behaviors addressed, and the message appeals and imagery used. Visual materials were accessed online from the National Archives of Singapore starting with a collection of 25 courtesy campaign posters (1978-1985) and six kindness posters (undated), all of which are available at <http://www.a2o.com.sg/posters/>. Six “photonews” posters from 1979 and 1981 are in landscape rather than the typical portrait orientation. Featuring black and white photographs of National Courtesy Campaign events, they visually document some of the publicity and personal selling components of the social marketing activities. Other relevant visual data were located via different keyword searches on Google Images, and by visits to eBay where some additional ephemera (e.g. postage stamps) were discovered.

Evidence of the effectiveness of the campaigns over time was assembled from survey research reports from the 1980s, commentaries on these campaigns published in *The Straits Times* and other sources, and a personal interview with a knowledgeable informant from the Singapore Kindness Movement. The unpublished research reports were inspected in person at the Singapore National Library in July 2011. Singapore law strictly limits the amount of material in library holdings that can be photocopied; so detailed note taking was necessary. To the extent these sources were originally commissioned by the two campaigns’ ministerial mentors, there is reason to be on the alert for any possible analytical slant or tendency to reaffirm the government position. For the most part, however, the reports appear honest and professional. Other written sources were accessed via the National Library’s NewspapersSG, a searchable, digitized collection available at <http://newspapers-stg.nl.sg/>.

The remainder of this paper is divided into four key sections. The first section reviews some relevant concepts and literature on state-sponsored social marketing, social advertising, and social engineering. Section two then describes the economic, political, social, and cultural environments in Singapore and how they relate to the Courtesy Campaign and Kindness Movement. Section three presents an account of the courtesy and kindness marketing in terms of the philosophical rationale, the behaviors addressed, and the various message appeals, slogans, visual images, and media used. The final section examines two ethical issues raised by Singapore’s state-directed social marketing: the definition of a social problem by government and the relationship between state social marketers and the target population of citizens.

State-Sponsored Social Marketing

Several important terms used in this paper require some clarification. Social marketing is defined as “the application of commercial marketing technologies to the analysis, planning, execution, and evaluation of programs designed to influence the voluntary behavior of target audiences in order to improve their personal welfare and that of society” (Andreasen 1995, 7). Herein, we consider government sponsored social campaigns, but religious groups, civic organizations, and businesses also run them. Social advertising seeks to provide information to induce positive behavior change that addresses social issues and enhances personal well-being. Social marketing has similar goals, but goes beyond the largely communication approach of social advertising to include marketing research and testing different approaches; product development to meet the needs of target audiences; the use of incentives to motivate audiences to change behavior; and facilitation programs, making it easier for people to change behavior (Fox and Kotler 1980). The Singapore Courtesy Campaign and Kindness Movement have used a variety of communications media, but also entail events, activities, and research. Thus, they better fit the description of social marketing than the more circumscribed concept of social advertising.

Social engineering has been defined as “. . . effectively the state-based equivalent of commercial private sector marketing” (McMahon 2002, 77), but other authors see it much more broadly as the “arranging and channeling environmental and social forces to create a high probability that effective social action will occur” (Alexander and Schmidt, 1996, 1). This more pervasive effort in social control can be exercised through fines, subsidies, tax incentives, and other inducements that influence voluntary compliance (Yap 2010). Even public spaces can be designed to channel behavior, such as when iron fences built around intersections compel pedestrians to walk a bit and cross the street in a safer location. Social engineering sometimes has negative connotations through association with the “dark social engineering” of totalitarian states such as Nazi Germany, the Soviet Union, and Maoist China. Some of the literature on Singapore’s efforts to create an ordered and disciplined society has used the term, social engineering, but not quite in the “dark” sense (Kuah 1990; Wilkinson 1988).

State-sponsored social advertising campaigns have used a number of different media, the most ubiquitous being posters. Posters became popular as an advertising medium following the spread of chromolithographic printing in the latter part of the 1800s. In the 20th century, poster campaigns were used to mobilize the home fronts of combat nations during both World Wars. During World War I, for example, various campaigns in Britain urged women to secure jobs in munitions factories, to volunteer for nursing duties, and to persuade men to enlist. In their rhetoric, these campaigns reflected the tensions between traditional social roles and female emancipation (Hupfer 1997). British propaganda posters of the Second World War used lofty rhetoric that seemed less down-to-earth than the language of commercial advertising (Clampin 2009). The U.S. government launched a number of social advertising campaigns during World War II. Many emphasized frugality themes (Witkowski 2003). Hundreds of different posters created by dozens of different artists preached being thrifty with goods and services, recycling metals and other materials, growing and storing food at home, obeying price and ration controls, and buying war bonds. Fox (2009) analyzed social advertising posters from the Soviet Union that conveyed health messages. Over a long period, these campaigns fought to eliminate infectious diseases, promote cleanliness, urge better infant and childcare, and attack harmful

habits. Fox (2009) also studied the different types of message appeals including the use of statistics and graphical presentation, rational appeals, testimonials and appeals to authority, appeals to fight the external enemy and bandwagon, shame, and omnibus appeals. Poster art has figured prominently in many of Singapore's social campaigns (Teo 2004).

The Singapore Environment for Social Marketing

Economy, Politics, and Society

After 140 years as a colony of Great Britain, Singapore achieved full internal self-government in 1959. The passage of a referendum backed by the ruling People's Action Party (PAP) led to a merger with newly formed Malaysia on September 16, 1963. Because of ethnic tensions and divergent economic interests, the union lasted less than two years and Singapore formally declared itself an independent nation on August 9, 1965. Cambridge-educated lawyer Lee Kuan Yew (born 1923) was elected Prime Minister and held this office continually until 1990. PAP, which originally had strong socialist leanings, has remained in firm control to this day. Despite some losses in the May 7, 2011 election, PAP still retains 81 out of 87 seats in Parliament and is deeply entrenched in the government and civil bureaucracy.

The party has had an admirable record of governance. Singapore has experienced very rapid and generally constant economic growth since independence and today is Asia's richest country outside of Japan. As a modern city-state, Singapore is safe, clean, efficient, well-maintained, and reasonably attractive in terms of its buildings and public spaces. It ranks 27th out of 169 countries on the United Nations *Human Development Index* and 10th best on its *Gender Inequality Index* (UNDP 2010). Singapore does even better on more economics-focused indicators. It comes in second out of 179 countries on the *2011 Index of Economic Freedom* (Heritage Foundation 2011) and number three on both the *2011 World Competitiveness Yearbook*, which rates 58 national economies (IMD 2011), and on *The Global Competitiveness Report*, which rates 139 countries (World Economic Forum 2011). PAP has pursued free market policies and has collaborated closely with foreign transnational corporations (Wong 2002).

However, according to the *Freedom in the World* survey (Freedom House 2011), which assesses political rights and civil liberties across 194 countries, Singapore only rates as "partly free" (where 87 countries are rated "free", 60 "partly free", and 47 "not free"). Censorship, the imposition of limits on print distribution (known as "gazetting"), and strict libel laws have strongly discouraged criticism of the government and have curtailed the press and other forms of free speech (Wilkinson 1988; Wong 2002). On the *Press Freedom Index 2010* (Reporters without Borders 2011), Singapore ranks 136 (tied with Mexico) out of 178 countries. This contradiction between an open economic system and strictly controlled media, government apologists would argue, has been necessary to keep out foreign influences, to ensure social stability, and, ultimately, to achieve Singapore's remarkable economic development (Wong 2002). The government's control over the media has undoubtedly facilitated its numerous social advertising and marketing campaigns.

Lee Kuan Yew's role in the development of Singapore has been exceptionally important. He has been Prime Minister (1965-1990), Senior Minister (1990-2004), and Minister Mentor (2004-2011) to his son, Lee Hsien Loong, who is currently Prime Minister. Lee senior stressed the creation of a unique Singaporean identity within a multicultural framework, a policy of

“cultural integration” (Wong 2002). Tolerance of different groups has been crucial. The country is ethnically, religiously, and linguistically diverse. It is populated by Chinese (76.8%), Malays (13.9%), and Indian Tamils (7.9%). Religious preferences in Singapore are divided among Buddhist (42.5%), Muslim (14.9%), Taoist (8.5%), Hindu (4%), Catholic (4.8%), other Christian (9.8%), other (0.7%), and none (14.8%). Four languages are official – Mandarin (35%), English (23%), Malay (14.1%), and Tamil (3.2%) – and several more are spoken including Hokkien (11.4%), Cantonese (5.7%), Teochew (4.9%), and other Chinese dialects (1.8%) (all data from CIA Factbook 2011). The question has been how to bring this disparate population into social harmony. Lee Kuan Yew believed that as a young society with many immigrants, Singapore would be more open to change than a traditional society (Nirmala 1999). From the outset, he was quite willing to utilize the state and its ministries as agents for positive social change.

Since 1979, when Lee Kuan Yew brought up the topic in a letter to the moral education team (Kuah 1990), Confucianism has played an important ideological role in the efforts of the Singapore government to control society through social advertising, marketing, and engineering. In 1982, the government invited eight scholars to lecture and hold seminars on the topic (Wong 2002) and the subject of Confucian Ethics was introduced into school curriculums in 1984 as an option for moral education. The philosophy “. . . provides a set of moral and ethical values that legitimizes the perpetuation of a highly centralized and authoritarian system of government” (Kuah 1990, 374). A cardinal requirement, however, is that the leader should be wise and rule with virtue. Confucianism thus informed the common values used to promote national ideology. These include the family as society’s basic building block, a stress on community over self, the resolution of issues through consensus, the preservation of different heritages, and racial and religious tolerance (*Straits Times* 1989). This policy raised concerns among some Malays, Indians, and English-educated Chinese who did not want to be integrated under a philosophy so identified with mainland China (Wong 2002).

Culture and Courtesy

When immigrants came to Singapore they mostly brought the manners and customs of their rural villages in China, India, and the Malay world. These were the mores of peasants rather than the cultural rituals of homeland elites. The fast-changing society in which they assimilated did not have a dominant host culture. Consequently, courtesy and kindness rituals in Singapore have been syncretic. They mix the traditional and Asian with the modern and western, the latter including holidays and observances such as Valentine’s Day, Mother’s Day, Father’s Day, Teacher’s Day, and Secretaries’ Week. These imports were already commercialized celebrations on arrival, but market values and the mass media have also penetrated Singapore’s interpretation of Chinese New Year, Hari Raya Puasa (i.e. Muslim Eid), and Deepavali (i.e. Hindu Diwali) through the promotion of gift-exchange among celebrants (Kuo, Mani, and Wee 1987).

Some forms of courtesy are asymmetrical in that inferiors are expected to supplicate to their social betters (Elias 1978). In their cross-cultural research, Brown and Levinson (1987) showed that social distance and relative power are associated with degrees of politeness in that people in weaker positions are more likely to exhibit polite and especially non-threatening behavior. However, in more modern societies, interpersonal relations are marked less by respect than by patterns of mutual goodwill and friendliness between equals who are not in a position to exert social pressures on each other. Rules of courtesy also govern familial interactions in mundane, everyday matters, such as eating, sleeping, and dressing. With declining birthrates and

smaller families, children in Singapore are accorded more attention and care than previously (Kuo, Mani, and Wee 1987).

Kuah (1990) believes that Confucian values have been a very important unifying force across the various Chinese communities in Singapore. Among the many Confucian prescriptions described in school textbooks, one is particularly relevant to courtesy and kindness:

“Tolerance—Confucians consider that ‘within the Four Seas all men are brothers.’ They uphold the principle of universal brotherhood were one should ‘overflow in love to all’ and not merely to one’s relations and friends. If we treat all people with the same respect and love just as we treat our brothers or sisters, the world will surely be a more peaceful and happier place to live in” (cited in Kuah 1990, 375).

In contrast, Kuo, Mani, and Wee (1987) contend that although Confucianism specifies five cardinal relationships, the philosophy gives no clear prescriptions for how strangers should interact. Thus, a Chinese person who is

“... docile and warm with family and friends, can become aggressive and hostile in a non-personal context such as driving on a crowded street. Courteous conduct is supposed to be reserved for friends and kin, but not strangers. As contemporary urban society is characterised by frequent contact between people with secondary rather than primary relations, the traditional concept of courtesy may be found to be inadequate (Kuo, Mani, and Wee 1987, p. tbd).

Courtesy norms in Singapore differ from one ethnic community to another. Malay society, drawing upon indigenous and Islamic traditions, emphasizes stricter regulation of the behavior of those who are socially inferior, compared to those who are socially superior or senior. In some situations, being courteous might be seen as an admission of weakness, while presuming higher status than what is due would be taken as discourteous. Malay social norms stress an attitude of humility in relation to others. Boastfulness constitutes very bad manners and an ostentatious lifestyle should be avoided (Kuo, Mani, and Wee 1987). Malay Singaporeans probably adhere to these traditional values in varying degrees, just as their Chinese neighbors are likely to follow Confucian precepts with different levels of conviction.

The Courtesy Campaign and Kindness Movement

Forerunners

The roots of the National Courtesy Campaign can be traced to the “Bus Safety and Courtesy Campaign” of 1968 and the “National Safety First Council Road Courtesy Campaigns” and the “Safety and Courtesy Campaign Week” held between 1972 and 1973. Lack of public buses gave rise to rude and unsafe behaviors by commuters – pushing to get into overcrowded vehicles, haggling over fares, swearing at bus drivers for missing stops – which gave the government further impetus to improve its public transportation, but in the meantime to campaign persistently for greater courtesy. The recognition that road safety and courtesy were linked was made public in a 1972 press release. The Road Courtesy Campaign was a concerted effort to reduce injury and death by encouraging motorists and pedestrians to be courteous and polite to each other (Tadin 1972). This campaign used several methods of persuasion including poster exhibitions, motor vehicle relays, talks and seminars about road safety and courtesy, film screenings at movie theatres, ‘Spot the Courteous Drivers’ competitions, and the distribution of

prizes and souvenirs. Marketing support from the private sector was also elicited as oil companies offered prizes, free posters and car stickers.

Leadership and Rationale

In a 1971 speech, Lee Kuan Yew talked about the importance of courtesy in hospitality and tourism (Lee 1971). Tourism was a growth industry for Singapore and a good source of foreign exchange as more and more westerners were flying to Asia to sample its different cuisines and cultures. The government wanted Singapore to be competitive as a tourist destination and saw courtesy and hospitality as part of the nation's tourism value proposition. Tourists should not "depart with the impression that we (Singaporeans) are a nation of cold and hard-hearted people whose only ambition was to acquire material wealth" (Sia 1973). In 1972, government-owned Singapore Airlines introduced its successful "Singapore Girl" campaign based upon a positioning strategy of gentle, courteous service (Chan 2000). To enhance the value proposition of Singapore tourism, tipping was also discouraged on the basis that it was not an Eastern custom (Sia 1973). Since then, many campaigns have targeted service workers in order to inculcate a hospitable culture that would leave foreign visitors with a positive impression of Singapore and so encourage them to return. In 1978, for example, the Singapore Tourism Promotion Board launched a courtesy campaign to encourage Singaporeans to be more polite to tourists.

In the 1971 speech, Lee Kuan Yew remarked that people with scarce resources living in a "young migrant society" unavoidably rub against each other and "this causes friction, unless you lubricate with courtesy" (Lee 1971, p.2). He conceded that Singaporeans were by nature "businesslike, abrupt, and brusque" and had not yet acquired courtesy as a habit. His vision was to inculcate this habit among school children by incorporating this into the national curriculum, while targeting adults through television, radio, cinema, and newspapers. This vision was realized when the National Courtesy Campaign was launched in 1979.

Campaign Execution

The Singapore Courtesy Campaign was officially launched in 1979 with July designated as "Courtesy Month." The vision was to maximize participation from all sectors of society: the civil service, trade unions, private sector employers and employees, school children, and the general public. The campaign would last for two months, be suspended, and then be re-launched in successive years with the anticipation that after five or eight years, Singaporeans would feel "uncomfortable and embarrassed about being discourteous" (Ong 1979). In 1985, the campaign became a yearlong event and an advertising agency was appointed to help oversee the campaign. A "saturation" campaign was used in 1988 and commemorative postage stamps issued. The following year the campaign opened with a full-page ad in local newspapers. In 1992 more specific groups starting with road users were targeted. In 1993, which saw the inception of the Singapore Courtesy Council, the campaign targeted citizens traveling, studying, and working abroad as Singapore "ambassadors." Two years later the focus was turned on youth. In 1998, annoying mobile phone, pager, and Internet users became target audiences.

The Courtesy Campaign has been built around slogans that have expressed the central positioning strategies. The inaugural slogan – "Make courtesy our way of life" – was aimed especially at civil servants. It was replaced in 1981 by a new saying: "Courtesy is part of our

tradition, it's so nice to be courteous." Two years later other catchphrases started being used including "Courtesy and social responsibility, let's go the courtesy way" and "Courtesy is in us. Let's show it." In 1987, still another new slogan – "Courtesy. It begins with me" – was introduced and remained in force for the next five years. "Courtesy. Try a little Kindness" appeared in 1996. Reflecting the rapid spread of talking on mobile phones in public, the 2000 campaign implored "Let's use handphones with courtesy."

Visually, the Courtesy Campaign has favored bright color schemes and cartoons for most illustrations. At first, a smiley face was used as the campaign symbol (Figure 1). In 1982, Singa, the courtesy mascot (Figure 2), was introduced "to inject an element of fun into the campaign" (Nirmala 1999, p. 13). Singa has been used in a variety of ways (see Figure 3). He has changed little in 30 years other than wearing different color T-shirts with different emblems. In materials obtained in 2011, he is finally depicted wearing shorts.

Figure 1. Early Courtesy Campaign Poster, Logo, and Slogan

Source: Singapore
Ministry of Culture (1979)
[<http://www.postersonline.com.sg/posters/>]

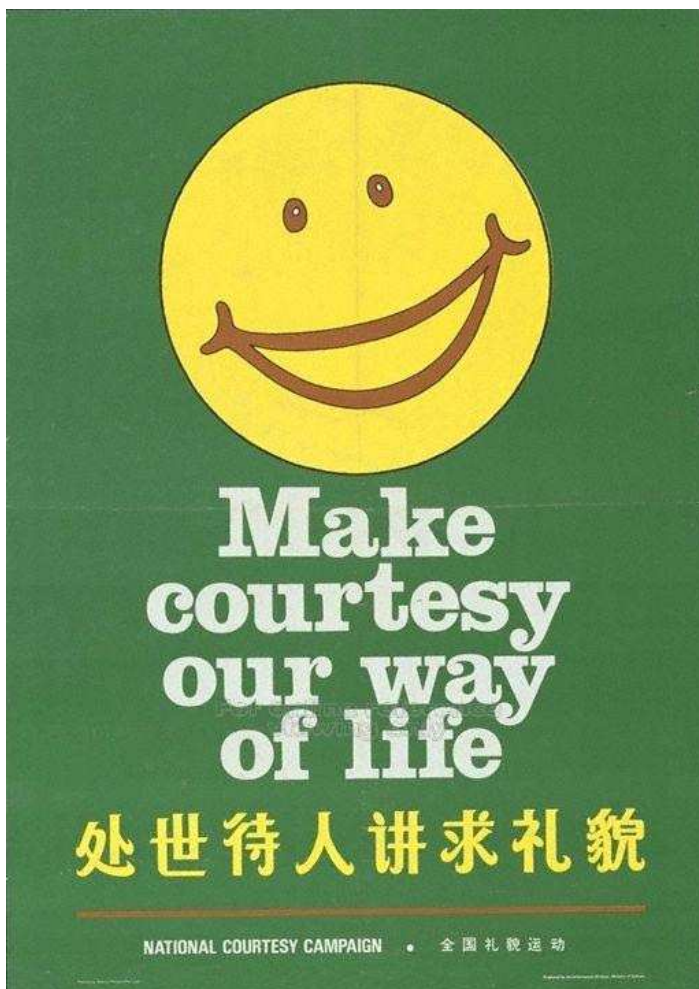
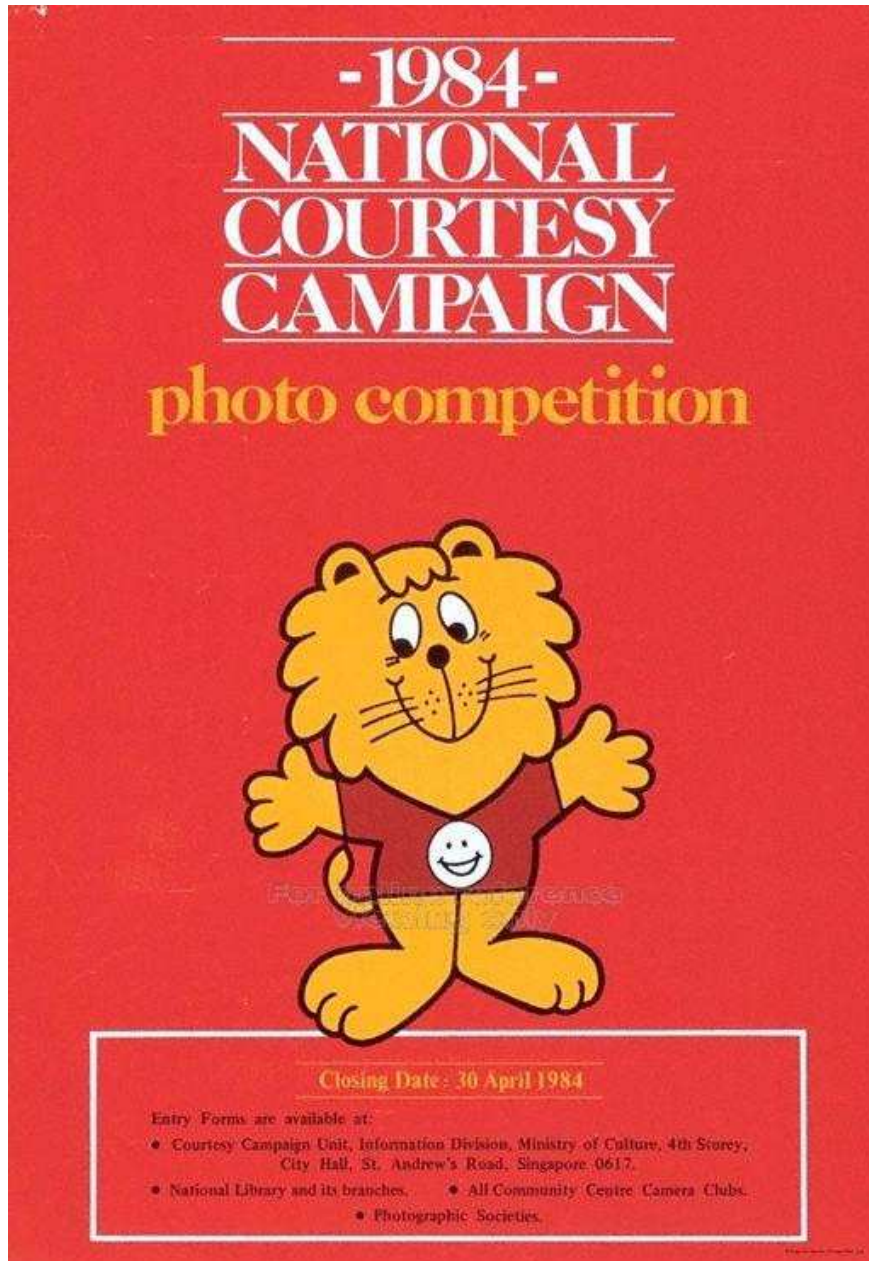


Figure 2. Singa the Courtesy Lion



Source: Singapore Ministry of Culture (1984) [<http://www.postersonline.com.sg/posters/>]

Figure 3. Courtesy Campaign and Kindness Movement Ephemera



Source: [http://en.wikipedia.org/wiki/National_Courtesy_Campaign_\(Singapore\)](http://en.wikipedia.org/wiki/National_Courtesy_Campaign_(Singapore))



Singapore 1988 SG#583-5 Courtesy Campaign MNH Set (Found on eBay 7-4-2011)



Singapore Courtesy Greetings Stamp Booklets MNH st1927 (Found on eBay July 4, 2011)



Singapore Kindness Movement first day cover released by Singapore Post on 8th February 2007 to celebrate the Singapore Kindness Movement. (Found on eBay October 2, 2011)

The Singapore Kindness Movement was initiated in 1996 and the two campaigns were united in 2001 (Nirmala 1999; SKM 2010). The SKM has published a newsletter featuring its

activities. Posters and ephemera have listed examples of courteous behaviors and simple acts of kindness, such as opening the door for someone, being punctual, and so forth. As part of Singapore Kindness Week, the public has been encouraged to nominate deserving individuals for a “good neighbour” award and SKM was also present at Citizenship Ceremony. Grassroots activities in schools have included quizzes, skit competitions, assembly talks on acts of good neighborliness, “Friend of Singa” awards, and “Caught you doing right” initiatives. Programs in residential areas have included block parties, charity drives to help needy residents, and visits to homes for the elderly. “Kindness Angels” volunteers have given free hugs and smiles, as well as small gifts such as T-shirts, balloons, and badges. Kindness seminars have targeted parents, pre-school educators, and early childhood practitioners; the “I Love my Library” campaign has raised awareness of library etiquette; and the “Tray Return Movement” encouraged patrons at food courts to bus their trays, dishes, and utensils to return points after their meal. Even wedding guests have been encouraged to arrive on time so that dinner can commence punctually. Bookmarks with a punctuality message were distributed to hotels and restaurants (later printed in Mandarin red to match the auspiciousness of the occasion) for insertion in wedding invitation cards.

The corporate sector and other government agencies have been involved in the Kindness Movement programs. Shell has been a strong supporter of the road safety/courtesy campaigns and Carl’s Jr. has encouraged the public to upsize their drinks so that the additional proceeds could be donated to SKM. To promote this initiative, a person dressed as the company’s Happy Star emblem joined another wearing a Singa costume and walked along Orchard Road and Raffles Place visiting Carl’s Jr. outlets. NTUC Fairprice Cooperative, a supermarket chain, has printed the Singapore Kindness Week motif on its plastic bags, while hotels have nominated employees for Service Gold Awards. In the public sector, Singapore Post has issued commemorative stamps and Singapore Pools (the state lottery) has sponsored banners for display in libraries.

Social Marketing and Cultural Change

Two surveys on the effectiveness of the courtesy campaign were conducted soon after its inception in 1979. In the People’s Association (1980) survey, 88% of respondents said they were familiar with the campaign theme and, on average, respondents participated in three courtesy campaigns programs. The areas of Singapore life found most lacking in courtesy were service at counters of government departments (64%), public transportation (55%), road courtesy (54%), queuing (48%), dealing with elderly people (37%), service at shops and eating places (34%), telephone calls (30%), and greetings and salutations (29%). Sixty percent of respondents believed courtesy had improved in most of these areas; 70% believed that they personally were either more or slightly more courteous; and 84% expressed a need for another campaign. Kuo (1981) obtained similar results. Interestingly, a third of his respondents were critical of the number of such campaigns and believed that people were only courteous during the duration of the campaign. A majority of respondents “agreed that family upbringing is more important than the courtesy campaign and that education in courtesy should begin at home” (Kuo’s 1981, p.?).

A few years later, the Ministry of Communications and Information hired Survey Research Singapore (1985) to conduct a series of focused group interviews on courtesy behaviors and the courtesy campaigns. The panels were comprised of different ethnic groups. Informants believed that the courtesy campaign had been effective in improving courtesy but the effect was

only temporary and that people reverted to their normal discourteous behaviour soon after the campaign had ended. Interestingly, they thought that Singapore people were more courteous to tourists and foreigners than to their fellow citizens or to their families. Some informants found the campaign's stress on specific acts of courtesy to be counter-productive. To them this approach was irritating and patronising and could give foreigners a poor impression of Singaporeans (Survey Research Singapore 1985).

What were the longer-term effects of these campaigns? Writing on the campaign's 20th anniversary, Nirmala (1999) observed:

“Survey after survey seems to confirm that the campaign is succeeding. More Singaporeans think that they and their fellow countrymen are more courteous now. They are also more willing to be the first to show courtesy. Yet, despite nearly 20 years of effort, there are [sic] still no concrete proof that Singapore has become a truly courteous nation . . . there are indications that many people have become blasé about the campaign and are immune to even the most hard-hitting messages (pp. 16-17).

More than a decade after Nirmala's doubts, skepticism about effectiveness is still present. In a 2011 personal interview, Cesar Balato, the Associate Secretary General of Singapore Kindness Movement, detected a change in tone in the social advertising. The courtesy campaign had been too preachy and so recently top officials have recognized that the previous approach was too heavy-handed. The construct of the campaign had changed from courtesy to kindness to incorporate an element of intrinsic altruism, a deeper value beyond just outward behavior and conduct (Balato 2011).

The change of approach is evident in recent television advertising produced by the SKM. Two spots, including an “ambush marketing” ad wherein the public gives daisies to a courteous bus driver, have won national advertising awards. These ads did not target specific behaviors, but just displayed general kindness “without an agenda.” These ads registered high recall rates in the Graciousness Survey and, anecdotally, Singaporeans appeared to be receptive to them. Specific behaviors were still targeted through other programs such as bumper stickers and the distribution of pamphlets, but these have not been as high profile.

Balato (2011) indicated that kindness had regressed in part because of migrants who are new to Singapore and have not been exposed to earlier campaigns. Regression in courtesy/kindness behavior is most apparent in public transportation because the population has increased, but transportation has not expanded at the same rate. The SKM is now targeting passengers to give up seats to those who need it more, such as the elderly, infirm or pregnant, again with an emphasis on kindness.

Macromarketing Implications

Researching and evaluating the interactions among marketing systems and society are core objectives of the macromarketing discipline. Usually, these systems facilitate private enterprise, but they can also serve the ends of the state. The remainder of this section focuses on two ethical issues: how courtesy and kindness came to be defined as social problems and how the relationship between the Singapore social marketers and their target audiences has been articulated.

Courtesy and Kindness as Social Problems

Finding fault with the goals of the Singapore Courtesy Campaign and Kindness Movement might appear somewhat churlish. Courteous behavior and graciousness would seem almost always to provide social benefits at the individual level and, to the extent they create social cohesion, advantageous at the national level as well. However, definitions of courtesy may differ across cultures and imposing a particular model of courtesy may not be entirely appropriate for different groups. In Singapore, Confucian Chinese virtues may not always be aligned with Islamic Malay or Hindu Tamil ideals. Interestingly, all the source materials examined were either in English or in Chinese. Nothing has been found in the Malay or Tamil languages. Furthermore, not all Singapore Chinese necessarily endorse Confucianism and its values. Our research has not uncovered any evidence showing that the opinions of these different stakeholders were taken into account by the elites who defined the social problem.

The rationale for these campaigns when first proposed had reasonable face validity. Singapore people did not always behave as courteously to others as they perhaps should have. But this was largely anecdotal evidence and similar incidents probably could have been reported from anyplace in the world. No comparative survey evidence was produced to show that courteous behavior among Singaporeans lagged behind that found in other nations. Social problems are matters of social definition and how they are selected and framed can be manipulated for political purposes.

The Relationship with Singapore Citizens

Upon examination, the posters and other visual images produced to convey courtesy and kindness themes have a patronizing side to them. The usually chipper and colorful characters, especially Singa the Courtesy Lion, have a childlike quality to them, even though campaign targets have usually been adult workers. This suggests that Singapore's social marketers may consider themselves superior to the audience. Asymmetrical relationships often characterize social marketing (Brenkert 2002).

Moreover, as Kuo (1981) found in his survey research, some Singaporeans have felt that the government's cumulative attempts at social control were overbearing. In the focus groups conducted by Survey Research Singapore (1985), one informant felt shame about the number of campaigns and that Singaporeans needed to be told how to behave. If social campaigning became too excessive, people may refuse to comply "in the case of a father and son relationship, if the father is too stern, it doesn't work, Singapore is in such a situation" (p. tbd). These views may have been in the minority, but do indicate resentment toward the authoritarianism inherent in this social marketing.

Conclusion

As a young country controlled by an authoritarian, but clearly successful government, Singapore has proven to be the perfect laboratory for social marketing campaigns. The Courtesy Campaign and Kindness Movement have addressed a variety of public behaviors and interactions among people. These campaigns have been coordinated efforts using visual media, but also mobilizing support through organized events and other forms of personal selling. Focus groups and self-report survey data has indicated short-term improvements in courtesy and anecdotal

evidence suggests some progress in overall graciousness. Still, there remains a need to assimilate newly arrived immigrants into the social vision of Lee Kuan Yew and the PAP.

These findings have implications for macromarketing ethics, theory, and policy. The way social issues are defined and how target audiences are treated are ethical issues that need to be considered by social marketers. The courtesy and kindness campaigns are “easy” ethical cases in that relatively few people would object to their goals. This makes government control less controversial. Social marketing that addresses other values and behaviors (e.g. family policy campaigns) may be much more problematic when implemented from the top down.

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(Post)Transitional Consumer Perspectives On Consumption Tax Avoidance: An Exploratory Study

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Introduction and theoretical background

The purpose of this paper is to shed light on a serious but largely overlooked topic – consumer experiences with and interpretations of consumption tax avoidance (CTA) – in particular, the relations, roles and interests associated with CTA. CTA commonly occurs when consumers pay for services in cash without getting a receipt, thus purposely or inadvertently avoiding payment of the consumption tax. The socio-economic relevance of shadow economy and its subcategory, i.e. CTA, is difficult to dispute, seeing that it exerts a significant impact on the state system (e.g., taxation, provision of public services to market agents), the market system (competition, supplier and consumer protection) and ultimately on the lives of individuals directly or indirectly implicated (Council of Europe 2011).

Consumer participation in and perceptions of CTA have been largely neglected by the consumer ethics literature, while the sporadic studies on tax morality, tax compliance and tax avoidance generally suffer from a narrow focus on individuals as taxpayers/citizens (Alm and Torgler 2006, McGee, Lo, and Hi 2008; Wenzel 2005). In the context of CTA such a narrow view fails to consider the fundamental embeddedness of CTA in consumer practices and the socio-economic networks that support them. Seeing that consumers are important players in the market exchange process they must not be ignored as this could result in a limited understanding of ethical behaviour of all parties involved (Al-Khatib et al. 2004).

The relevance of CTA is even more pronounced in the context of the so-called transitional countries. The socialist system has left a significant mark on generations of Eastern European consumers who were influenced by the political ideologies in the early post-war era which was characterized by restrictions of people's spending and consequently led to a thrift culture (Vidmar-Horvat 2010). One significant characteristic of Eastern European socialism was the large scale of shadow economy in conjunction with informal transactions based on reciprocal exchanges of favours, information and unattainable goods (Luthar 2010). The informal social ties helped to establish everyday social rules and involved practices such as bribery, pilfering and barter (Mazurek and Hilton 2007). Even after the transition, practices such as CTA remain widespread. In addition to the proposed communist heritage in transitional countries the shadow economy is also characterized by a relatively low level of law enforcement and relatively low public trust in the government and public officials (Eliat and Zinnes 2000, Samson 1987). Accordingly, CTA is not always seen as negative or uncalled-for.

Methodology

In order to get a better understanding of CTA a qualitative study was conducted in Slovenia, a post-transitional economy that provided an appropriate setting for exploring CTA. For this study, interviews were carried out with 8 consumers, 4 male and 4 female, aged from 27 to 63 years of age, with diverse education and employment profiles. To find individuals who were available and willing to discuss CTA, the interviewees were recruited through convenience sampling. The interviews were semi-structured and followed the form of the long interview (McCracken 1988). The focus was on the individual's experience with CTA and his/her interpretation of the experience. The interview texts were interpreted using a hermeneutic approach (Thompson 1997). In this process, preliminary interpretations were conducted, tested, revised, and further developed by iteratively moving between specific interview transcripts and the emerging understanding of the holistic data set (Thompson and Arsel 2004). Our analysis sought to induce the patterns of meaning that emerge in participants' interpretations of their personal and vicarious experiences with CTA. Specifically, we focused on how participants reconcile the disparate and often conflicting relations, roles and interests involved in CTA.

Findings

In our analysis we highlight two contrasting themes related to CTA: (1) the contrast between economic and social facets of the relationship between the consumer and the supplier; (2) the contrast between self-interests and other/public-interests. In the following paragraphs the most illustrative consumer reports will be presented. To begin with, in their CTA narrations consumers often oscillate between the economic implications of CTA and its social meanings (the relationships between consumers and suppliers in particular). Several interviewees reported that the difference between having a friendly and a formal relationship towards the supplier plays a crucial role in decisions regarding CTA:

George (male, 60 years): "If it was a question of whether to avoid taxes or not, I would first think about, who I am dealing with in this story. Is this a person I know? If it was some stranger, I would tell him to give me a receipt. I would not be inclined to experiment there."

Lenny (male, 33 years): "It is a special relationship. It does not necessarily mean that I paid less. I don't know, maybe he charges me too much.... He can say, this part costs this much and the work he put into fixing the car, but you don't know what is wrong with the car, what has to be replaced and how much it costs. Here you build on this trust, on the relationship. You feel that the relationship would suffer if you told the mechanic to write down a receipt and everything he replaced."

The absence of a formal contract between seller and buyer in CTA increases the risks born by the consumer (e.g., product/service failure, financial risk), and a "friendly", trusting relationship with the supplier becomes essential in offsetting these risks. As evident in Lenny's case, consumers often juggle with, at times conflicting, economic and social considerations. Similarly to George and Lenny, other interviewees with extensive CTA experience also talked about their long-term, amicable and loyal relationships with the suppliers; relationships which often overreach the sphere of the economic transactions, extending well into the intimate/private spheres of life. With several older participants, the rich informal social ties established in the socialist times, had been found to persist for both economic and social reasons. While all eight interviewees initially focused on the cost-optimising aspect of CTA (i.e., paying less), several continued by expressing the importance of consumer-supplier relationships not only as a

prerequisite for effective cost optimization, but also as an impetus for CTA in its own right. For instance, in the context of long-standing informal consumer-supplier relationships, a sudden motion to formalize a transaction by asking for a receipt could amount to an act of social rejection or rudeness.

On another level, consumer narrations of CTA are marked by a conflict of interest; i.e., the self-interest of the individual engaged in CTA versus the interest of the state or society at large. There is a relatively high consensus among the interviewees that CTA constitutes privileging one's own interest over that of the state/public:

Charles (male, 58 years): "First you look at your own interest and then you look at the interest of the society and you subordinate the society's interests to your interests."

Mary (female, 63 years): "Look, we cheat the government a little and we think we are cool, because we do it, since the government cheats us all the time. And we don't even know when it happens."

While Charles equates the interest of the state with that of the society, several participants follow Mary's tact in construing the government as antagonistic ("them") to citizens/consumers ("us"). A more holistic consideration of the participants' positions shows that while such framing may well be sincere, participants rarely experience CTA as a merited act of resistance to the state. It is more common for the participants to express a moderate degree of shame/reproach for CTA, despite their relatively negative attitudes toward the state/government. The resistance/retribution argument thus most likely serves as a post-festum neutralization of behaviour, otherwise considered as ethically questionable.

Discussion

This condensed analysis of consumer accounts of CTA leads us to some interesting conclusions and implications. While on the surface level CTA may seem to rely on a simple economic choice not to pay the consumption tax our analysis reveals several layers of tensions underlying this choice. In consumption situations involving CTA consumers are put into various contradictory socio-economic roles, such as that of a self-interested customer, a cordial "partner", a citizen, a member of society, etc. The social meanings and relationships underpinning CTA are complex, multilayered. At least as far as our sample of consumers goes, the more tangible, instantly gratifying and binding relationships to (CTA-amenable) suppliers tend to win over the more abstract relationship of the individual to the state and society. This leads us to conclude that, from the consumer perspective at least, CTA represents a far more intricate, recursive and persistent phenomenon than many economists and public officials often tend to believe. Finally, our analysis confirms the far-reaching influence of socio-historic forces on the (post)transitional consumer behaviour. More specifically, it shows how consumer-supplier relationships and informal economic practices established in socialist times of restricted consumption and entrepreneurship can play an important role in (post)transitional economies. The results of the study suggest that campaigns aiming to curtail CTA should focus on portraying the negative effects of CTA on the society, thus showing the influence it has not only on the state, but on fellow citizens and ultimately on the tax avoiders themselves. In addition, public policy makers could influence the formalisation of the consumer-supplier relationship by endorsing stricter implementation of the laws and efficient control over them. The limitations of this study are related to the generalisability of the findings. Also, the focus on a single country does not allow

any cross-cultural comparisons. Future studies could go in several directions by extending the methodology to a quantitative framework, conducting the study in a cross-cultural setting or taking a longitudinal qualitative approach.

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Counterfeiting Purchase Behavior: The Role of Perceived Consequences and Rationalization in forming Attitudes and Purchase Intentions

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Abstract

This paper seeks to shed light onto the demand side of counterfeiting phenomenon. Based on existing literature in the field, we posit that attitude towards purchasing counterfeited products and intention to buy counterfeits are influenced by the same set of antecedents: perceived benefits, perceived risk, and moral intensity. In addition we hypothesize that an individual's intention is determined by his/her attitude, and that rationalization moderates the attitude-intention relationship. The hypotheses are tested with data from a random sample of adult consumers using structural equations modeling. Our findings suggest that perceived benefits and moral intensity significantly influence the attitude and the intent, while the impact of risk is negligible. Furthermore, favorable attitude increases a person's intention, and rationalization moderates the relationship between attitude and intention.

Keywords: consumer behavior, counterfeiting, perceived consequences, rationalization, intention to buy a counterfeit

Introduction

Counterfeiting and piracy have increased substantially over the past two decades. According to the Counterfeiting Intelligence Bureau (2008), counterfeiting accounts for approximately 5-7% of world trade. Given the global nature of this phenomenon, an in-depth understanding of the factors driving counterfeiting activities is essential to guide national, industry or policy-driven actions. In light of the gaps identified in the academic literature, this study seeks to shed light onto the demand side of counterfeiting, examining factors underlying the purchase of non-deceptive counterfeit products. Identifying these factors is critical if efficacious public policy strategies are to be developed, implemented and controlled to persuade individuals to attenuate or reject this practice. In addition, examining the existing consumer behavior models in different and novel cultural settings, including those in the expanded area of the EU (Steenkamp and Burgess 2002), is a promising venue for further research. To respond to these issues, this study aims at exploring the antecedents of consumer attitude and intention to buy counterfeit products. We first develop a theory based conceptual model and then apply path analyses to test the system of structural relationships.

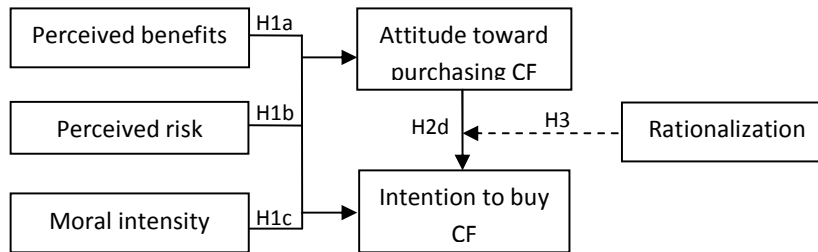
Theoretical Framework and Hypotheses

Researchers investigating illicit behavior such as counterfeiting and piracy, applied an array of theoretical underpinnings, such as the models of attitude-behavior relations (e.g., de Matos et al. 2007), and the theories of ethical decision making (e.g., Shang et al. 2008). Based on the literature review, the models of attitude-behavior relations can be identified as one of the most commonly used frameworks to tap into counterfeiting. The basic premise of these models is interplay between attitudes, intentions and actual behavior (Bentler and Speckart 1979). A valuable characteristic is its flexibility in allowing the inclusion of other theoretically relevant constructs (Ajzen 1991). Our study applies the relationship between attitude and intention, and extends it with four constructs in consumers' decision process to purchase a counterfeit product. Promising determinants of counterfeit purchase can be found in the Beckerian framework. More specifically, the consumer would purchase a counterfeit product if it yielded greater utility than the original, weighing benefits against costs. Moreover, Chatzidakis et al. (2007) suggest that rationalization (neutralization) as an important variable could help to explain the discrepancy between consumer's attitude and actual behavior/intention. Incorporating this variable, along with moral intensity, highlights the ethical aspect of consumer's decision making.

Against this background, we propose a conceptual model of consumer favorable attitude toward purchasing counterfeit leisure products and their intention to buy counterfeits. The relationship between these two constructs is further extended with the concepts of (1) perceived benefits (expected positive consequences for the individual), (2) perceived technical risk (expected negative consequences for the individual), (3) moral intensity (expected negative consequences for the society at large), and (4) rationalization (technique to counter feelings of guilt associated with past behavior).

Based on evidence from the literature, we hypothesize that perceived benefits positively influence favorable attitude toward purchasing counterfeits (e.g., Goles et al. 2007) (*H1a*), while perceived risk (e.g., de Matos et al. 2007), and moral intensity (Al-Rafee and Cronan 2006) negatively influence favorable attitude toward purchasing counterfeits (*H1b* and *H1c*). We posit that perceiving benefits from purchasing counterfeits positively influences a person's intention to buy counterfeits (e.g., Kwong et al. 2003) (*H2a*). Next, perceived risk is hypothesized to decrease consumer's intention to buy counterfeit products (e.g., Bian and Moutinho 2008) (*H2b*). As suggested and empirically tested by Tan (2002), we also hypothesize that moral intensity decreases intention to buy counterfeits (*H2c*). We also propose the attitude-behavioral intention relationship, suggesting that positive attitude increases intention to buy counterfeits (e.g., Wilcox, Kim and Sen 2009) (*H2d*). Following the proposition by Chatzidakis et al. (2007) on the role of rationalization as a moderator of the relationship between attitude and intention, we suggest that employing neutralization techniques enhances the strength of the relationship between attitude and intention to buy CF (*H3*) (see Figure 1).

Figure 1. The conceptual model



Research Methodology

The conceptual model was investigated on a sample of 584 consumers in Slovenia. A self-administered survey was sent to an initial sample of 10,000 consumers, representative of the population in the country based on gender, age, type of settlement and region. The total number of the returned questionnaires was 1523. Some questionnaires were eliminated due to missing data and 38.3% (584) were included in the present study. The prerequisite for the inclusion in this study was an individual's experience with purchasing at least one counterfeit product.

Five constructs identified in the conceptual model were measured on 5-point Likert type scales ranging from 1 (Strongly Disagree) to 5 (Strongly Agree), and moral intensity on 5-point semantic differential scale. Items for perceived benefits and perceived risk were derived from Hennig-Thurau et al.'s (2007) scale. Moral intensity scale items were adapted from Singhapakdi et al. (1996) and McMahon and Harvey (2006). The rationalization scale was devised based on the techniques of neutralization (Skyles and Matza 1957). To capture the attitude construct, items from previous studies by Cronan and Al-Rafee (2008) and de Matos et al. (2007) were used. The measure of intention was assessed using the scale developed by Taylor and Todd (1995).

Data Analysis and Findings

The analysis, using structural equation modeling, was conducted in two steps. After an exploratory factor analysis to check for constructs' uni-dimensionality, the measures were submitted to a confirmatory factor analysis. The constructs display adequate reliability (between 0.79 and 0.85) and average variance extracted (between 0.56 and 0.73). The fit indexes of the measurement model indicate a good fit of the model to the data.

Next, the structural model was evaluated in order to test the hypothesized relationships between constructs. The model fit measures show that the data conforms well to the model ($\chi^2 = 191.544$, d.f.= 91, $p = .00$; GFI=0.96; AGFI=0.94; RMR=0.04; sRMR=0.04; RMSEA=0.04). The t-statistics from the structural model were used to examine the hypotheses. The relationships proved to be in the hypothesized direction and statistically significant, with the exception of the two links, i.e., between perceived risk and attitude, and between perceived risk and intention.

Perceived benefits positively affect favorable attitude (standardized regression coefficient 0.30), and moral intensity negatively influences attitude (-0.15). Further, perceived benefits and favorable attitude have a positive impact and moral intensity a negative impact on a person's intention to buy counterfeits (0.26, 0.28, -0.14). Rationalization strengthens the relationship between attitude and intention, as suggested in hypothesis 3 (0.09) (see Table 1).

Table 1. Hypothesis testing and results

	Causal path	Expected sign	Hypothesis
H1a	Perceived benefits → Attitude	+	Supported
H1b	Perceived risk → Attitude	-	Not supported
H1c	Moral intensity → Attitude	-	Supported
H2a	Perceived benefits → Intention	+	Supported
H2b	Perceived risk → Intention	-	Not supported
H2c	Moral intensity → Intention	-	Supported
H2d	Attitude → Intention	+	Supported
H6	Rationalization → Attitude-Intention	+	Supported

Conclusions and Future Research

This study attempted to generate new insights into non-deceptive counterfeiting by focusing on consumer behavior in order to provide foundations for relevant public policy implications. By tackling the topic of counterfeiting we respond to the notion expressed by Cornwell and Drennan (2004) that many dark issues have not been addressed in the consumer behavior, including piracy and counterfeiting. Our findings suggest that favorable attitude toward purchasing counterfeits is influenced by perceived benefits and moral intensity (H1a, H1c), as suggested in previous studies (e.g. Al-Rafee and Cronan 2006; Goles et al. 2007), but not by perceived risk (H1b). Although several authors found empirical support for the latter hypothesis (e.g., Chiou et al. 2005; de Matos et al. 2007), Morton and Koufteros (2008) found no impact – similar to our result. A person's intention to buy CF product is shaped by favorable attitude, perceived benefits and moral intensity (H2d, H2a, H2c), in line with the reviewed studies (e.g. Kwong et al. 2003; Tan 2002; Wilcox et al. 2009). Risk perception is not a significant antecedent of a person's intention (H2b). As hypothesized, rationalization leads to an increased likelihood of acting upon favorable attitude toward purchasing counterfeits (H3).

Understanding factors underlying CF purchase behaviour is relevant, particularly from the public policy perspective. Based on the findings in this study, two powerful areas may prove effective in changing an individual's attitudes and intentions, that is, the perception of positive consequences for oneself (i.e., perceived benefits) and perception of consequences for others (i.e., moral intensity). We demonstrate that both significantly affect people's predisposition toward knowingly purchasing counterfeit products, as well as their intent to buy counterfeit products. A promising area is also cognizance of rationalization techniques as employed by consumers who purchase counterfeit products.

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Delphi Methodology Application In Organic Food Sector In Croatia

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Extended abstract

The change in attitudes toward organic farming at the political level, first in Europe and later in North America and Japan, came in response to growing consumer interest in organic products combined with serious problems caused by the dominant technological paradigm, such as overproduction, environmental pollution, food scares, and the depopulation of rural areas (e.g., Lockeretz 2007a; Padel and Lampkin 2007). Organic food's share of total food consumption depends heavily on political regulation, including legal definitions and standards, financial support to farmers, and a national labeling system. The evidence of Thøgersen (2010) suggests that, together, macro (food culture and the culture's level of postmaterialism and environmental concern) and structural factors (soil conditions, an effective and efficient distribution system, and the size of the premium price demanded for organic food products) are considerably more important for the sustainability of food consumption than are individual-level attitudinal variables.

During the last decade, from the year 2000 onwards, the organic movement in the world experienced new dynamics (Zakowska-Biemans, 2011:122). The global market for organic products has increased by 235% from 1999 to 2011, with Europe and North America holding the leading position in that growth. The global trend of converting from conventional to organic agriculture is accompanied by countries of Central and Eastern Europe, such as Croatia (Renko et al., 2011). Organic food market in Croatia is still at the early stage of development (1, 29% of total agriculture), but the number of organic farms and enterprises is increasing. Croatia is in terms of organic agriculture more developed than other Western Balkan countries (WBC - Bosnia and Herzegovina, Macedonia, Montenegro and Serbia), but less developed than EU countries. Share of land under organic production in Croatia is 0, 4% (out of total agriculture production). In other WBC countries is around 0,1%, but in well developed EU countries f.e. Denmark is 5,4%, in Spain 3,2% and in France 2%. (Renko et al., 2011) Taking into account these data means that Croatia still requires further development but is progressing well.

Organic market and organic consumers have attracted attention of researchers both in Croatia and in many European countries. In Croatia Cerjak et al. (2010) determined what motivates consumers to buy organic food in Croatia as well as in Bosnia and Herzegovina and Slovenia. In Europe, research was done to determine preferences and determinants of occasional organic consumer for organic, conventional and conventional-plus products in Germany and

Switzerland (Stolz et al., 2011); an examination of consumers' motives for food choice and an attempt to reveal beliefs about organic food in Poland was done by Zakowska-Biemans (2011); Ruiz De Maya et al. (2011) analyzed the market for organic products in eight European countries, based on differences in their respective value systems while Hjelmar (2010) conducted a study of the purchase of organic food products by Danish consumers and the main factors driving that process.

The development of organic food market is of interest to policymakers, environmental lobbyists and also to business engaged in it (Padel and Midmore, 2005: 626). However, research on this topic is in the early stage of development. Because of this, it is very difficult to use conventional analysis to predict the evolution of the market. For the purpose of this study thorough review of secondary data sources was done from February to June 2010 and expert's survey built according to the Delphi methodology. Delphi method has been mainly used to generate forecast in different fields, environmental, marketing and sales forecasting (Landeta, 2006). The object of the Delphi method is to obtain a reliable response to a problem from a group of experts (Okoli and Pawlowski, 2004). The process guides the group towards a consensus (Linstone and Turoff 1975).

Three "rounds" were conducted for the Delphi approach in this research as it was suggested by Padel and Midmore (2005). The procedure of application was based on the work of Padel, Seymour and Foster (2003), as follows: experts' identification and recruitment; definition of 1st round questionnaire; introduction to the panel of experts; collection of individual opinions of the experts on this issue; preparation of the report and deliverable to the same group of experts to get first feedback; application of 2nd questionnaire; processing the data collected on the basis of the 2nd questionnaire; preparation of the 3rd questionnaire; delivery to the same group of the experts in order to get final feedback. Rounds continue until no further consensus was reached (McKenna, 1994, Sumsion, 1998, Green et al. 1999).

Delphi 1st round questionnaire was short with a six opened questions. The first round questionnaire aimed to complete the description of the current situation of the organic production, including history of the development and forecast of future potential development of the organic market in Croatia. The survey for the 1st round started in the April 2010 and was finished at the beginning of May of 2010. Round 2 questionnaire (highly structured) with totally 229 questions was split in 6 different parts of common thematic titled as: 1. Government & Policy Impact; 2. Production; 3. Market; 4. Trends; 5. Supply chain and 6. Consumer motivation. The 2nd round started at the end of February 2011 and was finished at the beginning of March of 2011. Round 3 questionnaire consisted of 10 repeated questions from 2nd round. The 3rd round started in June 2011 and was finished at the beginning of July 2011. Experts selected in this study were the key stakeholders of the organic supply chain and are described in the Table 1. In pre-testing the questionnaire, the experts expressed the e-mail technique as the best way of contact.

Major results

After analysing the results of three Delphi rounds about the prospects for the development of the market for organic food in Croatia, all experts reached the consensus that organic market in Croatia is in the initial phase of development, but with great preconditions for future production and consumption. The importance of the organic market will grow in Croatia (tourism, agro

ecotourism, schools, and hospitals) and because of the influence of EU Agriculture Policy and legislation. All experts highlighted the importance of implementation of Government strategy for organic farming, as well as regional and local government support. The most important parts of this strategy are: motivation of the producers through teaching and training for organic production, financial consolidation and horizontal cooperation and labeling of organic products as well.

All experts agreed that committed market actors, farmers associations, stakeholders in rural development, consumer associations and policy makers act in favour of the expansion of the organic sector in Croatia. Finally there is a growing interest by the consumers to buy organic food products in Croatia. This goes along with the overall trend towards a more health-oriented life style and growing concerns about sustainable development. The channels of distribution are also quite much developed, with wholesalers, retailers, specialized supermarkets and retail shops for organic products and even on-line selling. Based on the experts' insights on the market, consumer's motives for buying organic food are health, prestige and environmental awareness. The findings are in accordance with consumer motives in Austria and France where health represents the key motivational factor. However, other motives vary among countries. While in Austria consumers highlight responsibility for children and support to regional development, in France emphasis is placed on taste and respect for the living world (Zanoli et al., 2004). Opinions of experts are in line with previous research of the consumer motivations to purchase organic food which emphasize health, environmental concerns and animal welfare as key motivational factors for purchase of organic food (Cerjak et al. 2010:282-285). In the future all experts consider increasing promotional activities, education and information of consumers.

Conclusion

The purpose of this paper was using Delphi method, to explore the dynamics of, and prospects for the development of the market for organic food in Croatia. The findings show that the market for organic products is still a niche market but with the expectations of growth. Organic production appears in the Croatia to answer to both traditional values still anchored in the culture (family agriculture and homemade food) and to western influences such as health and environmental concerns. The same changes occurred in Poland, which, like all the other countries that acceded EU in 2004 experienced in the last five years a large increase in the number of organic farms and land area that has been certified as organic due to the policy measures that support conversion from conventional to organic production (Zakowska-Biemans, 2011:123).

Prior research concerning Croatian stakeholders with relation to organic food market development is very limited. Such information is valuable to food manufacturers and distributors to support developing marketing strategies to stimulate organic food market development in Croatia. The role of agriculture policy with regard to this field of action is to announce a clear and at-least mid-term political commitment towards organic farming. Consumer communication about food labeling and more specifically about organic food is an important task for food and public health policy. Action can be taken by means of communication campaigns, through different media. Policy should provide a clear and simple basis level of organic labeling that helps to get the basic message through to consumers. A limitation of this study is the relatively small number of experts that were involved in research. The reason is that Croatia is a small country with poorly developed organic food production and market. We therefore recommend

further research on the issue that takes into account the other qualitative and quantitative methods.

Table 1. Sample characteristics of Delphi 1st, 2nd and 3rd round

Country	No. of experts			Gender		Institutions where experts are employed	How long are experts involved in the organic sector (years)
CROATIA	1 st round	2 nd round	3 rd round	Female	Male		
	8	8	8	6	2	BioVega; Croatian Consumer Association; Croatian Food Agency; Faculty of Agriculture; Faculty of Economics and Business; Konzum; Ministry of Agriculture; Podravka;	5-30

Source: own compilation

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Elizabeth Ellis Hoyt (1893-1980): Early Macromarketer?

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Introduction

This paper presents a scholarly biography of the American Economist Elizabeth Ellis Hoyt. It contributes to the larger project of bringing to light, and recognising, the historical contribution of female scholars to marketing theory. Women have been largely absent from historical discussions of the development of marketing thought to date (Zuckermann and Carsky, 1990). This absence is quite glaring if we look at the range of published sources which identify key thinkers in marketing history, from the period 1941 – 1974, 172 men and 3 women were mentioned (see Jones, 2012: 16-18). There are a range of complex reasons for this relative absence of women in marketing history largely to do with women's wider role in society, in education and in industry during the period of industrial expansion in which marketing initially flourished. However, there remains the fact that the role that women did play in marketing's development seems to have largely been written out of history. This paper therefore is an attempt at writing back in the contribution of female thinkers. The paper begins with a brief biography of Hoyt followed by a summary of her key contributions to the development of marketing thought. In closing the paper considers Hoyt as a potential early macromarketer.

A Short Biography⁵

Elizabeth Ellis Hoyt was born on 27 January 1893 in Augusta Maine to William Adams and Fannie H Ellis Hoyt. She was the eldest of three with a younger brother, William F Hoyt born in 1895 and a younger sister, Anna Camilla Hoyt born in 1897. Hoyt attended Boston Latin School for Girls which, founded in 1877, was the first college preparatory high school for girls in the United States. During the period that Hoyt would have graduated in the early 1900s more than half of each graduating class was accepted at one of the 'Seven Sisters Colleges' The colleges were set up with the aim of promoting academic education for women at a time when they were excluded from most institutions of higher education. They also largely employed female lecturers, and were important in producing a corpus of future female educators; although at this time due to the operation of marriage bars only unmarried women could be employed as teachers and on marriage those in employment would be fired.

Hoyt attended Boston University in 1913 and gained an AB (Bachelors) degree. From 1917 to 1921 she worked for the National Industrial Conference Board an organisation still in operation today which acts as a research and lobby group for private and public businesses. Here Hoyt was involved in developing the cost-of-living index (now called the consumer price index). She then returned to the fold of women's colleges and became an instructor at Wellesley college

⁵ Much of the timeline of this biography is taken from Thorne's (2000) entry on Elizabeth Hoyt in 'A Biographical Dictionary of Women Economists.'

(which is still a private women's college today) from 1921-23. She went on to study at the Harvard Annex (subsequently Radcliffe College), which was a private program for the instruction of women by Harvard faculty. She was awarded a PhD in economics in 1925. She published her thesis as her first book in 1926 entitled *Primitive Trade: Its Psychology and Economics*. Taking an evolutionary perspective in the book she uses anthropological examples to explore the spread of economic rationality. *Primitive Trade* was followed by *The Consumption of Wealth* in 1928 concerned with consumption economics studying 'how men use wealth and how they can best use it' (1928: 3). Followed in 1938 by *Consumption in Our Society* which expanded on this earlier thesis.

Hoyt joined the faculty of Iowa State College as associate professor in 1925 being the only female in an otherwise all male faculty. Hoyt was in the Department of Economics and Sociology led by Theodore W. Schultz. Margaret G Reid, who formerly studied under Hazel Kyrk at the University of Chicago, joined the economics faculty in 1930. The two became close friends and Reid proved to be a vital influence on Hoyt's scholarly development. Hoyt spent the rest of her career at Iowa State in 1950-51 she received a Fulbright award to conduct research on social conditions in Africa at Makerere College Kampala Uganda. In her usual style of wanting to make a difference to the lives of others she began a programme of upgrading African libraries. In the 1970's a library in Paradise View, South Africa was named in her honour. Hoyt's contributions to our understandings of 'standard-of-living' continued throughout her life and she participated in a series of studies around the globe including Japan, China and Guatemala. Hoyt published several more books in her lifetime, *The Income of Society* an economics textbook in 1950; along with Reid and two others, *American Income and its Use* (1954) and *Choice and the Destiny of Nations* (1969). Hoyt retired from Iowa State in 1963 but kept an office on campus and remained active in her scholarship and writing. Elizabeth never married and we can speculate that it may well have been a deliberate choice of scholarship and academic learning over family life as during the time that Elizabeth was beginning and consolidating her career it was not possible to pursue the two jointly. She died at Glen Eden Beach, Oregon on 22 November, 1980, aged 87.

Key Ideas

Undoubtedly Hoyt's earlier work on consumption economics (1938, *Consumption in Our Society*) has the most significance for the development of marketing thought, therefore I concentrate on this text below.

An Expanded Theory of Consumption

In the introductory chapter to *Consumption in Our Society* Hoyt observes the tendency for economists working at the end of the nineteenth century to have become 'hypnotized and bewildered' by new developments in the processes and practices of production. Throughout the book Hoyt argues for the opening out of consumption to embrace not only goods and services, but also the future use of economic resources in the service of consumption. This gesture towards marginal utility, the importance of desires as opposed to merely needs, as playing a central role in guiding the production system is an important one.

‘...we as consumers are interested not only in the goods and services actually offered on the market, but of possible goods and services available if economic resources were put to new uses: we are concerned not only with what the production system offers us now but with possible new desires which may guide the production system’ (1938: 4)

However, Hoyt’s view of consumption as a democratic process can easily be seen as problematic. In a rare contemporary reference to Hoyt’s work in the realm of advertising Ewen critiques her view of democracy ‘Democracy was never treated as something that flowed out of people’s needs or desires, but rather was an expression of people’s ability to participate in and emulate the pluralism of values which were paraded before people and which filtered downward from the directors of business enterprise.’ (2001 [1977]: 89). But, Hoyt’s viewpoint is certainly more nuanced than this, her view of consumer sovereignty is one that relies on knowledge and experience at the level of the individual:

‘It is important to note that our concept of consumers’ sovereignty does not state that consumers are to have what is “best” for them, according to some arbitrary outside standard. It does assume, however, that the value of free choice to a man is greater than the value of an arbitrary standard set up by another’ (Hoyt, 1938: 75).

Hoyt’s theory of consumption was based heavily on the idea of basic human interests, she identifies six interests in total, two primary interests (sensory and social) and four secondary interests (intellectual, technological, aesthetic and empathetic). She argues that while these interests are present in all cultures, that cultures are dominated by a single secondary interest, the United States and West in general being characterised by a technological interest. ‘Interest in control over environment we shall call technological. Such interest in control of environment exists wherever invention of science is applied in life’ (1938: 20).

Planned Expenditure and Human Welfare

In discussing planned expenditure Hoyt emphasises the influences of purchasing power, time and energy on consumption. Her view that knowledge of choices is vital not only in knowing what the market has to offer (goods and services) but in their use and appreciation:

‘These three factors of purchasing power, time and energy...must be applied under a human direction. This human direction, which in production is called entrepreneurship, or management, in consumption is capacity to exercise selection of interests, or choice-making. The broader the basis of choice-making the more effective the use of all the factors may be.’ (Hoyt, 1938: 14)

One key means of learning about the possibilities of choice-making she argues later on in the book is through the observation and study of the consumption practices of others. Hoyt presumably arrived at this viewpoint through her study of standard of living across a range of cultures. She advocates: ‘full knowledge of the practices of other people, in order to have a wide range of choice for one’s conventions. The study of standards of living itself furnishes this basis of knowledge’ (1938: 383).

In the closing chapters of the book, Hoyt returns to her expanded view of consumption as involving time, energy and money. This may not appear very revolutionary to us today but in Hoyt's time consumption had largely been seen solely as an economic imperative, and an end point of production, especially by economists. She once again returns to the potential for consumption (in this case the planning of expenditure) in directing future desires and thereby acting as a driver of productive activity. She also views the careful and planned use of resources as key to household welfare.

'One buys the quality of one's life with one's time, energy and money. Economic awareness and economic planning are the most concrete and practical ways to set about the attainment of what one most desires...We have usually thought of budgeting and economic planning by consumers too narrowly in terms of money. Time and energy are equally important and the cultivation of new kinds of interest to direct their expenditures of the other factors of consumption. By planning we can not only obtain what we most desire but come to desire what is now beyond our power of appreciation'. (1938: 390).

Conclusions: An Early Macromarketer?

Hoyt's conception of consumption might be seen as rather neoliberal in tone, her view of consumption behaviours as drivers of future consumption activity being a case in point. However, her concern with the distribution of resources in the service of consumer welfare certainly highlights her as having macromarketing sensibilities. Hoyt was certainly focused on the possibilities for social change through consumption, at both the level of the local household and the wider global level. As a thinker and theorist of consumption economics Hoyt was 'a visionary seeking to see the whole picture' (Thorne, 2000: 216). Her interest in the careful use of resources also marks her out as an ethicist, while she doesn't directly deal with the moral or environmental consequences of consumption, her focus on 'economic awareness and economic planning' betrays a concern for the future use of resources.

On a personal level Hoyt's determination in pursuing her project of social change is obvious. In an era where very few women made it to professor status Hoyt is an example of resolve and strength of mind. Hoyt never married during her lifetime and, while we can only conjecture, it is likely that at some point she had to make the difficult decision to forgo family life for her academic career. Her role in mentoring future female scholars was also very important to her and, while difficult to quantify, the reference to her by one of her PhD students as having 'a great influence on me because she cared about values' (Thorne, 2002: 28) is likely to be indicative of the wider influence she had on subsequent generations of female scholars.

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Ben Franklin as a Pioneer of Distribution and Logistical Systems

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Extended Abstract

Ben Franklin was not just a founding father, philosopher, and a scientist, but also pioneered several aspects of modern distribution and logistical systems. Some of the major contributions to distribution and logistical systems were in introducing the concept of franchising, pioneering direct mail, improving the efficiency of the postal system, inventing an odometer to measure distances between towns accurately, charting the gulf stream, first correct explanation for storm movement, material handling in studying how ships navigate through channels, and foresight in seeing the need for water distribution system in Philadelphia. They are briefly described below:

Franchising

Although, Franklin never coined the term, he was indeed the first to develop this form of contractual system. As he notes in his autobiography:

“In 1733, I sent one of my journeymen to Charleston, South Carolina, where a printer was wanting¹. I furnished him with a press and letters, on an agreement of partnership, by which I was to receive one third of the profits of the business, paying one third of the expense.” (Franklin 1771)

Later, he discusses how he sponsored journeyman, Thomas Whitmarsh, as his printing partner in South Carolina. Franklin bought the printing press and types in return for 1/3 profits over a six year term- in effect becoming a printing franchisor. He wrote,

“...The Partnership at Carolina having succeeded, I was encouraged to engage others, and to promote several of my Workmen, who had behaved well, by establishing them with Printing Houses in different colonies, with the same terms with that in Carolina.² Most of them did well, being enabled at the end of our term, six years, to purchase the types of me; and go on working for themselves, by which means several families were raised. Partnerships often finish in

¹ The original contract was made with Thomas Whitmarsh in 1731, who died shortly thereafter. Louis Timothee signed the contract in 1733, and his wife, Elizabeth and son, Peter, conducted the business after his death.

² Franklin formed “franchising” agreements with James Parker (1742), in New York, Thomas Smith (1748) and Benjamin Mecom (1752) in Antigua, Samuel Holland (1753) in Lancaster, PA, and several German printers in Philadelphia, as well as other presses in New Haven and Dominica.

quarrels, but I was happy in this, that mine were all carried on and ended amicably; owing I think to a good deal to the precaution of having explicitly settled in our Articles everything to be done by or expected from each partner, so that there was nothing to dispute, which precaution I would therefore recommend to all who enter into partnerships, for whatever esteem partners may have for and confidence in each other at the time of the contract, little jealousies and disgusts may arise, with ideas of inequality in the care and burthen of the business, which are attended often with breach of friendship and of the connection, perhaps with lawsuits and other disagreeable consequences.” (Franklin 1771)

Direct Marketing

In 1744, Ben Franklin pioneered the basic direct mail concept, when he which sold scientific and academic books. His guarantee to his direct mail customers spread out across the Appalachians and into the Midwest plains, noted:

“Those persons, who live in the remote, by sending their orders and money to the said B. Franklin, may depend on the same justice as if present.”

In the late 19th century, *Sears Roebuck* and *Montgomery Ward* took this concept a step further by offering everything from overalls to home appliances, allowing even the most isolated farm family to purchase everything it needed at reasonable prices, without ever leaving home. The experience with using direct mail as a business tool helped Franklin become the *Postmaster of Philadelphia*, and later the *Deputy Postmaster General of the Colonies* in 1753. In July 1775, he was appointed the first *Postmaster General of the United States*. For his innovations in direct marketing, the *Direct Marketing Association (DMA)* has finally inducted Dr. Franklin into its Hall of Fame in 2004.

Retailing

In Colonial America, many households had a retail store. As he noted in his autobiography,

“I now opened a little Stationer’s shop ...(and)... began now gradually to pay off the debt I was under for the Printinhouse.” (Franklin 1771)

In his shop he sold pens, stationery, ink, candles, and books. His wife, Deborah, helped him manage the store. Earlier, as a 20 year old, he had opened a general store on Water St. in Philadlephia. He claimed to be “an expert in selling” (Franklin 1771). As noted by Isaacson (2003):

“He had a network of postmasters from New Hampshire to Virginia... and the postmasters in his network would send him a steady stream of news items.”(Isaacson 2003: page 22)

Logistical Efficiencies

“Time is money” is a saying first promulgated by Benjamin Franklin referring to the notion that time is valuable and money is wasted when a person's time is not used productively. He also extended his thinking on this matter in creating efficiency in business operations. He was primarily instrumental in charting the Gulf Stream which speeded up trade across the Atlantic and saved the time and lives of countless sailors.

Several years before the outbreak of the American revolution, Benjamin Franklin sought to impress upon the disunited and mutually suspicious English colonies the necessity of union by carrying at the head of the paper he published, the design of a severed snake with the legend below: “join or die.”

Vertical Integration

Henry David Thoreau, a great philosopher in the nineteenth century said of Samuel Morse's invention of the telegraph, “We are in the great haste to construct a magnetic telegraph from Maine to Texas; but Maine and Texas may have nothing to communicate.” (Thoreau 1854). Yet, a century earlier, Franklin visualized an integrated America.

Franklin may not have heard of the term, but clearly knew the advantages of backward integration and vertical monopoly. When newsprint prices started soaring, he built his own paper mill to give himself a continuous supply thus enabling him to cut prices over his competitors. His *Pennsylvania Gazette* and *Poor Richard's Almanacs* were very successful publications in the colonies, mostly because of his witty conversational writing style. He then focused on distribution by lobbying for the top post office job in the colonies. As deputy post master, he increased the efficiency of the system by cutting the delivery time from Philadelphia to New York down to a day, set up home delivery system and the first dead letter office. He also arranged for several of his friends and family to be named regional postmasters, thus expanding his publishing market and boosting his personal income.

Life as a Post Master

Franklin's first appointment in this profession occurred on behalf of the *British Crown Post* in 1737 at the age of 31 years by Alexander Spotswood, a former lieutenant governor of Virginia and then Deputy Postmaster General of America. Spotswood was followed by two other Virginians, Head Lynch in 1739 and Eliot Benger in 1743. As a Newspaper and *Almanac* publisher he found this to be a perfect vehicle to distribute his products. He had the power to decide which newspapers could travel free in the mail or not travel at all.

Recognizing Franklin's skills as a bookkeeper, the then Post Master General, Elliot Benger, gave him the additional responsibilities of overseeing the financial details of nearby post offices. Later, when Benger's health was failing, Franklin lobbied the British to succeed him, and was named joint Post Master General for the Crown with Virginia's William Hunter on August 10, 1753.

Franklin right away began surveying post roads and Post Offices, introduced a simple accounting method for Postmasters. He was appointed Deputy Postmaster General in 1753. The mail system was poorly managed in those days, and he wanted to improve its efficiency. He wrote instructions for local postmasters and developed schedules for faster, and more frequent postal delivery service. To make these improvements, he had to travel to every colony. He selected the mail routes and hired capable men to carry the mail. To carry distances accurately, he even invented the odometer and attached it to his carriage to calculate the distances between towns. As a result of his efforts, the postal service started making profits within four years. He traveled to the colonies between 1754 and 1763 and in 1763, he traveled over 1600 miles, having visited all the thirteen colonies.

Less than a month after the battles of Lexington and Concord, one of the major issues discussed in the Second Continental Congress that met in Philadelphia in May 1775 was the creation of the postal system. Building an efficient distribution system of information and intelligence was key to the essence of liberty and the progress of democracy. Franklin chaired this important task force that included Samuel Adams, Richard Henry Lee, Philip Livingston, Thomas Lynch, and Thomas Willing. The committee deliberated for a couple of months and reported back to the Continental Congress on July 25, 1775 to create a Cabinet level post of Post Master General primarily to monitor and coordinate the communications between Congress and the armies. Postmasters and post riders were also exempt from military service so that the postal service would not be interrupted. Given Franklin's vast experience in designing the postal system for the past four decades, the Congress nominated him to be the first Post Master General of the United States. On July 26, 1775, members of the Second Continental Congress meeting in Philadelphia, passed a resolution:

"That a Postmaster General be appointed for the United Colonies, who shall hold his office at Philadelphia, and shall be allowed a salary of 1000 dollars per annum: for himself, and 340 dollars per an: for a secretary and Comptroller, with power to appoint such, and so many deputies as to him may seem proper and necessary. That a line of posts be appointed under the direction of the Postmaster general, from Falmouth in New England to Savannah in Georgia, with as many cross posts as he shall think fit."

His son-in-law, Richard Bache, was appointed the first Comptroller and succeeded him as Post Master General sixteen months later. De Tocqueville (1831) visited the United States within four decades of Franklin's revolutionizing the US postal system, and wrote the following vivid description of its operation:

"I traveled along a portion of the frontier of the United States in a sort of cart, which was termed the mail. Day and night we passed with great rapidity along the roads, which were scarcely marked out through immense forests. When the gloom of the woods became impenetrable, the driver lighted branches of pine, and we journeyed along by the light they cast. From time to time we came to a hut in the midst of the forest; this was a post office. The mail dropped an enormous bundle of letters at the door of this isolated dwelling, and we pursued our way at full gallop, leaving the inhabitants of the neighboring log houses to send for their share of their treasure."

Foresight in Seeing the Need for Water Distribution System in Philadelphia

Philadelphia's *Fairmount Water Works* is a symbol of technological triumphs and human mistakes and is a major tourist attraction today. It was built after a major outbreak of yellow fever largely based on Franklin's donations after his death. Most cities were unhygienic, and Philadelphia being one of the largest cities of the colonies had its share of filth in the streets and not enough water to wash it away. The cities wells had little water, and were fouled with waste from nearby cisterns (drains) and cesspools. As Franklin noted in 1789, a year before his death,

"In Philadelphia everyone has a cistern and a well, and the two are becoming indistinguishable."

Upon his death in 1790, he willed the city 100,000 pounds to develop an abundant supply of water to "insure the health, comfort and preservation of the citizens." Franklin had the foresight to see the importance of advanced water distribution systems to keep out diseases and maintain a sanitary environment.

Conclusion

Even though the study of controlling and managing distribution systems wasn't examined formally in the marketing discipline until the beginning of the twentieth century (see Shaw (1912) and Weld (1917) as some of the early work in the area), Benjamin Franklin's sophisticated inter-colonial integrated communications and distributions network was indeed a pioneering effort and one of the most dynamic in the world in the eighteenth century.

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«Benettonians»: The Marketing Strategies of an Italian Apparel Company, 1965-2005.

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Extended Abstract.

The story of a well-known Italian apparel company, Benetton, is here used as a case study in order to investigate, from a macro-marketing perspective, the evolution of its strategies in relationship with different target consumers, mainly Italian (and later international) urban youth. The micro-analysis of the case is then exploited at a macro level as a tool to question general explanatory models where needed and to explore new hypotheses where possible (Passeron & Revel 2005; Forrester 1996).

Company history was the subject of previous studies by Favero (2005), Mantle (1998), Belussi (1992), Nardin (1989), and could be summarized as follows. The company was established in Ponzano Veneto (in the Treviso province, in North-East Italy) by the Benetton siblings. It was started in 1965 as a producer of coloured classical-cut sweaters, sold in franchisee 'My Market' shops, designed by the architect Tobia Scarpa. During the 1970s it expanded in the Italian market of casual apparel in general, and multiplied shop signs. In the 1980s sales (and shops) extended all over Western Europe, to the US and Japan, under the common 'Benetton' sign. Internationalization stirred up a new advertising strategy for the brand in the 1990s, focused on social issues and on the famous 'shocking' campaigns conceived by the photographer Oliviero Toscani.

Four different phases of company life are identified, using budget reports, press releases, advertising, but also other sources, as the published autobiography of the main entrepreneur (Benetton & Lee 1990), and a wide economic literature dealing with the business case. The sequence of marketing strategies adopted by the company and targeted to different groups of consumers is then connected to general changes in fashion and consumer practices during the period (reconstructed with reference to the wide literature available: for Italy, see in particular Merlo 2003; Testa 2003), to the role of the company in exploiting and in promoting them, and to the emergence of specific consumer practices and identities as enlightened by sociological and statistical surveys of the time.

This approach, linking together business history and marketing history by way of the history of fashion, makes reference to the focus on the ever-changing combinations of modes, manners, mores and markets recently proposed by Lee Błaszczyk (2008), an approach that has a lot to say not only to economic and cultural historians but also to macromarketers.

All along the paper, the concerned products, consumer groups and locations are changing together with the evolution of the company, which remains the privileged point of view, calling the researcher to the need for a continuous comparison and criticism of his privileged sources.

So, as long as the 1960s are concerned, the focus is on the process of building a new market for coloured sweaters sold to young people in Italian tourist or university cities (that had more or less recently evolved into fashion centres as well, in particular as long as Florence in the 1950s, Rome in the 1960s and Milan in the 1970s are concerned: see Steele 2003). How did the new shop formula invented by Benetton not only mark a step forward in the organization of apparel distribution and sale (Benetton 1994; Morris 2003, 858-61), but also affect well established place-bound purchasing practices? How was it possible to encourage customers to adopt a flea-market approach to the shop while offering shopkeepers a way to substantially reduce their costs? The marketing strategy adopted in this phase by the company, centred on the shop, challenges some common-places of marketing theory, such as the idea that brand visibility is crucial for a successful sale strategy, in particular as long as a franchising approach to distribution is used. In the 1970s, Benetton sold indeed its casual-wear in many franchised chains of shops with different names targeting different (young) consumers in Italian urban centres: it made sense in the context of a social turmoil where class and regional differences were finding political expression and becoming element of conflict. At the same time, this strategy allowed the company to keep a low profile in so troubled years, preventing unions and public authorities from meddling with its informal production and distribution network (Benetton & Lee 1990: 110).

The focus of the paper shifts then to the emergence of 'coordinated' casual fashion in this period, as long as the 'Italian style' of wearing casual apparel was one of the main factors fostering the success of the 'made in Italy' apparel for mass consumption all over the world in the next decade (for a comparative study on the transformation of a regional style into a national brand see Scott 2003 on California casual). Did Benetton chain shops take the taste for matching colours and styles into old-fashioned neighbourhoods and into the most informal apparel market? Crediting Benetton for general fashion changes would be the effect of a wrong perspective induced by the case study. Its chain shops were just one element in a wider transformation of the Italian apparel market pushing customers to enjoy in cleverly combining together different colours and items. Still, the sample collections of the company and the selected orders of the shops offer a direct view on the origins and evolution of a peculiarly fashion-conscious attitude of Italian customers (again, very useful for a comparison is the surprisingly similar case of Zambian customers: Tranberg Hansen 2010).

Changing consumer practices in Italy perhaps had a role in pushing the company to further modify its strategy in the 1980s, shifting to brand promotion as long as commercial internationalization went on. The emergence of a specific 'Benettonian' consumer identity during the 1980s is quite evident from the sequence of the advertising campaigns of the decade, which focused more and more on 'colours' and racial diversity, making reference to anti-racism and pacifism as universal values in the context of the hopes for an appeasement in the confrontation between Reagan's US and Gorbachev's USSR. Was it the result of a conscious effort to identify an effective image for the company brand that pushed Benetton and Toscani to emphasize the ambivalence of the 'colours' theme, or was it something more, the actual search for a new company identity to be imagined and adopted in the context of the fast-changing world of the late 1980s (Favero 2006)? The second option is suggested by the invention in 1989 of a new brand name for the company, who abandoned the wool-knot Benetton logo for the 'United Colors of Benetton' slogan printed in white in a bright green rectangle.

In the 1990s the evolution from style (now including also accessories) to value characterization found its main expression in the more and more socially-concerned advertising proposed by Toscani. Company brand promotion and advertising in this period was deeply investigated, looking at the different reactions to 'shock' global campaigns in different contexts (Pinson & Tibrewala 1996; Falcinelli 1999), but it should also be connected to the fact that focusing on the 'identity' value of the brand the company could avoid the increasing costs of advertising its growing diversified range of licensed products in detail. The emphasis on the 'shock' campaigns lasted until the end of the decade, when some interesting unexpected reactions put into discussion the collaboration with Toscani, in a context of the growing competition coming from international chains of retailers (Lab 2001; Edmonson 2003, Barela 2003). Exiting the trap of a formula rapidly becoming obsolete became then the main aim of the company, pursued by means of changes in distribution and production organization with a somehow lesser emphasis on the brand (Camuffo, Romano & Vinelli 2001; Crestanello & Tattara 2011).

The relationship between the changing marketing strategies of a company and the evolution (and alteration) of the consumer culture (and context) is then analysed here in some of its different facets in succession, as long as the company itself expands its scope. The focus shift then from the use of a garment and its purchasing practices (the 'item' level, so to speak), to the dialectics between marketing strategies and consumer creativity in the emergence of a specific national style (the 'style' level), up to value characterization of the brand and the emergence of brand-connected identities (the 'identity' level).

A whole repertoire of different theoretical approaches is applied to each phase, as long as they appear useful to understand the actual dynamics pushing the company from one level to another. Obviously, in each case also the other levels are present, but they are not the immediate focus of the relationship between the company and consumers: buying coloured sweaters was part of the informal style of the 1960s, with its related values; the emergence of Italian coordinated casual style implied a different choice of single items, and was linked to a more general political and social turn in the 1970s in Italy; the global, socially-concerned image of the Benetton brand was connected to different styles and to the use of different garments in each world region where Benetton was present with licensing agreements or joint-ventures.

Questions about the transformation of the perception, use and symbolic value of goods in the Italian national context are more important in the first period, and the transcultural processes affecting brand identity in the last one.

The specific attention paid here for the ambivalent role of the company and its customers as 'trend-takers' or 'trend-makers' implies in fact a more general warning against simplistic models connecting consumer practices to culture: single consumption processes could be better understood as one element of a complex articulation of behaviours, altogether outlining social identities, as already McCracken (1990) emphasized arguing that clothing is a system of communication that works in a completely different way from language. The changing meaning of the sweater in Italy during the 1960s, from a piece of apparel becoming an element of lifestyle following the emergence of a culture for leisure as part of the youth liberation movement, or the origin and evolution of Italian 'coordinated' casual wear, are interesting cases to test how fashion consumption became a tool to construct and alter individual and collective cultural worlds.

Even more interesting from a macro-marketing perspective is the peculiarity of the branding operation achieved by Benetton on different generations of customers, an operation that could be interpreted in the light of the principles of cultural branding as described by Holt (2004) starting from a wide inquiry on American iconic brands. Starting from the focus on colours, Benetton was able to build up an image of the company that made of globalization a value even before actively implementing it as a strategy, recycling in harmless ways some elements of the hippie counter-culture of the 1960s and appealing to the imagination of the yuppie student generation of the 1980s, as other Italian brands did in the same years (Arvidsson 2001).

This idea of a multi-coloured peaceful society was contrasting with political turbulence and rapidly declining confidence in a peaceful future in the early 1990s, but remained powerful as a reference to sort of a 'populist world' utopia for these same students growing older. Benetton made then a step forward when Toscani decided to target the most acute contradictions emerging in the 1990s, from extra-EU immigration to AIDS prevention, masterfully using photography to glance at them with an ironic taste for contrasting or shocking images that was deeply rooted in the youth culture of the 1980s.

It is perhaps this generational element that makes the brand today so lastingly 'iconic' and so obsolete at the same time.

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Use-Based Property Rights and Sustainable Water Practices in the American West

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Use-based Property Rights and Sustainable Water Practices in the American West

Central to the exchange of goods is what can be owned, who can hold ownership, how ownership is conferred/transferred/lost and who besides the owner can make decision about how the property is used. But long-standing conventions governing ownership may conflict with contemporary sustainability efforts. For example, if water rights can be privately owned and if the right is contingent on using the water for production, then choosing to leave the water in free flowing natural form to benefit the local fish rather than farming with it may put the ownership of these water rights at risk.

At one extreme, when “everyone” or “no one” owns a natural resource (e.g., the ocean), and no local user is rewarded/punished for good/poor stewardship, suboptimal use of the shared resource often occurs through overuse or pollution (often called the tragedy of the commons, Shultz and Holbrook 1999). As a result, many advocate a middle ground, where the state owns a resource like water but confers management of the commonly held good to local governing/private entities. The hope is that localized good/bad outcomes will be traced to the management and accountability will lead to better decisions (Segerfeldt 2005). There is evidence that in some settings this arrangement leads to sustainable management, but in others it leads to profit taking (Agrawal 2001, Donahue and Johnston 1998, Schlager and Ostrom 1992). At the other end of the spectrum there are locales where the state regulates the natural resource and its exchange, but the right to use the resource is owned by private entities and is treated as private property (e.g., it can be bought and sold; the state cannot seize it without compensation).

This paper is concerned with an arid locale where the state sets rules for the exchange/ownership of water rights, but the water rights themselves are treated as private property. In the twenty first century this is not how water is viewed in most parts of the world; the middle ground described above is much more common – the state confers local management to private/local entities, but deep down, the state controls the water. So, it is interesting to ask how did this less-typical ownership of water rights evolve and what does it mean for sustainability efforts in this arid region? To motivate interest in this question we begin with a situation that arose recently.

Many new documents teaching consumers how to practice sustainable water use suggest using rainwater harvesting (i.e., catching rain that falls on the roof of one’s home) for watering plants and other non-human consumption activities. However, in the Western United States, the

right to the water in a particular area (e.g., stream, off rooftops, or underground aquifer) is subject to pre-existing private rights to the resource (Pisani 1992, Worster 1985). As noted by Waskom and Kallenberger (2011) for the state of Colorado in the western U.S., “this means that in most river drainages, a person cannot divert rainwater and put it to a beneficial use without a plan for augmentation that replaces the stream depletions associated with that diversion.” Until very recently, this meant all harvested rainwater had to be replaced with an equivalent amount of water into the local stream; it cannot just be used by the homeowner. As of 2009, a limited set of Colorado homeowners are allowed to apply for a permit to collect rainwater from their roofs and to use such water in restricted applications; anyone on a city water system or a domestic water system that supplies at least two other homes is prohibited from applying for a permit (Juergensmeyer 2010). For the most homeowners in the state the right to the water that falls on their roof is owned by someone else.

The question of who has rights to the rain points to other questions for sustainable energy. Growing interest in wind energy has generated an array of legal efforts to identify the “right to wind that flows” as property to the surface owner (Stahl, Chavarria and Nydegger 2009). Because turbines harvest proportionally so little of the wind’s energy, there has not been much concern about new turbines undermining existing turbines; legal cases have focused on the ability of the land owner to sell the rights to the surface air that moves across his/her land. In the case of solar energy, solar easements have been recently recognized as rights that preclude someone building a structure that would block the sunlight falling on another’s solar collector (Bronin 2009). But, short of a spaced-based umbrella to capture all the sun falling in an area, solar easements have local building effects, but their large scale impact is non-existent.

In contrast, the amount of water in the world is largely fixed and every human, animal and plant requires a certain amount of water to live; the United Nations has described water as “a prerequisite for the realization of other human rights” (Committee on Economic, Social and Cultural Rights 2002). But if the right to water is privately owned it is possible for an owner to choose to use these rights in a manner that benefits the owner much more than other living organisms. An example of this is choosing to extract minerals (a water intensive and water polluting activity) in the desert in lieu of selling the water at a reasonable cost to indigenous peoples. Because this sort of behavior seems so contrary to environmental welfare it is important to understand how the laws evolved to allow this to occur.

Mittelstaedt, Kilbourne and Mittelstaedt (2006) recommend that sustainability efforts be contextualized within a region’s marketplace antecedents of i) legal and regulatory structures, ii) cultural factors and iii) dominant social paradigms. Our goal is to focus on the first antecedent, legal and regulatory structures, and specifically the evolution of structures that confer water rights private entities in the arid American West. Kaghan (2000) provides a theoretical lens for commodification describing a “process of commodification that involves both invention and innovation and inevitably force a renegotiation of some aspect of the relationship (on both a local and global scale) between humans and humans, humans and non-humans, nature and society” (p 346). Our discussion overlays Kaghan’s stages of invention, innovation and renegotiation, on three chronological eras in the complex history of Western water: westward expansion, large-scale government projects and competing social interests.

The Commodification of Water in the American West

During the period of westward expansion in the United States, the right to water underwent its “invention” or early transformation toward becoming an exchangeable commodity. Individuals arriving in the sparsely populated west between 1800 and 1902 relied on water for individual survival but most the water in this arid region was not needed for subsistence living. By the end of this era there were active agricultural markets, mining activity, boomtowns around the mines, the beginning of today’s Western cities and a railroad connecting the two coasts of the United States. The invention that facilitated water commodification during this era was the doctrine of prior appropriation; under this doctrine individuals acquired rights to various sources of water as long as the individual put the water to “beneficial use” (Pisani 1992). If individual A made a mining claim and could use 10 units of water from a stream productively, person A could establish rights to 10 units of water from the stream until person A was no longer putting the water to beneficial use. If person B came into the region later and could put 40 units of water to beneficial use in agriculture, person B could establish similar water rights (Getches 1990).

As prior appropriation was originally conceived, if the weather changed and there were only 30 units of water in the stream, the water would not be shared proportionally between the senior claimant, A, and the junior claimant, B. Instead, because A’s claim is senior (meaning he filed first), A would get his full allotment and then B could draw what water remained. Returning to the original example of rain on one’s rooftop, if the water in the community’s drainage is allocated between municipal, agricultural and industrial uses, and if rooftop harvesting reduces the amount in the drainage overall, the least senior of the claimants will feel the brunt of the reduction. And, not surprisingly these owners object to rainwater harvesting (Bretsen 2011).

In summary, during this first phase two key elements emerged: first one could own water rights but only if the water is put to beneficial use and during this time beneficial meant industry or agriculture. It did not include keeping a stream free running for a salmon run or preventing pollution so as not to kill local plants. Second, the emerging legal code conferred superior rights to the first entrants to the market but, notably, the indigenous people of the region were accorded no rights at all although one could argue that their claim to the water was senior to all other claims. The bias against the native peoples was bolstered by the view that simply living in harmony with the land and leaving streams free running was not beneficial/productive use.

Viewed at a distance, this unusually strong notion of private control of a natural resource was able to arise because 1) the region was so sparsely populated, 2) the native inhabitants were stripped of all standing in the courts and 3) water was not recognized as a scarce common resource. In most parts of the world both the population has been denser for longer and the inhabitants have used more of the water for subsistence living or the settlement occurred after a cultural shift happened to view water as more of a common good. So the convergence of norms, population influx and drive for industrialization all supported this unusual form of water rights ownership.

During the second era, which lasted from 1902–1977, states and the federal government believed they would realize even greater value from this geographic region if its erratic seasonal supply of water were controlled. Individuals and Western states solved this problem by turning to the federal government for their distribution infrastructure while retaining individual rights to

the water. To facilitate centralized waterworks a phase of “innovation” began in which American planners innovated and developed not only the world’s best technology for very large dams, but also developed a social and legal acceptance of large government funded dams to provide for complex individually owned water rights.

Part of the political appeal for this federal investment was that dams provided employment to thousands (this era encompasses the Great Depression) and trained a new generation in engineering and industrial construction. Additionally, if increased water allowed western cities to grow they could absorb many of the immigrants then crowded into eastern cities. But dams were not enough to provide water to growing cities. In addition a lively and sprawling water market developed which allowed for the transfer of water and water rights across vast geographic distances (Worster 1985). It was this innovation that leads to the contemporary problem wherein a municipality may be providing water to its citizens that has fallen as rain in state hundreds of miles away.

In summary, during this second phase, two important features emerged: water started to move in bulk across the region with the “winners” in this transfer becoming the locations in which cities grew and the management of water became an industry in itself with dam building/maintenance, water markets and an extensive legal coda related to water rights. Stepping back from the history, this second phase bears a much closer resemblance to events in other parts of the world: big dam building, water as an industry, winners and loser in the access to water and population growth following access to water. The American West differed in who actually controlled the water rights at the end of the day, but the role of water as a social tool was not unusual.

By the mid 1970’s social and cultural changes moved American Western water into its third era, one in which a diversity of stakeholders became recognized, and in Kaghan’s (2000) classification a phase of “renegotiation”. As the social changes percolated up in the 1970’s and 1980’s, most Western states modified their constitutions to remove the exclusive dominance of prior appropriation (Zaslowsky 2000). This was an extraordinary change to a century of precedent and lead to (and continues to provoke) heated battles in the region. In the latter part of the twentieth century courts began to balance prior appropriation against competing public interests, notably endangered species, clean water and Native American rights. In the American West potential users portray themselves as the best investment for this scarce resource and have challenged historic claims of ownership based on priority or seniority. Using Mittelstaedt, Kilbourne and Mittelstaedt’s (2006) formulation, the cultural norms and dominant social paradigms of westward expansion, industrialization and large-scale dam eras favored production. In the more recent era, cultural and social expectations are open to valuing water in a physical or natural form. Still, in a part of the world that greatly values individualism and has deep respect for private property rights the conflicts remain passionate and heated.

Stepping back from the history, the shift in thinking that occurred in the American West was evident elsewhere in the world at this time. Globally there has been active research and negotiation on optimal allocation systems for water (Argawal 2001, Brown and Schmidt 2010), growing respect for native people’s rights to water, standing offered to the environment and other species in decisions regarding the use of water and so on. The feature that separates the American West is that in this region a governing body cannot simply declare that water will now be used a different way without offering some sort of compensation (Bretsen 2011) because in the

American West the governing body does not control the rights to the water. In contrast, in Melbourne, Australia, state government controls the water and three retailers, each with an exclusive geographic region, provide connection for consumers to the main water system. Before the recent sustained Australian drought, “government legislation and the regulations imposed by the water retailers enabled and limited certain types of water consumption behavior” (Phipps and Brace-Govan’s 2011, p 206) but in response to severe drought conditions, the owner of the water – the Victorian Government – instituted de facto changes that “not only removed barrier to sustainable change but also coerced sustainable consumption” (p. 210).

In the American West, decades of valuing regional growth, creating markets/distribution systems for water to foster settlement of this region and the codification of Western water law with a goal “to create firm, perpetual entitlement” (Tarlock 2001 p 231) resulted in the current situation in which ownership collides with sustainability. Scholars have questioned whether water rights should be treated like other property rights (Glennon 2005, Tarlock 2000, 2001, 2002). The potency of this argument derives from a sense of fair play between constituencies including water in its natural form, and a recognition that the prior appropriation doctrine is environmentally counterproductive as it “discourages parties from improving efficiency as any water saved (or “salvaged”) is deducted from the original right” (Kenney 2005 p. 171). But in this fiercely individualistic culture individual ownership is not readily relinquished (Bretsen 2011).

Water is a particularly interesting natural resource as it is critical to well-being, is renewable only as part of a cycle, is not continuously produced like sunshine or as abundant as wind and is in increasing demand as societies develop. Around the world water rights ownership is highly varied. In many places the state controls the water rights, but in other places water rights can be owned by individuals, corporations or even foreign entities. How this ownership right came into being is a direct reflection of the culture and norms of the time. As these values shift they lead to conflict with property law. As Guerin (2003) noted in discussing evolving property rights and the environment in New Zealand, “Any property right can be seen to be held subject to a general understanding of the constraints imposed by the community (expressed through judicial interpretation, statutory definition or direct community/peer pressure) with the knowledge that those constraints evolve over time, but that the right will not be unduly altered without consent or compensation. This complex definition of course leaves much open to interpretation.”

Because macromarketing is closely linked to exchange and exchange to ownership, trends in interpretation of what can be owned and who can own it are relevant to our discipline. As demonstrated in this analysis, ownership is embedded in history and the historical context is critical to this understanding. Additionally, the analysis of such interpretation regarding ownership provides an opportunity to more fully understand entrenched interests that may work counter to sustainability efforts and potential resolutions to such concerns. Much recent academic work on water rights and water management has focus on the types of shared management systems that lead to better decision making; considerably less attention has been focused on the shifting sentiments towards private ownership of natural resources. These battles generally occur in the courts and have been analyzed in law journals, but the meaning of shifting notions of property, ownership and common goods and these ideas they may impact sustainability efforts have been overlooked in much of marketing.

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Marketing and the Common Good: Implications of *Caritas in Veritate*

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Abstract

This paper extends the authors' previous work on applying Catholic Social Teachings to issues in marketing to the specific question of the common good. Approaches to studying the social impact of marketing and the challenge of adequately defining the common good are discussed. Attention is next given to key vectors of Catholic Social Teaching and their application to ethical issues in marketing. The focus of the analysis is on specific sections in Caritas in Veritate, Pope Benedict XVI's recent encyclical devoted to providing principles for dealing with the ongoing global economic crisis. A discussion of how these principles might be applied to business and public policy follows. We close with an evaluation of this application.

Social evaluations of marketing tend to follow one of two paths. The approach exemplified by Willkie and Moore (1999) is to recognize how our daily lives are affected by marketing, mostly in a good way. Case histories serve this purpose as well (See, e.g., Klein, Laczniaak, and Murphy (2006). Less grounded apologias – e.g., generalized statements that advertising supports the media – are also common. An alternative approach to social assessment is perhaps best termed “pathological,” i.e., business financial objectives are seen as paramount, while the social impact of, e.g., deceptive advertising, environmentally destructive products and distribution systems, and the exploitation of consumer vulnerabilities is seen as harmful and negative (also discussed in Klein, Laczniaak, and Murphy, 2006).

In contrast to what are essentially anecdotal case assessments of situations are statements of *normative principles*, ideally enriched by observations from history and current events that transcend specific cases and take into account community needs and aspirations. An excellent example of this approach has been provided in a body of literature commonly identified as either Catholic Social Teaching or Catholic Social Thought, hereafter referred to as CST. CST expresses a Christian/Catholic perspective on economic ethics that is both rooted in scripture and interpreted articulated in light of contemporary circumstances. One can identify eight earlier papal encyclicals in this tradition, beginning with *Rerum Novarum* by Leo XIII (1891) and extending through works by Popes Pope Pius XI (1931), John XXIII (1961, 1963), Pope Paul VI (1965, 1967), and John Paul II (1981, 1987, 1991). We have explored these sources in the past (Klein 1987; Laczniaak 1998, 1999; and Laczniaak and Klein 2010). But to focus this inquiry, we shall concentrate on the normative guidelines presented in the most recent social encyclical, *Caritas in Veritate* (Charity in Truth, hereafter abbreviated as CiV), published by Benedict XVI

in 2009, with particularly its reflection of the concept of the common good. This encyclical, Pope Benedict's third, was widely anticipated because of the promise of commentary on globalization and finance in context of the global recession (aspects of which continue today). The final document was comparatively long – 30,000 words, 6 chapters, and 79 numbered paragraphs – stressing the theme that it is the virtue of charity that vitalizes, energizes, and ultimately directs the Catholic intellectual tradition, especially CST.

There may be suspicion in some circles about listening to *anything* that the Catholic Church has to say about moral matters given the spate of priestly abuse scandals as well as recent allegations of money laundering by the Vatican bank. To such comments we would remark that the Catholic Church, like all institutions, suffers from deep human frailties and weaknesses, but that Catholic Social Thought is the product of over 120 years of refined moral reflection about various economic and social issues. Therefore, one can contend that the themes of CST deserve a careful hearing. Moreover, as these reflections are inspired partially by biblical scripture, they also represent the Judeo-Christian moral heritage that is a pillar of US culture.

CST might most efficiently be examined through the lens of seven key principles or values (Compendium 2005). These are:

- Human Dignity
- Common Good
- Subsidiarity (allowing the locus of decision-making to reside at the lowest level in the system where the expertise exists to solve and monitor the situation)
- Preference for Poor & Vulnerable populations
- Worker Rights
- Solidarity (the brotherhood of all persons in their quest for self-improvement)
- Stewardship (Care for the Environment)

In the present treatise, as previously noted, *the common good* is given singular attention as an organizing ethical principle. However, each of the other values can also be seen as ingredients of that concept. For example, the approach followed in Klein & Laczniak (2009) applied these CST principles to selected ethical issues in marketing:

- Products and Services
- Promotion & Pricing
- Consumer Ethics
- Public Policy & Regulation
- Market Globalization

That presentation featured a matrix that juxtaposed the key CST principles against these five problem areas, accompanied by extended discussions of these issues and the application of

these principles to them. This matrix can also be used to frame the application of *Caritas in Veritate*, the latest social encyclical, to those same ethical problems (Figure 1).

Figure 1. Applying *Caritas in Veritate* to Ethical Issues in Marketing

CST Principles =====	Human Dignity	Common Good	Subsidiarity	Preferential Option for the Poor	Worker Rights	Solidarity	Stewardship Care for the Environment
Ethical Issues in Marketing							
Products & Services	X		X	X	X	X	X
Pricing & Promotion	X		X	X			
Consumer Ethics	X		X				X
Public Policy & Regulation	X	X	X	X	X	X	X
Globalization	X	X	X	X	X	X	X

The Principle of the Common Good

The general thrust of CST has attempted to transcend personal, selfish interests by recognizing and responding to the needs of others. An important aspect of this thrust is concern for the common good, the focus of this paper. This principle addresses the benefits of the commonwealth and, thereby, the CST doctrine of the “universal destination of goods” (Pontifical Council on Justice and Peace 2005): the goods of the earth should benefit all and not exclusively in economic terms, balancing social, cultural, and community interests. Though CST affirms private property rights, this principle is the foundation for the imperative that “all persons have the right to secure the basic necessities of life,” including food, shelter, and available work, but also access to education and affordable healthcare (Pope John XXIII 1963 [11]). It is imperative to understand that business plays a large role in providing the goods and services that the community requires to flourish. In exchange for undertaking this task, investing its capital, and bearing this risk, the rewards of profit rightly accrue to business organizations. However, the notion that profit should be “maximized” may be a bridge too far.

Businesses necessarily function in relation to the society in which they operate. From society, a business derives economic opportunity - the infrastructure required to operate, periodic government subsidies, the enforcement of contracts, necessary institutionally enforced regulations, and, most important of all, the contributions of its employees and the support of its customers. In this way, business is embedded in society and owes to it abiding responsibilities that go beyond those owed to its shareholders. These responsibilities comprise the “social contract of business” and place its citizens in a permanent brotherhood with all businesses affecting their welfare. Such solidarity with the community is hard to grasp in an economic system that typically operates in an atomistic fashion. “Reason, by itself, is capable of grasping the equality between men and of giving stability to their coexistence, but it cannot establish fraternity (Pope Benedict XIV 2009[18-19].” The common good perspective of Naughton, Alford, and Brady (1995) supports this principle, which also echoes elements of the multi-cultural and non-denominational United Nations’ Universal Declaration of Human Rights (1948). The recent interest in the virtue of *beneficence* and “the logic of gift” as a framework for business activity (Logic of Gift Seminar Papers 2011) can be derived from this principle. It also evokes the classical notion of *virtue ethics* whereby individuals each ought to seek to contribute to the creation of a “moral community” (Aristotle 1985 ed.) and to cultivate “strength of character” in order to contribute to the common good of an expanding community (MacIntyre 2007).

Considered judiciously, the common good concept is not a simple one. Does it refer to the whole population? Does it imply the whole community must be advanced as a collective or mainly that the majority of individuals within it are better off? Is the common good objectively or subjectively determined - and by whom? What is the typical scope of this community — local or global? These questions are particularly troublesome if one attempts measurements to establish that the common good is advanced. Without putting too fine a point on it, such questions represent a decades-long debate in philosophy and economics that will not be definitively settled here. It is useful, however, to recognize that the scholastic theology that informs the Church’s moral *magisterium*, that of Thomas Aquinas and rooted in Aristotelian ethics, identifies the common good in terms of community, distinguishing it from the concept of individual good that emerged from the Enlightenment (Sison and Fontrodona 2012). That distinction between the good of individuals and community, of course, frames much of the

political debate today. For our purposes in this paper, by the “common good” we mean *when actions, policies or procedures will result in widespread societal benefits, but without individual costs other than those that minor or negligible.*

Given this background, we consider some key excerpts from the CiV (Pope Benedict XVI 2009) that pertain to the previously noted marketing issues, along with their common good implications. (As is conventional with such documents, the bracketed numbers identify paragraphs; customary U.S. spelling and punctuation is adopted.)

On the role of markets, trust, and the importance of distributive justice

In a climate of mutual trust, the market is the economic institution that permits encounter between persons, inasmuch as they are economic subjects who make use of contracts to regulate their relations as they exchange goods and services of equivalent value between them, in order to satisfy their needs and desires.

The social doctrine of the Church has unceasingly highlighted the importance of distributive justice and social justice for the market economy, not only because it belongs within a broader social and political context, but also because of the wider network of relations within which it operates. [35]

Here Benedict expresses faith in markets as the mechanisms by which people meet needs for most goods and services. But he views a proper market mechanism as one governed by the mutual interests of its participants such that it is fair to those interests. Drawing on the concept of *distributive justice*, he emphasizes transparency and cooperation, taking into account differences in power among market participants and providing due regard for any vulnerabilities experienced by both participants and third parties impacted by market transactions - all elements seen as critical for establishing a just marketplace. Both experience and theory suggest that markets with these properties better serve the common good than the alternatives.

On the role of culture and political action in directing markets to just outcomes

Economic activity cannot solve all social problems through the simple application of *commercial logic*. This needs to be *directed towards the pursuit of the common good*, for which the political community in particular must also take responsibility ... [as] grave imbalances are produced when economic action, conceived merely as an engine for wealth creation, is detached from political action, conceived as a means for pursuing justice through redistribution.

... Economic action is not to be regarded as something opposed to society. ... The market does not exist in the pure state. It is shaped by the cultural configurations which define it and give it direction. Economy and finance, as instruments, can be used badly when those at the helm are motivated by purely selfish ends. Instruments that are good in themselves can thereby be transformed into harmful ones. But it is man's darkened reason that produces these consequences, not the instrument *per se*. Therefore it is not the instrument that must be called to account, but individuals, their moral conscience, and their personal and social responsibility.

... Authentically human social relationships of friendship, solidarity, and reciprocity can also be conducted within economic activity, and not only outside it or “after” it. The economic sphere is neither ethically neutral, nor inherently inhuman and opposed to society. It is part and parcel of human activity and precisely because it is human, it must be structured and governed in an ethical manner.

The great challenge before us ... is to demonstrate, ... not only that traditional principles of social ethics like transparency, honesty, and responsibility cannot be ignored or attenuated, but also that in *commercial relationships* the *principle of gratuitousness* and the logic of gift as an expression of fraternity can and must *find their place within normal economic activity*. ... [36].

In this section, Benedict recognizes both the reality and the need for a more holistic and integrative understanding of economic relationships. Because culture and politics play roles in the marketplace, it is only proper that those roles be governed by more than economic power and greed vested in a few participants in relationships with many dependent and weaker individuals.

On the moral implications of economic activity – and the need for political and charitable intervention

Justice must be applied to every phase of economic activity.... Locating resources, financing, production, consumption, and ... other phases in the economic cycle ... have moral implications. ... *Every economic decision has a moral consequence.* ... Perhaps at one time it was conceivable that first the creation of wealth could be entrusted to the economy, and then the task of distributing it could be assigned to politics. Today that would be more difficult, given that economic activity is no longer circumscribed within territorial limits, while the authority of governments continues to be principally local. Hence the canons of justice must be respected from the outset, as the economic process unfolds, and not just afterwards or incidentally. Space also needs to be created within the market for economic activity carried out by subjects who freely choose to act according to principles other than those of pure profit, without sacrificing the production of economic value in the process. The many economic entities that draw their origin from religious and lay initiatives demonstrate that this is concretely possible.

... *Economic life* undoubtedly requires *contracts*, in order to regulate relations of exchange between goods of equivalent value. But it also needs *just laws* and *forms of redistribution* governed by politics, and what is more, it needs works redolent of the *spirit of gift*. The economy in the global era seems to privilege the former logic, that of contractual exchange, but directly or indirectly it also demonstrates its need for the other two: political logic, and the logic of the unconditional gift [37].

Continuing the theme of the previous section, Benedict notes that economic decisions always have moral consequences and that the circumstances deriving from economic domains often transcend political boundaries. Therefore, any assumption that political action alone will be

sufficient to ensure justice is misplaced. While political action as well as market forces have roles to play in governing economic activity, charity and the spirit of gift, expressed through the voluntary acts of market participants, are necessary to perfect the economy and further the common good.

On stakeholders and the importance of social sustainability

There is a growing conviction that business management cannot concern itself only with the interests of the proprietors, but must assume responsibility for all the stakeholders who contribute to the life of the business: the workers, the clients, the suppliers of various elements of production, the community of reference. [40]

CiV endorses both the *stakeholder model* of business leadership and an investment approach that looks to longer-term gains, avoiding both undue speculation and short-term financial perspectives. This stakeholder model is comparable to classical utilitarian theory and contemporary benefit/cost analysis - assuming all parties affected by business decisions are given “voice” and representation in the stakeholder calculus. Over time, sustainability is preferable to its alternative. Presumably all these notions are aligned with the common good.

On the need for institutions reflecting the range of values found among market participants.

... *Business enterprise* involves a *wide range of values* The ... binary model of market-plus-State has accustomed us to think only in terms of the private business leader of a capitalistic bent on the one hand, and the State director on the other. In reality, business has to be understood in an articulated way. ... It is in response to the needs and the dignity of the worker, as well as the needs of society, that there exist various types of business enterprise, over and above the simple distinction between “private” and “public.” Each ... requires and expresses a specific business capacity. ... To construct an economy that will ... serve the national and global common good, it is appropriate to take account of this broader significance of business activity. It favors cross-fertilization between different types of business activity, with shifting of competences from the “non-profit” world to the “profit” world and vice versa, from the public world to that of civil society, from advanced economies to developing countries.

Political authority also involves a *wide range of values*. ... We must promote a dispersed political authority, effective on different levels. The integrated economy of the present day does not make the role of States redundant, but rather it commits governments to greater collaboration with one another. ... In some nations, ... the construction or reconstruction of the State remains a key factor in their development. The focus of *international aid*, within a solidarity-based plan to resolve today's economic problems, should rather be on consolidating constitutional, juridical and administrative systems in countries that do not yet fully enjoy these goods. Alongside economic aid, there needs to be aid directed towards reinforcing ... the *State of law*. ... The State does not need to have identical characteristics everywhere: the support aimed at strengthening weak constitutional systems can easily be accompanied by the development of other political players, of a cultural, social, territorial or religious nature, alongside the

State. The articulation of political authority at the local, national and international levels is one of the best ways of giving direction to the process of economic globalization. It is also the way to ensure that it does not actually undermine the foundations of democracy [41].

Benedict here recognizes the functional relationship between institutional structure and economic conduct and calls for developing richer and varied entities to meet demands that may differ from place to place. He invites marketplace participation by non-profits and cooperatives as well as businesses with explicit social goals. He recognizes the need for institutional development in many nations emerging from poverty or dictatorship, while at the same time invoking the *principle of subsidiarity*, explicitly expressing concern over the development of national governments that are insensitive to local needs. A proper understanding of the common good must recognize the value placed on diversity rather than uniformity, i.e., with subsidiarity being the guide to where control over decisions ought to reside.

On globalization

The breaking-down of borders is ... a cultural event in its causes and its effects. The truth of globalization as a process and its fundamental ethical criterion are given by the unity of the human family and its development towards what is good.

The processes of globalization, suitably understood and directed, open up the unprecedented possibility of large-scale redistribution of wealth on a world-wide scale; if badly directed, however, they can lead to an increase in poverty and inequality, and could even trigger a global crisis. [42]

Globalization is inevitable. Economic globalization has social and cultural, and, thus, moral dimensions that cannot be ignored. Globalization presents opportunities for reducing poverty that should not be overlooked - and may create negative externalities that should not be ignored. By definition, globalization stretches the limits of the common good, particularly since its dynamic involves exploiting market demand and supply opportunities. The fundamental requirement of the common good is that of mutual benefits for all those affected by globalization.

On the demand for and implications of human solidarity

... Many people today would claim that they owe nothing to anyone, except to themselves. ... Concerned only with their rights, ... they ... have great difficulty in taking responsibility for their own and other people's integral development. Hence it is important to call for a renewed reflection on how *rights presuppose duties*. ... A link has often been noted between claims to a "right to excess" ... within affluent societies and the lack of food, drinkable water, basic instruction, and elementary health care in ... the underdeveloped world. ... The link consists in this: individual rights, when detached from a framework of duties which grants them their full meaning, can run wild, leading to an escalation of demands which is effectively unlimited and indiscriminate. An overemphasis on rights leads to a disregard for duties. Duties set a limit on rights because they point to the anthropological and ethical framework of which rights are a part. ... Duties thereby reinforce rights and call for their defense and promotion as a task to be undertaken in the service of the common good. Otherwise, if the only basis of

human rights is to be found in the deliberations of an assembly of citizens, those rights can be changed at any time, and so the duty to respect and pursue them fades from the common consciousness. Governments and international bodies can then lose sight of the objectivity and “inviolability” of rights. ... Such a way of thinking and acting compromises the authority of international bodies, especially in the eyes of those countries most in need of development. ... *The sharing of reciprocal duties is a more powerful incentive to action than the mere assertion of rights* [43].

This section poses three related demands that serve the common good. First, universal human solidarity is an essential condition of human development. Second, the Kantian call for balancing rights and duties is invoked. Third, the response to local conditions and values, often subject to change from time to time, may ignore basic needs, i.e., fundamental rights, of others in favor of less basic, even frivolous desires, which also raises the coincidental prospect that international bodies are needed to ensure that those fundamental rights are observed in duties to less developed populations.

In comparing this section regarding the principle of solidarity with the earlier [41] section advocating the principle of subsidiarity, one must recognize some potential conflict. Expressions of need, whether exercised in markets or via political action, are likely to reflect quite unequal circumstances: one’s “need” for a new automobile or extraordinary health care in the developed world vs. the need for minimal diets and potable water in less developed parts of the world. Ethical concerns and institutions that advance a more universal vision of justice are needed to balance these principles in their execution.

On business ethics

The economy needs [an ethics which is people-centered] in order to function correctly. ... The Church's social doctrine can make a specific contribution, since it is based on man's creation ‘in the image of God’ (Gen 1:27), a datum which gives rise to the inviolable dignity of the human person and the transcendent value of natural moral norms.

When business ethics [is detached] from these ... pillars, it inevitably risks ... becoming subservient to existing economic and financial systems rather than correcting their dysfunctional aspects. Among other things, it risks being used to justify the financing of projects that are in reality unethical. [45]

This passage underscores the import of ethical concerns in business decision-making. However, mere adherence to an ethical code such as financial utilitarianism or legalism is insufficient. Without referring to it directly, this statement argues for a quasi-Kantian framework for business conduct, but also one in which consequences must advance human welfare beyond the sometimes narrow interests of the individual business organization, i.e., the common good is the metric that must be applied at the macro level.

On the ethical responsibilities of consumers

The consumer has a social responsibility, which goes hand-in-hand with the social responsibility of the enterprise... It is necessary to explore other paths:

- cooperative purchasing ...
- new ways of marketing products from deprived areas of the world, so as to guarantee their producers a decent return. [66]

The encyclical addresses the prospect of a *consumer ethic* that corresponds to the responsibilities of business enterprise, presumably (at least in our interpretation) mindful of the impact of purchasing, usage, and disposal decisions on the environment and those less fortunate. In short, this appears to be a clarion call for more responsible consumption including “fair trade” marketing initiatives. *CiV* also calls for institution building in the form of consumer cooperatives (in which the Church, historically, has played a major role) and a regulatory environment that advances the common good.

Defining Goals and Objectives

It is possible to interpret *Caritas in Veritate* as only enunciating normative principles to be followed. It is even conceivable to see the encyclical as only a detailed critique of current circumstances and the arrangements and actions that have led to those conditions. A more aggressive and, we believe, more appropriate interpretation is to translate the criticisms and principles into a set of specific goals, objectives, and approaches by which progress and achievement can be assessed. So what are the essential managerial and public policy “take-aways” from *CiV* that might serve as enlightened goals and objectives for business and public officials?

More than short-term profits. The encyclical stresses an orientation extending beyond immediate financial rewards. Such an orientation requires explicit attention to more than the quarterly and annual results that appear to drive the actions of too many firms. It also requires explicit attention to non-financial measures that contribute to organizational sustainability.

Ethical goals rather than economic constraints. The usual response to that imperative is to treat social and ethical concerns merely as constraints on the decision function, e.g., “Maximize annual profit subject to some limits (often determined by public regulation).” The result is a “negative ethic.” Alternatively, a more positive ethic would recognize an appropriate return on investments in conjunction with such external obligations as improved product safety, environmental improvements, and community relations.

“Triple bottom line” (people, planet, profits). An approach that supports this understanding recognizes the desirability of having multiple objectives, comparable to the “Triple-Bottom Line” (people, planet, and profits) generally attributed to Elkington (1998). Integrating social and business criteria recognizes tradeoffs among financial returns and social outcomes. However, these categories are thereby put on a comparable footing, directing action to yield achievements in the social and environmental realms, beyond the minimum requirements imposed by regulation or custom, often out of date in light of changing technology and practice.

Governance, transparency, & accountability. The investigations of corporate scandals of the past decade, including those in the financial sector blamed for the recent Great Recession, commonly identify serious deficiencies in organizational leadership and structure: conflicts of interest among executives, board members, financial analysts, and regulatory agency representatives; accounting practices intended to hide or deceive rather than inform; and a web of obscure relationships apparently intended to provide organizational leaders with deniability. These deficiencies are correctible through attention to relationships, compensation systems, and policies that advance organizational cultures in which misconduct is penalized, good conduct is rewarded, and transparency is able to provide an environment that fosters responsible behavior.

Positive relationships between marketing and other organizational functions. The desirable elements referred to above help foster organizational integrity. However, organizational integrity is virtually impossible to develop or maintain when organizational units are isolated from one another, competing for attention and resources and guarding rather than sharing information. It is popular to contemplate the “Dilbertian syndrome” whereby product design and quality specifications are compromised by marketing and cost considerations. To the extent that such characterizations are valid, marketing managers and cost accountants have much to answer for. A more positive understanding of organizational integrity is built on both helpful and mutually supportive relationships among units within the organization and with stakeholders represented in the organization’s environment.

Regulatory regimes that avoid the extremes of burdensome administration and compliance optimism. It seems clear that market forces alone are either insufficient or act too slowly to ensure justice and transparency in market transactions and relationships. The CST tradition has emphasized ethical conduct as the primary guarantor of otherwise vulnerable interests. Yet, an objective appraisal of history recognizes, first, that periodic breaches of conduct remain a reality and, second, that even normal expectations require some minimum standard of conduct and enforcement. These conditions, therefore, call for some regulatory regime to protect third party and vulnerable second party interests. The scope of necessary oversight is uncertain, but at one point CiV called for some international body to carry out this role. Whatever the domain of this regulatory regime, we must recognize the two extremes of regulatory failure: (1) burdensome administration with compliance costs that exceed resulting savings and, (2) insufficient resources for enforcement such that compliance is seen as an unnecessary burden and non-compliance comparatively risk-free (See Carman and Harris 1986).

Social benefits and costs. Social benefit/cost analysis provides the technical means to accomplish the task of appraising projected or experienced consequences of both actions and regulations. Klein (1977) provides a detailed examination of alternative perspectives and methodologies for applying this concept.

Quality of life indicators. The quality of life concept provides a more explicit measure of the common good that can also be incorporated into organizational and public policy objectives and benefit/cost analysis. Akin to the social indicators movement of the late 1960s and early 1970s (Seidman and Parke 1978), the use of QOL measures can serve several purposes: identifying opportunities for improvement, assessing progress, and as a basis for social reporting in such areas as community health and perceptions of general well being (Sirgy, Phillips, and Rahtz 2011).

“House of Quality.” An approach to product design that takes account of the desire to balance multiple attributes by weighting them proportionally according to their comparative importance to customers is that of “The House of Quality” (Hauser and Clausing 1988). This concept could also be applied to devising managerial and public policies by adding various *social* concerns to financial criteria in guiding marketing decisions to better serve common good objectives.

Evaluating the Papal Letter

CiV discusses critical contemporary socio-economic issues, including several that have marketing implications. Its provisions are consistent with secular ethical norms as well as the perspectives of other religious traditions (e.g., Judaism); this adds to the appeal of *CiV* as it can resonate in other cultures. *Caritas in Veritate* contains what may be regarded by some as radical social visions, but it is also generally supportive of private property and the market system. It presents principles, not policy - and is not a “cookbook,” *i.e.*, these principles are subject to interpretation based on local conditions. Although there has been controversy over some of its proposals, (e.g., for some, more robust international governance mechanism that may be in conflict with national sovereignty), its proposals are logical and consistent with Benedict’s overarching approach to moral questions. International governance may be a logical solution to *international* conflict and to the absence of effective regulation in some nations. Most impressively, the papal letter has macro as well as micro implications, clearly linking individual actions to the *principle of the common good*.

As suggested in connection with the proposal for supranational economic governance, the encyclical has stimulated criticism from both pro-business and pro-social perspectives -- suggesting Benedict probably “got it right.” However, critics also uniformly recognize that *Caritas in Veritate* is an important contribution to the conversation about what directions should be taken in responding to the current global economic crisis.

One important reservation remains in applying CiV and, more generally, CST to marketing: It is difficult to integrate the principles. That is, from a business operations standpoint, does one of the principles rise to the top of hierarchy when worthy policy recommendations might conflict? The hierarchy of principles that generally characterizes CST provides an implicit supremacy to the *principle of human dignity*, but that concept often seems too broad to organize the morality of business. CiV, on the other hand, links its propositions to the virtue of charity. We are very sympathetic to the logic of “giving and receiving” as the central metaphor for human relations and co-operation, also embedded in the exchange concept that is the foundation for marketing. However, it is extremely difficult to imagine corporate managers formulating strategies and policies under the “charity banner” when even corporate philanthropy tends to be rationalized in terms of business interests. Other principles of CST face similar obstacles when seeking a guiding principle, but a strong case can be made for the common good benefiting business interests as well, as we have tried to show above.

Concluding Comment

The reflections here suggest that the *principle of the common good* may provide the integrating force for applying CiV and the other papal encyclicals cited here to bear on issues in marketing. Businesses thrive in an environment of prosperity. The recent global recession proves the difficulty of generating profits, with or without curtailing costs, when business and

consumer spending are in decline and when financing is difficult to obtain. Moreover, behind general economic concerns are problems with adequate personal income, housing, education, and health – key ingredients of the common good - that would be substantially rectified if micro decisions were to contribute to, rather than challenge, general economic welfare, both within and among nations.

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Is Disclosure Enough? An Examination of Home Insurance Contracts

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Extended Abstract

Introduction

After a series of catastrophic floods in December 2010 and January - February 2011, in the states of Queensland and Victoria, Australia, more than 43,000 home insurance claims were lodged with a value in excess of \$3 billion. After the floods, insurers advised many policyholders that their policy might not necessarily cover them for the damage caused by the floods, despite many policies seemingly covering “flood”. Brisbane’s most widely read newspaper, *The Courier-Mail*, reported in early January, for example, that RACQ insurance chief executive Bradley Heath said that while his organisation “includes flash flood coverage in our standard household policies, RACQ Insurance has never offered flood cover as standard. Unless policy holders have purchased the optional flood coverage, RACQ Insurance will not be able to pay flood claims” (Walsh 2011). Similarly, other insurers stated that even if policy holders had insured for floods, many policies did not cover river overflows caused by excessive rain.

Consequently, consumer groups and federal and state governments raised concerns with the insurance industry that “typical” consumers may not fully understand the distinctions within the product disclosure statements (PDS) for home insurance (Needham and Yates 2011). Indeed, with concerns around the possibility of more extreme weather events as a result of climate change, government ministers called for a widespread review of regulation around insurance, to examine, amongst other things, the role of government in regulating the way in which insurance companies disclose information about insurance policies (Shorten 2011). As part of this enquiry, government, consumer groups, and insurance ombudsmen sought to further understand how a consumer might interpret the product disclosure statements provided by insurers, with the possibility of modifying legislation to make it more likely that a consumer will know what type of insurance policy he or she is buying (Sydney Morning Herald 2011).

This paper makes an initial attempt to examine two PDS to ascertain what a typical consumer might understand, comprehend and learn from document. Through the use of insights and research in the fields of consumer behaviour and cognitive psychology, this paper provides an initial content analysis of these two PDS that takes into consideration a number of relevant theories (including processing capacity of the reader, framing, prospect theory, trust, branding, maintaining the status quo, the use of heuristics, expert opinion, and the optimism bias).

Method

For the purposes of this analysis, we approached the organisation that was handling the largest number of disputes with insurers, Legal Aid Queensland, and asked them to recommend two PDS that they believed consumers were likely to find difficult to understand. The recommendation was based on the number of cases with particular insurers, i.e., both RACQ and NRMA were prominent insurers in the Queensland marketplace. We then sourced home and contents insurance contracts, promotional material and product disclosure statements, available from the NRMA <<http://www.nrmaqlld.com.au/documents/policy-booklets/home-policy.pdf>> and RACQ http://www.racq.com.au/_data/assets/pdf_file/0004/52627/Household_PDS_-_FINAL_v3_low_res.pdf websites. These documents were downloaded from the respective organisations' websites, printed out, and annotated as part of the study. As with many insurance policies, one of the companies noted above act as agents for a larger insurer, Insurance Australia Limited (for NRMA and noted on page 76 of the PDS). RACQ Insurance Limited is the provider of the insurance for RACQ. In the case of NRMA, all of the material, including the PDS, maintains great effort to brand the insurance "agent" (NRMA) as the provider of the insurance policy, rather than discussing the actual insurer. It is therefore argued, that the brands themselves (NRMA and RACQ), through the high level of branding in the material provided by the insurers serve as the proxy insurer as far as consumers are concerned.

In order to measure contractual complexity, scholars have employed measures such as the length of contracts in terms of the number of pages (Gillan et al. 2007), the "amount" of information in contracts (Robinson and Stuart 2007), or the number of provisions in contracts and their stringency (Bentley Macleod 2002). For the purpose of this study, the complexity of contracts were analysed in terms of the length of contracts, the number of options available, and the structure of the contract (sequence, layout and language). We have provided some examples of each concept in Appendix 1, as well as a detailed examination in the next section of one of these key concepts, viz., how the insurance contract structure influences decision-making.

Insurance contract structure

Both contracts have a similar structure, viz., table of contents (TOC), introduction, body of the contract and conclusion. In the NRMA contract, the first page of text provides an overview of the key components of the PDS, followed by a table of contents, while the first page of the RACQ contract provides imagery of a happy, stereotypical middle-class family, followed by the table of contents.

The intent of the table of contents is to provide the reader with an overview of the key elements of the PDS. However, this first page is likely to be approached as a critical element of the agreement by most readers, and for most individuals unfamiliar with the language of the TOC, requires an initial large amount of information processing resources. In addition, the introduction to the contract is of critical importance in that it contributes to establish trust between the parties and frame the decision-making situation.

The establishment of trust – defined as "an actor's expectations of the other party's capability, goodwill and self-reference in future situations involving risk and vulnerability"

(Blomqvist et al. 2008, 126) - is fundamental to build “confidence in an exchange partner’s reliability and integrity” (Morgan and Hunt 1994, 23). In the context of insurance contracts, in which the relationship between the parties continues after they sign the policy, it is necessary, from the psychological perspective that the parties trust each other because the contract will bind them “long after they enter into the contract and even after the occurrence of the insured-against event” (Schwartz 2008, 109). Expressions such as “By choosing NRMA Insurance, you’re choosing to get on with the life you enjoy – and stop thinking about the ‘what ifs’. NRMA Insurance has been helping people for many years” represent clear cues aimed at building trust. The establishment of trust is necessary since consumers are boundedly rational rather than fully rational decision makers, meaning that they have significant limitations to the amount of complexity they can cope with. Thus, they will focus on a few single cues instead of many complex ones (Simon, 1955).

For this reason, scholars believe that insurance contracts are closer to relational contracts than to regular consumer transactions (Schwartz 2008). Thus, establishing and preserving a trustworthy relationship between the parties is critical, because if one or other of the parties is not perceived as being trustworthy, increased commitment to the relationship is unlikely to occur (Morgan and Hunt 1994). In this sense, it is arguable that, amongst other documentation, the presentation or use of information disclosure statements functions as a proxy for trust for the consumer (Williamson 1996), and serves to reduce the degree of uncertainty about the outcome of the relationship. Doney and Canon (1997) demonstrated that when consumers find it difficult to make rational choices based on available information, they tend to create relationships and to emphasise trust and loyalty. In the context of the PDS examined, these documents bear more resemblance to marketing promotion or sale brochures, than legal contracts, and therefore, it is arguable that consumers are likely to approach and assess them in a more relaxed light.

Both contracts are in full colour, and begin with an introduction aimed at building trust by thanking the customer for choosing the insurance company, and reassuring him or her on the reputation of the company, e.g., “Thank you for choosing NRMA Insurance”, and “Welcome to RACQ Insurance. Thank you for insuring with RACQ Insurance. We are delighted to have you as a customer”. Although these statements may present themselves as innocuous, even banal, they serve to establish both authority and relational connectedness. Trust is also built by emphasising the complete availability of the company’s services, e.g., “Customers have access to a network of branches and agents throughout Queensland and a 24 hour, seven day-a-week call centre. If there’s anything you don’t understand or need help with, just give us a call on 132 132 or visit an NRMA office.”

The introduction to the contract also contributes to frame the task. Tversky and Kahneman (1981) demonstrated that the way in which a task is presented can directly affect how an individual perceives the decision problem, particularly the perceived alternatives, the consequences derived from selecting an alternative, and the likelihood of particular consequences occurring. The risk as feelings argument (Loewenstein et al. 2001) suggests that consumers will assess the role of affect at the moment of decision-making, e.g., the actual premium cost, rather than the longer-term affect of not actually purchasing enough insurance, e.g., the loss accrued from not completely checking what is and what is not covered. In addition, individuals will be drawn toward concrete information, e.g., the monthly cost of the premium, rather than abstract information, i.e., the potential events, when making choices.

Everything in the introduction (e.g., pictures, colours, claims) works to reduce anxiety and anticipated regret, to promote low-involvement, and to increase the likelihood that the consumers will use heuristics, such as branding and trust, to make their decision. Generally, insurance reduces anxiety, and functions as a form of reassurance for many people. For instance, “people reason that at least they will receive some money if the painting is damaged” (Cutler and Zeckhauser 2004, 46). The introduction has therefore the function to reinsure the consumer through sentences (e.g., “Stop thinking about the ‘what ifs’”) and pictures (e.g., the stereotype of a happy family, smiling parents, kids playing soccer, etc.). Anxiety is very often involved in the information search process, since rationally bounded decision makers operate within time and cognitive limitations (Kuhlthau 1993). In addition, the presence of a significant amount of information in the contract could induce a feeling of overload, which is usually associated with a loss of control over the situation, and sometimes with feelings of being overwhelmed (Bawden and Robinson 2009) leading to anxiety. Thus, the presence of such heuristics serve to reduce the likelihood that the consumer perceives any anxiety in obtaining the insurance, and what it might cover.

Further, the format and layout of the contracts lead to low-involvement, and encourage the use of the heuristic processing (Chaiken 1984). In particular, heuristic processing is favoured since rationally bounded decision makers do not have infinite resources or time to devote to gathering and analysing information (Simon, 1955). Although, individuals make conscious efforts to make decisions based on a formally rational process, they often have to make simplified assumptions and accept limits on the availability of information. Thus, heuristics function as tools for reducing the complexity of decision making in bounded rationality contexts.

For instance, the insurer is committed to making the process as simple and straightforward as possible so that only a small effort or basic comprehension on the part of the customer will be required, e.g., “We want to make things simple when it comes to insurance – from being clear about what you're covered for, to less complicated claims.” Although the intent of a statement such as this is to reassure the consumers that they are making a good decision, it also serves as barrier to the consumers’ perception of risk, thus reducing the likelihood that they will read the detail within the PDS.

The body of the contract summarises the object of the insurance, e.g., what risks or perils, are covered and what are not covered, the extent and nature of the coverage and the services provided by the insurer. It also states what optional covers can be added by the insured, and what risks are excluded from coverage. The body of the contract is characterised by a substantial amount of information. Numerous studies exploring the effect of the amount of information available on judgment behavior (Hayes 1964; Einhorn 1971; Jacoby, Speller and Kohn 1974) have demonstrated that the effects of increasing the amount of information increases the variability of the responses and decreases the quality of the choices (Slovic and Lichtenstein 1971). Because all of this information will be processed in the working memory, rather than longer-term memory, the capacity to understand and comprehend the detail of the information in the body of the PDS is very limited.

In addition to the complexity of the information, the vagueness of the language contributes to increase the degree of uncertainty of the task for the customer. The language is, at

times, indefinite and unclear: “We may not cover you for some events – for example, bushfire or flood – if they cause loss or damage during an embargo period”. This use of vague language occurs because “insurers may draft contracts without considering future developments not within the cognizance of either party at the time”. Nonetheless, insurers may also choose to use vague wording because they want to avoid deterring potential clients from agreeing to the policy, or because some situations are difficult to predict and anticipate. Sometimes, the insurer simply chooses to leave the wording as is, because the costs of changing it would probably exceed the total potential damages from any resulting claims.” (Schwartz 2008, 110).

Finally, the conclusion focuses on the claims, specifying the provisions in the policy required to be met for the insurer to pay claims and including rules of conduct, obligations, and duties. It also focuses on the premium and additional information, e.g., definitions. The final part is aimed at reinforcing trust, e.g., “We take customer satisfaction seriously. If you have a complaint concerning this product, our services or a privacy issue: Talk to us first”, in order to guarantee the necessary commitment of the parties.

Summary and Implications

The main contribution of this study is to incorporate the consumer’s perspective in the design of the contracts and to raise the importance of including cognitive considerations in the development of insurance contracts to enhance the contracts’ understanding and comprehension. In addition, the study emphasizes the necessity of including considerations of processability of information (as opposed to mere availability of information) (Harrison 2011; Russo, Krieser, and Miyashita 1975).

Insurance contracts are characterised by a high degree of ambiguity and uncertainty, because they represent long-term exchange situations (Seshadri and Mishra 2004). In this context, bounded rational consumers who also have just a limited amount of time available to make a decision, are incapable of fully understanding the complexity of the information and tend to process it heuristically (Chaiken 1984, Simon, 1955), relying on rules of thumb. Therefore, even individuals who intend to make rational choices are bound to make satisficing (as opposed to maximizing or optimizing) choices when dealing with complex situations.

Although, at “face value”, the contracts attempt to make the reading as informal and simple as possible through the use of contrasting colours, images, and layout, it is unlikely that an average person would be able to read and comprehend more than a small proportion of the 84 and 78 pages (approximately 20,600 and 18,400 words) of detailed, yet vague and perceptually contradictory material contained within each of the documents.

Although insurers, and others, would like to believe that disclosing information about their insurance contract is enough, we concur with the chairman of Australia’s financial regulator, the Australian Securities and Investment Commission (ASIC) that “the regulatory regime relies heavily on disclosure as a means for consumers to make appropriate financial choices. However, despite this detailed information, consumers often do not make decisions that are in their best financial interest. Do we need something beyond disclosure to help consumers make better choices?” (Australian Securities and Investment Commission 2011, 109). As discussed,

individuals are not able to process all information equally, and therefore rely on shortcuts (heuristics), biases, and previous experience to judge what information is, and is not critical. Consumers also edit as they read, and therefore, without their awareness, would not weigh all of the information equally in their reading of the documents. Indeed, most consumers would literally avoid some of the more complex and verbose material in the document, simply because it requires substantial cognitive effort.

This need to “prune” information is not confined to any particular group or demographic. All people use these strategies when confronted with new, complex, or unfamiliar information. Indeed, a representative of the institution that was arguing to government and in the media that people should be able to understand disclosure in insurance contracts, the Insurance Council’s general manager of risk, Karl Sullivan, was ironically caught off guard in an interview on the national ABC Radio PM news program (2011), when discussing the floods and insurance contract product disclosure statements:

REPORTER: The insurance industry has been facing some criticism about policies being complicated in terms of whether the flood cover is for a river flood or a flash flood or a problem with stormwater. What do you say to that criticism?

KARL SULLIVAN (Insurance Council of Australia): Most of the definitions are written in very plain English and are very simple for a layman to understand. Unfortunately a lot of people maybe don't make the effort to understand what the risks are that they're facing.

REPORTER: Why do you think that is?

KARL SULLIVAN: Look, complacency is one angle. Before I joined the industry I think I was probably one of those people who didn't pay a lot of attention to reading my policy documents. I certainly do nowadays.

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Appendix 1: Some examples of insurance contract complexity

Insurance contract structure			
Introduction	Trust, low involvement and anxiety/anticipated regret reduction	<p>"Thank you for choosing NRMA Insurance. By choosing NRMA Insurance, you're choosing to get on with the life you enjoy – and stop thinking about the 'what ifs'. NRMA Insurance has been helping people for many years"</p> <p>"We want to make things simple when it comes to insurance – from being clear about what you're covered for, to less complicated claims"</p>	<p>"Welcome to RACQ Insurance. Thank you for insuring with RACQ Insurance. We are delighted to have you as a customer. Please do not hesitate to contact us if you have any questions about insurance or need help in making a claim"</p> <p>Reinsuring family picture</p>
	Framing	The insurance purchase situation is a loss-framed decision problem, and draws upon the risk as feelings theory.	
Body of the contract	The object of the insurance (what is covered or not)	<p>Complexity and length of the document:</p> <ul style="list-style-type: none"> Number of options: <ol style="list-style-type: none"> Buildings and Contents Insurance; Buildings Insurance; Contents Insurance. Jargon/Vagueness of the language: "We may not cover you for some events – for example, bushfire or flood – if they cause loss or damage during an embargo period" "We cover your home or contents when certain things happen – for example, fire, theft, storm and earthquake. These are known as 'listed events'". 	<p>Complexity and length of the document:</p> <ul style="list-style-type: none"> Number of options: <ol style="list-style-type: none"> Damage caused by weather; Criminal acts against you; Accidents that cause damage to your home and/or content. Jargon/Vagueness of the language: "All other contents items Up to the contents sum insured unless a separate limit applies"
Conclusion	Trust reinforcement	<p>"Talk to us first"</p> <p>The first thing you should do is talk to one of our Consultants about your concerns. Call us on 132 132. The Consultant may be able to resolve the complaint for you...</p> <p>The Consultant or Manager will attempt to respond to your complaint as soon as possible."</p>	<p>"We take customer satisfaction seriously. If you have a complaint concerning this product, our services or a privacy issue: Talk to us first"</p>

Was Vicary right, and why should macromarketers care? Is there systematic subliminal promotion?

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In 1957, when James Vicary claimed to have successfully applied subliminal advertising techniques in a New Jersey cinema theatre, the publicity about the event caused an uproar in the vulnerable US public (frightened by cold-war rumors about brainwashing) and scientists alike. The marketing academic community responded with overwhelming denial in order to calm anxious consumers (Klass, 1958, Broyles, 2006, Brown 2008). Conveniently, the few empirical studies, which were published largely failed to show claimed effects or were rejected on methodological grounds (Dijksterhuis et al., 2005; Hawkins, 1970). Skeptics prevailed by raising a number of technical and methodological issues that made an unequivocal demonstration of effects practically impossible (Holender, 2010). Consequently, the academic community concluded that subliminal stimuli do not work in a consumer context (Moore, 1982). Marketing academics had freed themselves from the awkward situation of having to discuss subliminal persuasion for commercial or political purposes. Academia largely lost interest in the persuasive effects of the topic despite the lack of sufficient research to clarify the issue (Dijksterhuis et al., 2005). Vicary subsequently admitted his claim was a hoax designed to promote his consulting business, though to considerably less publicity than his original claims.

Psychology, paradoxically, has been debating unconscious influences on the mind since the beginning of the 20th century (Dixon, 1971). In a review of studies which investigated the human processing capacity, Nørretranders (1998, cited in Dijksterhuis et al., 2005a) outlines that the human sensory system (as total processing capacity) is able to deal with a total of 11 million bits (binary digit – basic unit of information storage) per second. Our sophisticated visual system mainly contributes (10 million bits per second) to the high processing capacity. In contrast, the consciously controlled processing is limited, depending on the task: word processing (e.g. silent reading) happens with 45 bits per seconds, calculation tasks are processed with 12 bits per second. Thus, the amount of unconscious processing is 200,000 times higher than the amount of conscious processing, as for the latter 45 to 50 bits are considered to be the limit. For this, one can say, subconscious perception is part of our daily life (Bargh, 1992).

Between the 1970s and the 1990s, subliminal effects became largely accepted by the psychology discipline, holding implications for clinical, cognitive and social psychology (Bornstein and Pittman, 1992). Recent advances in computer-driven technology utilized in laboratory-based studies provide evidence for unconscious influences on consumer decisions (Bornstein, 1989; Bargh, 2002; Aarts et al., 2008; Fitzsimons et al., 2002). It appears that marketing retreated from the investigation of subliminal persuasion effects too hastily (Dijksterhuis et al., 2005; Karremans et al., 2006). Research shows that consumer goals can be

activated both automatically and unconsciously (Bargh, 2002, Strahan et al., 2002; Bermeitinger et al., 2009).

Bermeitinger et al.'s 2009 study supports Karremans et al. (2006) findings of successful brand priming when the information is goal-relevant (in this case tired participants and Dextrose pills in a laboratory experiment), but the question of whether reliable subliminal effects on consumer choice can be obtained in a 'real world' application remained an unanswered empirical issue (Dijksterhuis et al., 2005; Bornstein, 1989; Bargh, 2002; Moore, 1982). In fact, Vicary's claim was never scientifically tested (Karremans et al., 2006).

It is clear that if we were taking a Bayesian approach to subliminal advertising effects we would have very different prior probabilities depending on whether we believe the articles in marketing (prior probability 0.01) or the empirical studies in psychology (prior probability 0.95).

The present research takes up the challenge to investigate persuasion effects of subliminal stimuli on the behavior of movie goers in a more realistic choice situation and the implications for one of the fastest growing communications strategies of leading brands, product placement in the mass media.

Purpose and Method

We hypothesized, that participants, subliminally and repeatedly exposed to a brand logo, would be affected in their subsequent choice behavior. The research aligned closely with the original Vicary claim using a cinema-like setting with a naïve audience. We invited subjects to a screening of an action movie. The movie goers, with the research purpose masked by other research, unknowingly signed up for one of the two experimental conditions, watching the movie with primes or without primes. The experimental condition had an opaque beer brand logo superimposed (on roughly 1/15th of the screen) on single frames of the movie and lasting for 40s. The control group saw the movie unedited. Both groups consumed salty crisps (typically thirst-arousing). After the screening, movie goers made a real choice between two beer brands of the same price, and style, and very similar taste.

Analysis and Results

We conducted an experiment using subliminal advertising and 419 subjects viewing an entire movie, then making a real choice of beer brands.

For the present binary data, a dependent variable with only two categories, logistic regression was the most appropriate model. A significant relationship between choice and priming condition was gained which indicates that priming mediated choice behavior. Participants under the primed condition were significantly more likely to choose Beer B compared to participants from the control condition.

The present investigation showed a considerable change in choice behavior as a result of subliminal brand exposure. Our findings suggest that choice behavior is likely to change when people are motivated (e.g. thirsty) and are exposed to a brand subliminally, which has the potential to satisfy their goal. In our experiment, movie goers choice of Beer B increased significantly after subliminal exposure to the brand logo. We can thus conclude that subliminal

persuasion is able to influence consumer choices under certain circumstances (Karremans et al., 2006; Fitzsimons et al., 2002). The findings have implications for (unethical) businesses (Bargh, 2002) considering, even if only temporarily, the possible increase in a brand's market share if subliminal advertising were to be used.

Discussion and Conclusion

After a long period of controversy, considerable empirical evidence for subliminal persuasion has accumulated, outside of the marketing discipline, in recent years and this has quelled criticism of research examining the issue of subliminal persuasion (Moore, 1982). For decades, consumer psychology has lacked empirical evidence for the effectiveness of 'subliminals' in a realistic consumer choice situation and this study has filled that void. The present research is the first experiment testing subliminal stimulation under 'real world' conditions and thus, the first empirical examination of the Vicary claim. The possibility of priming a cinema audience is far from being a myth (Klass, 1958) and "brouhaha" (Brown, 2008, p. 351).

Even though, the present findings cannot generalize the effectiveness of subliminal advertising, this investigation suggests, that more than 50 years after Vicary, marketing science should revisit subliminal priming as a viable means to change brand preference. Our findings show that significant results are possible in a cinema. Future research should devote special attention to the strength and persistence of these effects over time, the impact of competing subliminal cues, and the question of high versus low involvement conditions for consumers.

This study has implications for the practice of product placement, particularly peripheral placements, which are likely to be subconsciously processed. Concerns about manipulation at a subconscious level and governmental restrictions are not exaggerated after all and perhaps many academics have dismissed the topic too hastily. In fact the peripheral placement of brands in mass media is worthy of investigation regarding the cumulative effect of their placement in the mass media and the influence on brand choices.

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Hyper Norms in Global Firms' Codes of Conduct: A Pilot Study

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The desire to identify universal ethical principles for business has motivated research among macromarketers and business ethicists for some time. Drawing particularly on the work of Laczniak and Kennedy (2011) and Getz (1990, 1995), this study examines corporate global codes of conduct for a sample of US-, European-, and Asian-based firms. Using content analysis, elements are identified that seem to represent Laczniak and Kennedy's hyper norms. All of their identified hyper norms were present in the codes of conduct, although environmental stewardship, contribution to development, and respect for host country were least often observed. While these findings provide some encouragement for the presence of hyper norm elements in company codes, company motivations in including them cannot be inferred. Further research is warranted. A larger, more representative sample of firms and more in-depth analysis is needed to gain a deeper understanding of the role hyper norms play in firms' ethical codes of conduct.

Introduction

For macromarketers concerned with the area of ethics, lack of a set of universally recognized ethical principles represents an age-old dilemma. To what extent are ethical values culturally bound? Can we identify norms that are globally acceptable? If a global code of conduct is recognized, how will this help us to integrate ethics into marketing at the micro level? How will it aid macromarketers in our understanding of marketing systems? The focus of this paper is the evolution of hyper norms for global businesses. We offer a preliminary examination of global firms' codes of conduct, and discuss future research steps.

Research Background

At the 2010 Macromarketing Conference, Gene Laczniak and Ann-Marie Kennedy discussed the search for a code of business conduct in an age of globalization. This search has evolved over time, including the United Nations' declaration of human rights in the 1940s through the UN Global Compact designed as a code for corporate citizenship (2008). The need for identifiable universal principles has also been pointed out by Wood, Logsdon, Lewellyn, and Davenport (2006). Their model of "global business citizenship" relies upon universal principles to drive the process of finding appropriate corporate behavior within different cultural contexts. Other attempts at comprehensive ethical codes for global business include DeGeorge's general norms for multinational firms (2000) and Donaldson's (1989) international human rights. Kathleen Getz (1990) performed an analysis on four international codes of conduct designed for multinational enterprises. The four organizations studied were the International Chamber of Commerce (ICC), the Organization for Economic Cooperation and Development (OECD), the

International Labor Organization (ILO), and the Commission on Transnational Corporations (CTC). She identified the following three common areas across these codes: MNEs and host governments, MNEs and the public, MNEs and persons. Individual elements include: MNEs and host governments: economic and developmental policies, laws and regulations, and political involvement; MNEs and the public: technology transfer and environmental protection; MNEs and persons: consumer protection, employment practices, and human rights. Not surprisingly, though some components are labeled differently, there are parallels between her findings and those of Lacznia and Kennedy. Getz (1995) also identified common underlying core values present in the four organizations' codes:

- National sovereignty: national governments possess ultimate authority over the activities that take place within their boundaries and should be free from interference from foreign governments.
- Social equity: it is good and appropriate for social burdens and benefits to be fairly, though not necessarily equally, distributed among all individuals and groups in society.
- Human rights: basic human rights, legal rights, and corresponding duties.
- Market integrity: markets are unimpaired or market imperfections are corrected.
- Organizational autonomy: the legitimate authority of private organizations to direct their own activities, free from governmental interference.

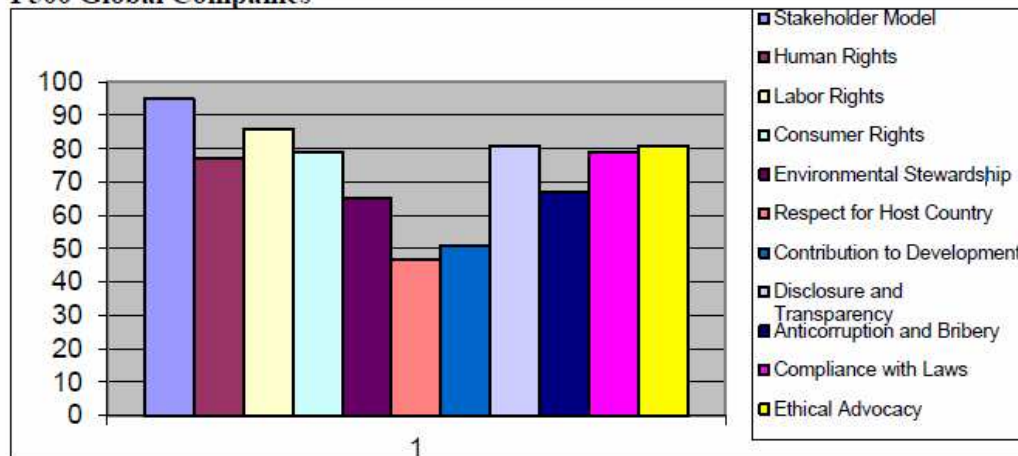
Getz found substantial agreement among the four codes regarding these five core values. The CTC code included provisions regarding all five values; the other three codes included provisions supporting four of the five values (Getz 1995).

Lacznia and Kennedy's (2011) review focused on distilling seven sets of global ethical guidelines into common underlying principles, or hyper norms. Hyper norms are described by Donaldson and Dunfee (1999) as moral standards that should be applied to people in all societies. Lacznia and Kennedy's analysis uncovered several common elements: stakeholder model, human and labor rights, consumer rights, environmental stewardship, disclosure and transparency, anticorruption and bribery, contribution to development, compliance with laws, respect for host country, and ethical advocacy. They identify three hyper norms into which these elements fall:

- Stakeholder theory: calls on business firms to take responsibility for the outcomes of their actions, including the strategic intent behind those actions (Lacznia and Kennedy 2011).
- Comprehensive sustainability: all of the efforts necessary to integrate economic activity with protection of the physical environment as well as an improvement of the social setting in which MNCs operate (Samli 2008).
- Authentic compliance: an ethical aspiration for global corporations to exceed the threshold of the law (Lacznia and Kennedy 2011). After a careful comparison, the authors determined that Getz's five core values are subsumed within the L&K hyper norms, so those were employed in the study.

A content analysis was used to identify content in company codes of conduct that reflected the L&K hyper norms. A sampling of companies listed in the Fortune Global 500 was selected, with care to include companies from Europe, Asia, and the U.S. The eight companies included were: Ford, Hyundai, Procter & Gamble, Samsung, Shell, Toyota, Volkswagen, and Walmart. Independent coders consisted of 19 students, 17 enrolled in an ethics class, and 2 in an international marketing class who had undergone some ethics training. Coders were given the task of reviewing the hyper norm elements, then identifying where within the company's code of conduct these elements were present.

Figure 1: Percentage of Hyper Norms Observed in Ethical Codes of Selected F500 Global Companies



Results

The ethical conduct documents of these eight companies were content analyzed through a total of 43 observations. Figure 1 provides a summary of our findings. The results revealed that the Stakeholder Model (the recognition of multiple party interests, not exclusively shareholder interests) is the most commonly observed hyper norm. Forty-one out of 43 independent observations found this hyper norm in the companies' ethical conduct documents. In other words, there is a 95 percent agreement among the independent observers that this particular hyper norm is included in the companies' ethical conduct documents.

The second most common hyper norm is Labor Rights (aspects of conditions for workers and employee considerations). Thirty-seven out of 43 observations found this particular hyper norm in the companies' ethical conduct documents (an 86 percent agreement among the independent observers). Disclosure and Transparency (openness in communication about the impacts the organization will have on stakeholders), and Ethical Advocacy (not only following the guidelines they embrace, but leading other organizations to follow the guidelines) were observed 35 times (out of 43 observations) with an 81 percent agreement among the independent observers.

Customer Rights (considerations for customers of an organization), and Compliance with Law (following the laws of host countries) were also observed a total of 34 times (out of 43

observations). These norms were followed by Human Rights (basic considerations due to all human beings, often referenced to the UN Universal Declaration of Human Rights) with 33 observations, Anticorruption and Bribery (refraining from such practices as bribery, money laundering, drug trafficking, terrorist activities, and extortion) with 29 observations.

The hyper norms that were found to be most problematic (i.e. the ones that were observed least in the ethical conduct documents of the study's companies) included Environmental Stewardship (consideration of environmental resources and rights of future generations) with 28 observations, Contribution to Development (improving the host country, through contribution to economic, social, and/or environmental development; improvement of quality of life in the country) with 22 observations, and Respect for Host Country (consideration for traditions and cultures of host countries, as well as conformance to national regulations and conventions) with only 20 observations.

Discussion and Conclusion

Although the three elements listed above showed fewer observations, with one exception, all company codes sampled contained at least one reference to all of the hyper norm elements. The one exception was Ford Motor Company, where no reference to contribution to development was identified. The content analysis revealed most references to the stakeholder model, and heavy emphasis on labor rights, disclosure and transparency, and ethical advocacy as well. These findings suggest that, not only do international organizations such as the UN show commonality in the content of their ethical guidelines for businesses, as demonstrated through the L&K hyper norms, but major global companies appear to incorporate these norms in their codes of conduct too. However, relatively low emphasis on certain hyper norms including environmental stewardship, contribution to development, and respect for host country raises concerns for macromarketers.

No causality can be inferred as to why the company codes contain all elements. It may be due to universal acceptance of these hyper norms, but it may indicate use of model codes of conduct in crafting corporate codes. Such usage could result from the influence of outside forces, such as the Sarbanes-Oxley law in the U.S., which might lead to the use of boiler plate content in order to comply with legal requirements. Whatever the reasons, our findings suggest that companies have adopted codes of conduct that integrate all the hyper norms identified by Laczniaak and Kennedy (2011). What cannot be determined, of course, are the motivations of the companies and whether the codes are enforced.

This study represents a first step in examining company codes of conduct to see whether universal principles in the form of hyper norms are being employed. Based on these findings, it appears that they are, and that companies are incorporating the whole range of elements identified by Laczniaak and Kennedy (2011). The current study suffers from several limitations. The number of companies sampled was small, and the coders were undergraduate students. Further research with a larger sample is needed to verify these findings. Additional research may also tease out differences in emphasis; compare companies, industries, and world regions; focus on enforcement of these codes within companies; and, of course, address the macromarketing issues arising out of the ethical principles adopted by firms.

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Food as a Factor of Country Image: The Case of Croatia

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Extended Abstract

Food is a multi-functional phenomenon today, playing an important role in the manufacturing industry, the travel industry, retailing, agriculture, tourism etc. As consumers have increasingly echoed a desire for preserving nature and the environment, for health improvement, and for exploring new cultures, interest in the role of food in the creation of a destination image and in tourism development has grown as well. The main purpose of this paper is to provide an understanding of how food contributes to the image of a country. Namely, food has become part of “the travel package” in today’s tourism industry which is developed in order to satisfy “new” consumer needs (Trunfio et al., 2006). In such a way, food will play a major role in hedonistic consumption (Irvine and Anderson, 2004) and in the development of more holistic impressions, such as mental pictures and feelings towards a destination, which is a part of a destination's image (Greaves and Skinner, 2010). Findings from a study of tourists in Croatia suggest that food can serve as a country's communication tool in the development of the country's image. Further, in the specific case of Croatia, food products may reflect the perception of Croatia as a country of unpolluted soil and a clean sea.

Despite its primary, vital function of satisfying biological and hedonic needs, food reflects other complex meanings, such as personal identity, traditions, production, consumption and sustainability (Hall and Mitchell, 2000; Henderson, 2004) and can be a key factor in different contexts, such as entertainment, associations, and in getting acquainted with regional cultures (Renko et al., 2010). Moreover, changing behavioral patterns and lifestyles, increasing consumer concern for health and the desire to preserve nature and the environment for rest and recreation etc., emphasize the interrelationship of food and tourism. There is a growing body of literature which recognizes a symbiotic relationship between food and the tourism industry. While investigating the relationships between food and rural tourism, Bessiere (1998) concluded that traditional local food can provide an experience of the lifestyles of the past and of the country as well. Du Rand et al. (2003) note the link between the development of food and rural tourism from the South African perspective. Everett (2009), Richards (2002) and Jones and Jenkins (2002) describe food as the easiest way to experience another culture. Torres (2002) revealed the linkages between food, agriculture and the sustainable development of Yucatan. Other researchers have mentioned food as part of culinary tourism or gastronomy tourism. Corigliano (2002) states that culinary tourism can be categorized as cultural tourism due to its connection to the preservation of agricultural products. On the other hand, Scarpato (2002) argues that food may be considered as part of a ‘gray zone’ within the area of cultural tourism study (in favor of art, music and history as main cultural resources).

Within the literature on country image, Koschate-Fischer et al. (2012) investigated price-related consequences of the country-of-origin (COO) cue and revealed that COO had a positive impact on willingness to pay. Hsieh (2002) suggests that national characteristics affect overall brand image perceptions. Oberecker and Diamantopoulos (2011) link consumer affinity, country

image, and consumer ethnocentrism to key consumer behavior variables—namely, perceived risk and willingness to buy products from, invest in, and visit the affinity country. When known to consumers, country image influences the evaluation of products in general (Laroche et al. 2005). Accordingly, Zeugner-Roth and Diamantopoulos, (2008) measure the value-added with which the name of a country endows a product or a brand as perceived by the individual consumer.

Within the literature on food, food has also been recognized as an effective promotional and positioning tool for a destination, therefore connecting it to the “country-of-origin” (COO) research area, and closely relating it to tourism as well. This is widely recognized through the popularity of French, Italian, Indian and Thai food. Frochot (2003) recommends that food images can be utilized to exhibit the cultural aspects of a country. Du Rand et al. (2003) and Stefani et al. (2006) report that food and the cuisine of a country have always been associated with its cultural or national identity. Also, research suggests that the use of traditional food culture can revitalize and create affections of a regional identity (Tellstrom et al., 2005). Such an approach is evident in the work of Pestek and Nikolic (2011), who offer an innovative approach to include traditional food in building the tourist destination image of an old city in Bosnia and Herzegovina.

The main purpose of this paper is to provide an understanding of how food contributes to the image of a country which has already been known for its preserved environment and various natural resources as its main advantages in comparison with other tourist destinations on the Mediterranean. There are four objectives of the paper: 1) to discuss the relationship between a food/cuisine and the image of the destination/country; 2) to investigate the main impressions of Croatia as a country among foreign tourists; 3) to investigate the perception of Croatian food; and 4) to find out whether food can affect tourists' intention to visit the country.

In the past, Franic and Cunj (2007) determined the social and agricultural preconditions required for developing agro tourism in specific Croatian counties, pointing out gastronomic preconditions for the development of rural tourism. Šimundić (1997) pointed at healthy Croatian food as the driving force for health tourism. Meler (2004) emphasized a pronounced interactivity between the tourism industry on one side and agriculture, the food-processing industry, as well as other economic branches and activities, on the other side. Other authors have shown the advantages for faster economic development of Croatian islands in the area of tourism and gastronomic offerings (Bučar and Renko, 2008; Grgona, 2002; Viducic, 2007). As an essential element of regional culture, food is important for the development of sustainable eco tourism suitable for rural areas with untouched natural resources and cultural heritage (Dragičević and Stojčić, 2009). Hegedušić and Colić-Barić (1996) have argued that Croatian tourist offerings should consist of classic high-quality foods, i.e., natural foods of a higher biological value (produced pursuant to organic-biological agricultural principles), as well as low-energy foods with reduced fat or sugar content. Historically, food consumption is recognized as one of the most important factors in the Croatian destination marketing development at the beginning of tourism development in the town of Opatija during the 19th century. However, intensifying efforts to use local uniqueness of food as a means of positioning and differentiation of Croatia were becoming evident only at the beginning of the 21st century. For example, in order to promote quality and to preserve authentic dishes, original customs, and gastronomic products on offer, the Kvarner (Istria) County Tourist Board is publishing a gastro brochure with restaurants, taverns, inns, and other eating establishments which serve the rich and varied gastronomic specialties on offer in this region. Additionally, Croatian counties are trying to link nature and

food through various manifestations like „Chestnut Days“ („Marunada“), Asparagus Days („Dani šparoga“), Cherry Days („Dani trešanja“), etc.

For the purpose of this paper, a two-phase research study, including a qualitative and a quantitative approach, was used. The first phase consisted of a survey of 300 tourists at twelve tourist destinations in Croatia. The questionnaire for tourists was prepared in Croatian, English, German and Italian and was distributed to tourists that were spending their summer vacations in motor camps and private accommodations. The questionnaire was designed specifically to investigate tourists' perceptions of Croatian food compared to their native food, and tourists' perceptions of Croatia as a country. It consisted of three sections and included the following categories of questions: tourists' intentions to buy Croatian food during their visit, the perception of Croatian food, comparisons between Croatian food and tourists' domestic food, and the tourists' demographic characteristics. The collected data were analyzed statistically.

In the second phase, a focus group was conducted to provide insights into the relationship between food and country image. The focus group consisted of four female and six male participants of Croatian origin who are living and working abroad. The focus group instrument consisted of five basic open ended questions (for example, what do you think about when you hear „Croatia“?) which led to a wider discussion.

The study's findings show that tourists recognize the quality, healthy and unpolluted nature of Croatian food. Tourists evaluate Croatian food as food of higher quality than their domestic food, and German and Italian tourists gave the highest mean scores for attributes of Croatian food. The study confirms that Croatia retains the image of a country of unpolluted soil and sea, which remains the most important motive for the selection of Croatia as a tourism destination. The focus group research provided deeper insights into the investigated area. For example, the image of Croatia was associated with the beautiful Adriatic coast, with ex-Yugoslavia and a socialist regime, with nature, etc. Some food brands (such as Dalmatian lamb, Pag cheese, Hvar olive oil, Slavonian plum brandy) were mentioned numerous times during the focus group session related to Croatian food perceptions. The discussion led to the conclusion that there is a strong correlation between food and the image of the country. It is especially evident in the case of food from the coastal part of Croatia, because that food reflects rocky and poor territory with a constant lack of water. High quality and genuineness of Croatian food is increasingly presenting Croatia as a country with a healthy and preserved environment.

Conclusion

Since food is acknowledged as an important element in the construction of a country's identity, destination marketers must endeavour to make use of food resources in promoting and positioning a country's image. Kniazeva (2011) concludes that the importance of COO effects on consumer decision making is expected to become even stronger with current globalization trends. From a scholar's perspective, the findings of the study suggest that country image significantly impacts tourists' perceived quality of traditional food. Some countries have already recognized such opportunity for their tourism development. There are some marked examples that Croatian cuisine is trying to enhance its uniqueness on the market. However, we can talk only about exceptions, because the majority of Croatian tourism offers still consist of “sun and sea”.

It is important for policy makers to understand the image currently held by consumers and how it affects their intention to visit through effective marketing strategies. This study suggests that Croatian food is perceived as very tasty, healthy and unpolluted, and that there are strong relationships between Croatian food characteristics and the image of Croatia as an attractive destination. Croatian tourism entities and marketers should promote those characteristics of Croatian food and should involve all their efforts to emphasize the natural and untouched beauty of Croatian resources.

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The Ethnocentrism Paradox – Does a Higher Level of Development of a Country lead to more Consumer-Ethnocentrism?

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Abstract

Consumer ethnocentrism is well established as a propensity to evaluate products from one's own society as higher or better than those from other cultures. It has been postulated that economic development and political liberalization would diminish a population's overall ethnocentrism and lead to more openness to foreign cultures and products. Evidence from Southeastern European countries - Bulgaria, Serbia, and Slovenia - suggest that the effects of economic development on ethnocentrism is not linearly negative but in fact follows a parabola as proposed in sociology literature and tentatively supported by previous management and marketing literature.

Keywords: *Ethnocentrism, CETSCALE, Collectivism, Development, Southeastern Europe*

Introduction

When societies become globalized and consumer behavior postmodern, a linear convergence of culture does not necessarily take place (Ger and Belk 1996b, de Mooij 2004). Epochal changes, e.g. the end of socialism in Central and Eastern Europe (CEE), can greatly affect consumer behavior, e.g. the resulting insecurity results in greater materialism among the newly affluent (Ger and Belk 1996a).

Theory and Hypothesis

Ethnocentrism was introduced in marketing by Shimp and Sharma, who created the Consumer Ethnocentric Tendency Scale (CETSCALE) in 1987. Consumer Ethnocentrism (CET) is rooted in the concern for a person's own country or culture and a fear of economic difficulties. It may lead to personal prejudice towards foreign products and to the intention not to buy them for moral reasons (Luque-Martínez, Ibáñez-Zapata, and del Barrio-García 2000, Sharma, Shimp, and Shin 1995).

The CETSCALE has been validated in more than 29 countries (see Appendix for a list). Nevertheless, the results across studies can only be compared with extreme caution, as sampling methods and the construction of the CETSCALE vary. Bulgaria, Serbia, and Slovenia were chosen as countries reflecting different stages of economic and culture development in Southeastern Europe (SEE). Table 1 gives an overview of previous studies carried out in SEE. In SEE, studies of the three major ethnicities in Bosnia (Vida, Dmitrović, and Obadia 2008) indicate

that CET-scores may significantly differ among different ethnic groups within a multicultural country. Bicultural consumers tend to be less ethnocentric though (Zolfagharian and Sun 2010).

Study	Scale Used	Countries	Antecedents	Surveyed Group	Results
Vida and Damjan 2000	17-Item CETSCALE, 7-point Likert-type scale	Slovenia	demographic factors & cultural openness	convenience sample (university students)	CETSCALE: 3.32, SD = 1.02
O'Brien 2004	10-Item CETSCALE, 5-point Likert-type scale	Serbia	demographic factors	convenience sample (university students)	CETSCALE: 2.38, SD = 0.90
Reardon et al. 2005	4-Item CETSCALE, 7-point Likert-type scale	Slovenia, (Kazakhstan), (USA)	none measured	non-probability sampling	ethnocentrism is less important at higher development
Ozretić-Došen, Škare, and Krupka 2007	implicitly taken from preferences	Croatia	NA	convenience sample (university students)	NA
Dmitrović and Vida 2007	10-Item CETSCALE, 5-point Likert-type scale	Croatia	demographic factors	probability sampling	NA
Vida, Dmitrović, and Obadia 2008	4-Item CETSCALE	Bosnia (Bosniak, Croatian, Serbian)	ethnicity, national identity, nationalism, cultural openness	geographical area sampling	CETSCALE: Bosniaks > Serbs > Croats (no figures given)

Brkić, Čorbo, and Berberović 2011	17-Item CETSCALE, Likert-type scale	Bosnia (Bosniak, Croatian, Serbian)	demographic factors, nationality	mall intercepts	CETSCALE: Bosniaks > Croats and Serbs (no figures given)
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Table 1: Overview of Consumer Ethnocentrism Research in Southeastern European Countries

The antecedents of CET are differentiated between socio-psychological, economic, political, and demographic factors (Shankarmahesh 2006). To evaluate the differences between cultures, demographics then need to be kept similar (Cleveland, Laroche, and Papadopoulos 2009). The construct of collectivism is a major predictor for ethnocentrism (Batra et al. 2000, Shankarmahesh 2006, Sharma, Shimp, and Shin 1995), and will therefore be used alongside economic development as a predictor for mean CET in SEE countries. Hofstede's Individualism/Collectivism scores for SEE countries correlate with economic development and are the reference used in this study. They can be reviewed in Table 2. This means that Slovenia should have the lowest mean CET, followed by Bulgaria and Serbia.

Country	Bulgaria	Serbia	Slovenia	Yugoslavia	USA (for comparison)
Hofstede's Individualism Index	30	25	27	27	91
Schwartz's Conservatism Value	4.43 (Turks)	NA	4.27	NA	3.90

Table 2: Individualism and Conservatism Scores

H1: Consumers from less developed countries tend to be more ethnocentric than those from more developed countries.

Research Design and Data Collection

As the original 17-item CETSCALE (Shimp and Sharma 1987) is unidimensional, an internationally validated reduced six item scale using a 7-point Likert-type scale is administered (Klein, Ettenson, and Krishnan 2006), which can be reviewed in Table 3.

1) Only those products that are unavailable in the USA should be imported,
2) American products, first, last, and foremost.
3) A real American should always buy American-made products.
4) Americans should not buy foreign products, because this hurts American business and causes unemployment.
5) It may cost me in the long-run, but I prefer to support American products.
6) American consumers who purchase products made in other countries are responsible of putting their fellow American out of work.

Table 3: 6-Item CETSCALE

A focus on university students assures homogenous samples between the countries concerning demographic factors such as age, income, and education (Ger and Belk 1996a, Vida and Fairhurst 1999). A pretest with Bulgarian, Serbian, and Slovenian students was carried out in Skopje, FYROM, in October 2007. The online questionnaires, translated and back translated from English into the local languages, were disseminated in March-April 2008 using eQuestionnaire v2.5 at the American University Blagoevgrad (Bulgaria), the Technical University Gabrovo (Bulgaria), and the University Novi Sad (Serbia). Data from Slovenia was collected via individual students from universities in Ljubljana and Maribor. After cleanup for missing data and outliers, this led to 69 usable questionnaires from Bulgaria, 125 from Serbia, and 73 from Slovenia.

A caveat has to be made because Internet penetration differs throughout the countries, with Serbia being the lowest at 24% and Slovenia the highest at 54% (Milosavljevič 2006, Petrović 2007). An online questionnaire is nevertheless deemed appropriate for the study, because students have Internet access via their university and are part of the urban elite of a country that uses modern media (Jakubowicz 2007).

Results and Discussion

The demographic characteristics of the samples can be reviewed in Table 4. Mean age is high for a university sample and can be explained by the small sample sizes in connection with the use of online questionnaires. The educational level was also assessed but correlated highly with years of schooling and was therefore dropped from the study. The gender distribution can be the most critical demographic factor, as women tend to be more conservative and collectivist than men (Shankarmahesh 2006, Sharma, Shimp, and Shin 1995), which also holds true in former socialist countries where a higher gender equality could have eroded these differences (Vida and Fairhurst 1999). An evaluation of the Serbian sample separated by gender corroborates that there was no difference of CET-scores between the genders and that gender had no significant influence on the score. It can therefore be assumed that country differences are the main factors that explain the difference in consumer ethnocentrism.

Country	Female	Age (Mean)	Years of formal Schooling (Mean)
Bulgaria, n = 69	69.6%	25.94, SD = 8.55	14.75, SD = 3.94
Serbia, n = 125	43.2%	26.25, SD = 3.75	16.35, SD = 2.13
Slovenia, n = 73	71.2%	27.73, SD = 8.99	15.63, SD = 2.15

Table 4: Descriptive Demographic Statistics

The results for the CETSCALE are means of 2.68 for Bulgaria, 2.36 for Serbia, and 3.01 for Slovenia. Cronbach's Alpha is good at scores of over 0.8 for each country, which can be reviewed in Table 5. This means that CET-scores are not linearly dependant on the economic development of a country.

Country	CETSCALE (Mean)	Standard Deviation	Cronbach's Alpha
Bulgaria, n = 69	2.68	1.20	.812
Serbia, n = 125	2.36	1.24	.828
Slovenia, n = 73	3.01	1.46	.852

Table 5: CETSCALE

H1 has to be rejected.

These findings appear counterintuitive to the literature on antecedents of consumer ethnocentrism, but there is evidence from research in CEE countries that suggests that newly opened economies may be less ethnocentric than more affluent nations, which changes as a country increases its contact to "the West" (Cumberland, Stubbe Solgaard, and Nikodemska-Wolowik 2010, Durvasula, Andrews, and Netemeyer 1997, Good and Huddleston 1995). Therefore, Serbia is a country with a young generation that looks up to a Western lifestyle and has low CET (O'Brien 2004), while the EU-member Slovenia has a population with a greater pride for their own products and services (Rojšek 2001). More affluent cultures revert to local products as a political stance (Ger and Belk 1996b) and because the consumers see their own products to be on a par with Western brands (Ozretić-Došen, Škare, and Krupka 2007, Rojšek 2001).

A country's economic development and its level of individualism then appears to have a parabola shaped influence on ethnocentrism, as initial economic upturn and increasing political freedom lead to a stronger confrontation with foreign goods, with a high point of ethnocentrism when a country emerges with its own competitive products and a fear of too much outside

influence, until in fully developed and postmaterialist societies, consumers become more global and eschew ethnocentrism again (Batra et al. 2000, Shankarmahesh 2006).

Implications and Limitations

The differences in CET across countries corroborates that SEE is not a homogeneous market. In more ethnocentric societies, local brands or the image of locality will be more valuable, which can lead companies to "mask" the actual COO (Bartosik-Purgat 2011, Ozretić-Došen, Škare, and Krupka 2007).

The level of CET may be based on different concepts of values (Balabanis, Mueller, and Melewar 2002, Vida, Dmitrović, and Obadia 2008), a research topic that is largely overlooked in the literature. For future studies, using the same scales and sampling methods in a joint project such as GLOBE (House, Javidan, and Dorfman 2001) would be of great help to make country comparisons more sound.

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European Drinking Motives

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Introduction

While the basic categories of drinks that consumers can choose between are the same across Europe there is little previous research on European drinking motives. Most of the extant research relates to motivations for drinking alcohol, often by psychologists and scholars examining addictive behaviours. For example, Cooper et al. (1995) noted that young people drinking alcohol occurs as a coping mechanism and a socialising tool; by gender, girls identified coping as a stronger motivation to drink than boys. As young teens get older their motivations to drink alcohol continue to include socialisation but also include enhancement motives (fun, to feel good and/or to get drunk). Jerez and Coviello (1998) noted that 18-19 year old boys rated enhancement as more important than girls of the same age, but men aged 23 and upwards are motivated to drink alcohol as a coping mechanism (Gire, 2002). The general taxonomy of motivations considered as useful descriptors by the aforementioned scholars are coping, enhancement and socialisation. Enhancement motivations include sensation seeking motivations which are identified when there is a strong correlation between an individual and drinking alcohol motivations such as “because it’s fun” or “because it’s exciting” (Comeau, Steward & Loba, 2001).

Data

In the following analyses, we will employ data from a pan-European database based on on-line interviews with consumers from 30 European Countries. The database was generated in connection to the Coberen project, European Commission (156089-LLP-1-2009-1-ES-ERASMUS-ENWA1). Effective sample size was 5258 cases for non-alcoholic drinks, and 4423 cases for alcoholic drinks. The types of data used in the analysis were:

Beverage consumption. Consumption frequencies for the following categories: wine, beer, mineral water, soft drinks, spirits, coffee and tea.

Beverage preferences. Respondent’s first and second preference among alcoholic drinks (beer, cider, wine, spirits and premixes) and non-alcoholic drinks (fruit juice, soft drinks, energy drinks, mineral water, milk, coffee, tea and tap water).

Purchase motives. For the favourite alcoholic and non-alcoholic drinks, respondent’s rated their agreement with 17 statements on possible reasons for consuming this particular drink on a 4-point scale (*totally disagree/ rather disagree/ rather agree/ totally agree*). The statements, which were the same for alcoholic and non-alcoholic drinks (see figure 1 below), were developed by the research team with inspiration especially from Schwartz (1992) and Sproles and Kendall (1986).

Results

In order to analyze differences between various parts of Europe, countries were grouped according to their intake of the various drink categories. To this end, average daily consumption for each drink was computed for each country, and the matrix of averages was subjected to cluster analysis using Ward's method. A four cluster solution was chosen based on the criteria of statistical discrimination, ease of interpretability, and minimal cluster size:

1. Western countries: Belgium (BE), Cyprus (CY), Germany (DE), Greece (EL), Spain (ES), France (FR), Italy (IT), Liechtenstein (LI), Norway (NO), Portugal (PT), Austria (AT).
2. Eastern Countries: Bulgaria (BG), Czech Republic (CZ), Estonia (EE), Hungary (HU), Lithuania (LT), Latvia (LV), Malta (MT), Romania (RO), Slovenia (SI), Slovakia (SK)
3. Northern countries: Denmark (DK), Finland (FI), Iceland (IS), The Netherlands (NL), Sweden (SE).
4. British Isles and other heavy tea drinkers: Ireland (IE), Poland (PL), Turkey (TK) and United Kingdom (UK)

For each of the four groups, percentage of respondents who drink a particular beverage category and weekly mean consumption frequency were computed.

The Western countries were different from the other clusters in having the highest share of respondents drinking wine and mineral water, and also the highest average consumption of these categories. This cluster also has the highest percentage of coffee drinkers, but the average consumption of coffee is much lower than in the Nordic countries.

The respondents of the Eastern countries are different from the other clusters in having the highest average consumption of soft drinks and the highest percentage of drinkers of spirits.

The respondents of the Nordic countries are different in having the highest percentage of beer drinkers and also the highest average consumption. The respondents who drink coffee do really consume much more coffee in the Nordic countries than in the other countries.

The respondents of the British and other tea-drinking countries are different from the others in having most tea drinkers and the highest average consumption. The respondents who drink spirits or beer do really consume much more spirits or beer compared to the other clusters.

Drinking motives, beverages and countries

In order to analyze the relationships between drinking motives, countries and beverages, correspondence analysis was conducted on the doubled data matrix (Greenacre, 1993, p. 131-140) of the ratings of the drinking motive items. The results from conducting correspondence analysis on the doubled data matrix corresponding to the motives for alcoholic and non-alcoholic beverage consumption are illustrated in figure 1 and 2 below.

Figure 1: Coordinates of motive items, countries and beverages on self-expression and functionality dimensions for non-alcoholic beverage



For non-alcoholic beverages there are two points for each of the 17 motive items, and the ‘agree poles’ (green triangles) are directly opposite to their ‘disagree’ counterparts (red triangles) relative to the origin. Countries and non-alcoholic beverages are supplementary modalities and are represented by blue and purple circles, correspondingly. The first dimension can again be labelled as a *self-expression* dimension, where the items *to show that I’m different from other people, because it’s trendy, to do as my friends, to express some personal value, to make me feel at ease with others, because it’s exciting* and *to drink well-known brands* are those whose (‘agree’) poles have more extreme coordinates. Moreover, these motives, as well as *to feel stronger, to put me in a good mood, because it’s good value for money* and *because it’s a family tradition* are the ones having higher absolute contributions to this dimension.

According to their test-values the most significant categories ($p < 0.05$) of the variables *country* and *non-alcoholic beverage* on the first axis are (in decreasing order):

- On the positive side (more self-expressive):
 - *Countries*: Romania, United Kingdom, Germany, Czech Republic, Slovenia, Ireland, Hungary and Slovakia.
 - *Beverages*: Tea, tap water and fruit juice.

- On the negative side (less self-expressive):
 - *Countries*: Italy, Austria, Iceland, Spain, Latvia and Belgium.
 - *Beverages*: Soft drinks, coffee and mineral water.

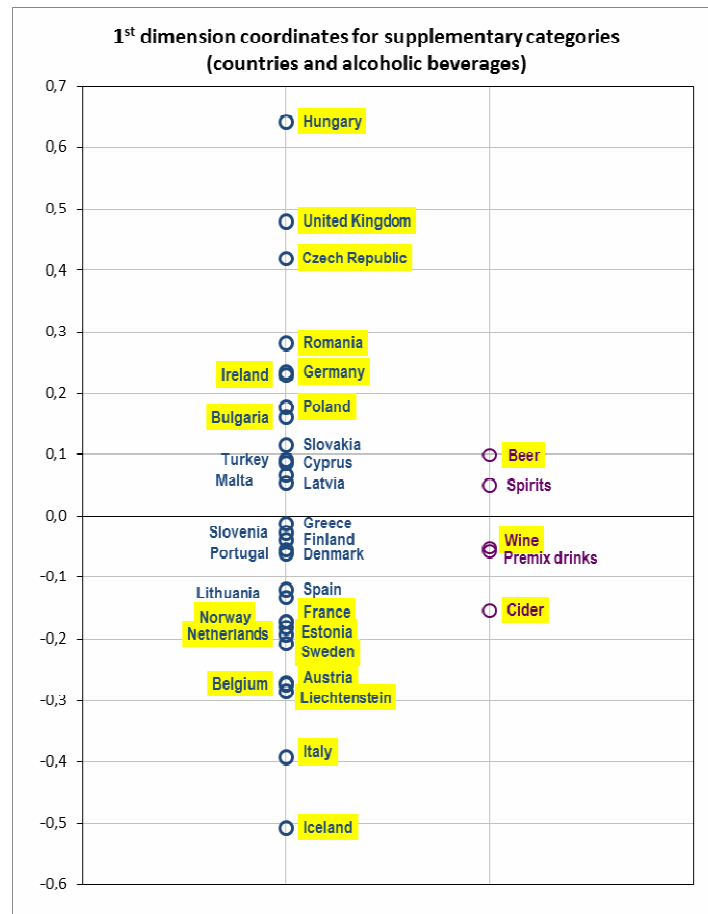
The second is a dimension capturing the functionality of drinking. *To quench my thirst* and *to be healthy* are the items with more extreme coordinates for their ('disagree') poles. Moreover, these motives, as well as *because it's not risky, to get something good for me* and *because it's easy to get* are the ones having higher absolute contributions to this dimension.

According to their test-values the most significant categories ($p < 0.05$) of the variables *country* and *non-alcoholic beverage* on the first axis are (in decreasing order):

- On the positive side (less functional/utilitarian):
 - *Countries*: Cyprus, Romania, Ireland, Greece, United Kingdom and Bulgaria.
 - *Beverages*: Coffee, Soft drinks, tea and energy drinks.
- On the negative side (more functional/utilitarian):
 - *Countries*: Estonia, Italy, Slovakia, Portugal, Iceland, Sweden and the Netherlands.
 - *Beverages*: Tap water, mineral water and fruit juice.

For alcoholic beverages a similar analysis revealed only one dimension (self expression). Coordinates are shown in figure 2. The modalities (countries and beverages) highlighted in yellow are the ones having a significantly high or low coordinate according to their test-values or z-scores ($p < 0.05$).

Figure 2: Coordinates of countries and beverages on self-expression (alcoholic beverage)



Comments and Conclusions

Based on the pan-European dataset, we have in this chapter tried to analyze motives for drinking alcoholic and non-alcoholic beverages. Drinking habits are different across Europe, although may be not to the same extent as earlier. The most interesting case of cross-cultural adaptation is wine, where consumption now does not differ markedly across the major regions of Europe analysed in this chapter. With regard to other drinks, there are still differences, most notably that spirits are consumed more in Eastern Europe, mineral water in Southern Europe, and coffee in Northern Europe. Tea is very unequally distributed as well, mainly because of its special status on the British Isles.

Drinking motives were measured for alcoholic and non-alcoholic drinks separately with identical sets of 17 items. Correspondence analysis applied to these data yielded a group of self-expression motives (*to express some personal value, because it's trendy, to do as my friends, to show that I'm different from other people, to make me feel at ease with others, because it's exciting, to drink well-known brands*) and a second group of functional motives (*to be healthy, to quench my thirst, to get something good for me, because it's not risky, to feel stronger*). Both

dimensions are relevant for the motives for drinking non-alcoholic drinks, whereas the self-expression dimension dominates the drinking of alcoholic drinks. This structure in the data is so stable that it can be found also in individual countrywise analyses.

Relating these two dimensions to countries and beverages yields some interesting results. The Eastern European countries have generally higher scores on the self-expression dimension, especially compared to Southern Europe. No clear geographical pattern emerged with regard to the functional dimension. Beer and spirits are the alcoholic drinks, and tea, water and juice the non-alcoholic drinks that related to high scores on the self-expression dimension. Going back to the individual motive items and how they relate to preferred beverage gives some more insight into these relationships. Beer is mainly associated with doing the same as one's friends and *not* being different from others, thus having a social inclusion function. Spirits have a mood management function related to getting into a good mood and feeling at ease with others. Tea is a bit like beer, and juice is related to doing something good for yourself.

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Mineral and Tap Water Consumption Behaviour in Latvia

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ABSTRACT

Water ensures our life processes and comfort. What it means to a consumer to drink water? How much water is bought to slake one's thirst? In the present study, Central Statistical Bureau data on mineral water consumption and prices and data of a survey of Latvian consumers conducted within the project 156089 – LLP – 1 – 2009 – 1 – ES – ERASMUS – ENW Consumer Behaviour Erasmus Network (COBEREN) were used.

RESEARCH RESULTS

Bottled water consumption depends on an economic situation. To slake one's thirst, mostly tap water, bottled water and mineral water are preferred.

Key words: bottled water, tap water, consumption, consumer behaviour, drinking

INTRODUCTION

Water is the second most needed substance after oxygen which is necessary to the human organism. Quality water ensures not only physiological functions by releasing stress from the body, improving its metabolism, assisting the organism to purify itself, protecting the organism from infections, preventing the organism from dehydration, but also the feeling of comfort. In Latvia as in Europe, drinking water is classified into two groups: regular drinking water and natural drinking water, i.e. spring water and mineral water. On shelves of stores, waters are arranged in a line according to their price: mineral water, spring water, and regular drinking water. The first one differs in price from the last one. Bottled water costs 1900 times more than tap water, while its quality is not always higher (Brizga J. 2011). When shopping, any individual's actions are affected by certain factors: specific properties of a product, its package, its price, and shopping traditions. What associations are caused in a Latvian consumer with the word to drink? What kind of water is preferred by Latvian consumers to slake their thirst? What determines a choice of water? What is the amount of water consumed in Latvia? Does the environmental and regional ways of thinking are influenced by the size of households and their income?

Data of the Latvian Central Statistical Bureau (CSB) and a survey of 1583 consumers in 30 European countries conducted within the project COBEREN, including 178 respondents in Latvia whose age ranged from 18 to 78 years, women and men were in an equal proportion and each age group (18-38, 29-58, and 59-78 years) accounted for 16.7% of the total number of respondents, were used in the present study.

DISCUSSION AND RESULTS

Over the recent decades, the consumption of bottled water increased both in those countries where tap water quality is rated as excellent and in China where bottled water is a typical product of developed countries (Doria M. I., 2006; Uncles M. D., 2005). Consumer behaviour is influenced not only by organoleptic factors, but also demographic changes and health views of the public. On the one hand, consumers regard themselves as watchmen who control the quality of water, although many individuals are not able to distinguish tap water from lightly mineralised water; on the other hand, the behaviour of consumers is influenced by marketing activities as well (Dietrich, A.M., 2006; Teillet, E. 2010; Croci, L. et al. 2001). In Great Britain, according to a study, convenience, cost, and taste instead of health considerations were the influencing factors when deciding on purchasing bottled water (Ward, L.A. et al., 2009). The consumption of bottled water is also significant in other countries of the world, for instance, it increased three times during a thirty-year period, reaching on average 108 l per capita in the world, 90 l in Germany, 8 l in Austria, 124 l in Belgium, 87 l in Spain, and 15 l per capita in Italy (Euzen, A. 2006; Botto, S. 2011). The consumption of bottled water in Latvia steadily rose along with economic growth and even doubled in 2007 compared to 2002. It decreased as the economic crisis began. Yet the maximum consumption of mineral water was 23.29 l per capita in 2007.

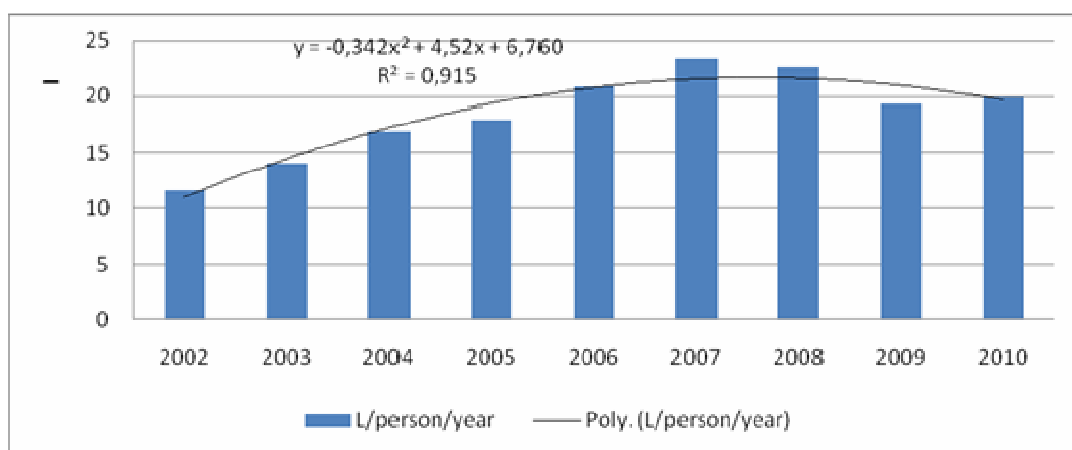


Figure 1:
Consumption of mineral water in Latvia in 2002-2010, litres per capita Source: CSB

One can believe that price changes did not affect an increase in consumption, as another trend is observed for it. With increase in the consumption of mineral water, the fastest increase in its price (21%) was observed in 2006, whereas in 2008 and 2010 the price fell only by 5%. The consumption of it declined 15% in 2009 compared to the previous year, while its price rose 5% during the same period.

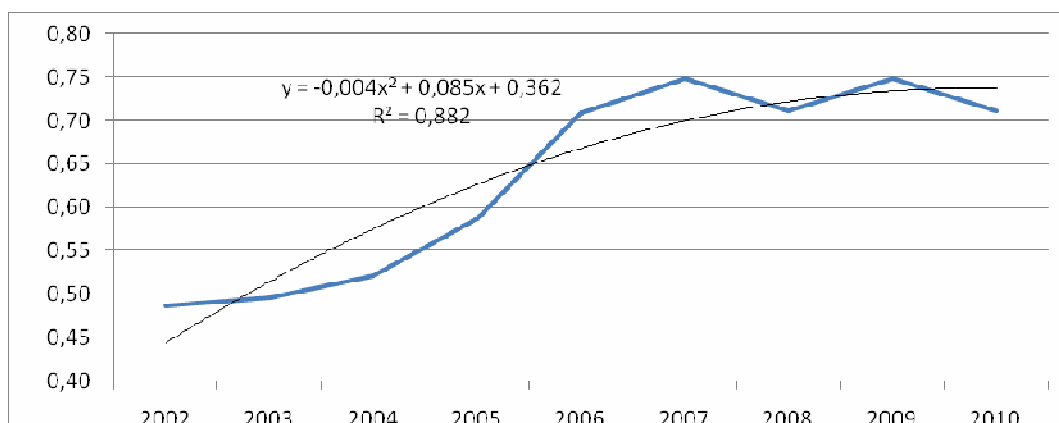


Figure 2: Price of mineral water in Latvia in 2002-2010, EUR per 1.5 l Source: CSB

According to information provided by supermarkets, sales of bottled water are subject to seasonal fluctuations. During a summer period, their sales increase within a range from 60 to 100%. In terms of number of bottles, an increase is threefold, as usually those bottles are chosen that can be conveniently taken to work or in a car. If purchases are made for a week, the most popular are 1.5 l bottles.

In the spring of 2011, a survey on shopping and drinks was conducted in Latvia. A question was what it means to you to drink. For the first choice out of three among 36 pictures of a questionnaire, the most popular pick (29 respondents) was a picture showing running tap water. The second most popular pick was a picture “thirst” (19). The third place belonged to a picture of a cup of tee (16), followed by drinking water (14). Mineral water, beer, and a cup of coffee took the same place (9). For the second choice, the most popular pick (17) was tap water, leaving thirst in the 6th place and ranking tap water (11) and a fountain (11) in the 5th place. For the third choice, the most convincing pick was thirst (20), followed by tap water (16) and a cup of tee (16) in the 2nd place, and mineral water in the 4th place. In general, Latvian residents if asked a question what it means to you to drink associate it mainly with tap water and slaking their thirst.

If asked a question how many litres of water you drink up per week, 85.5% of the respondents believed that they consume up to 2 l per day. Of them, 1.2% do not drink water, while 13.3% drink up 2 or more litres per day (other drinks excluded). The mode is 10 l per week. Answers on a question how much you spend on mineral water a month were as follows: 24.4% do not spend money on it, while 70.9% spend less than EUR 15.00 a month.

On a question whether they prefer domestic products, 49.4% said I rather agree, while 28.7% – totally agree. Getting very good quality products is important to me – 61.8% totally agree and 31.5% rather agree. This relationship is not associated with the size of households, but if income exceeds EUR 3000 – the respondents picked an answer I see myself as a health-conscious consumer. High quality goods are important to all groups and ages of residents irrespective of their income and household size. Mostly individuals with lower income agreed to the fact that water is not expensive. Those individuals whose income exceeds EUR 3000 believed that water is costly.

Of the respondents who regarded water and mineral water as their most popular drink (88 respondents), 70.4% totally or rather agreed that they drink to be healthy, while 79.6% do it to

slake their thirst. Of the respondents, 59.1% believed that water and mineral water is easily available, 54.5% believed that it is not costly.

CONCLUSIONS

In Latvia, consumers associate the meaning of the word to drink with water consumption. To slake one's thirst, mostly tap water, bottled water and mineral water are preferred. The consumption of bottled mineral water is comparatively low, approximately 20 l per capita. Mostly individuals with high income believe bottled water is expensive, as individuals with low income simply do not purchase water at a store.

The economic situation and weather conditions determine choices of bottled water. The quantity of mineral water consumed in the country declines during a crisis.

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Macromarketing and Emerging Perspectives in Marketing History

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The rationale for this session is as follows. The volume and quality of historical research in marketing have grown considerably in the recent past. This has been nurtured by the Journal of Macromarketing and institutionalized through the biennial CHARM (Conference on Historical Analysis & Research in Marketing), annual CHORD (Centre for the History of Retailing and Distribution) seminars and workshops, and through the launching in 2009 of the Journal of Historical Research in Marketing. This panel session will bring together participants active in researching marketing history to describe some of the streams of work that have recently emerged and those that are growing in ‘popularity’ and importance – including those relevant to macromarketing. Issues will include general trends in topic coverage (marketing as well as macromarketing) within historical research, as well as emerging trends in critical studies in marketing and racism, and in the study of advertising history.

Trends in Historical Research in Marketing

Brian Jones

This presentation will focus on chronicling historical research in marketing from 1930 through 2010 with the goal of providing a roadmap of topics and sources for historians interested in marketing and macromarketing. It is based on a review of historical research published primarily in marketing periodicals and books as well as a search by popular marketing history topic categories of Google Scholar to evaluate the volume of publications over time. There has been dramatic growth in the number of publications focusing on marketing history and the history of marketing thought since the early 1980s (Jones and Shaw 2006; Jones 2010). Historical research in marketing is divided into three periods: 1930 – 1959 “Recording the Facts; 1960 – 1979 “Foundations of the New Marketing History”; and 1980 – 2010 “The New Marketing History”. Emerging trends in topics of interest are identified and suggestions are offered for future research requirements in this field.

Critical Marketing Studies and Marketing History: On Silence and Racism

Mark Tadajewski

Recently there has been a ‘critical’ turn in marketing theory. Scholars have adopted the theoretical lexicons and tool-kits provided by a variety of strands of critical social theory including neo-Marxist Critical Theory and Poststructuralism. They do so in an effort to challenge what has become accepted as received wisdom or the status quo in the way marketing scholars articulate and understand their subject. There are glaring omissions in marketing history, however, omissions that a brief glance at the wider social environment throughout the twentieth century makes appear even more obvious. There have been horrendous social movements that have marginalized and murdered different groups solely on the basis of the colour of their skin. Yet, curiously, marketing scholars never seemingly made the error of using skin colour as a proxy for intelligence and so forth. This silence around the issue of race is curious however; curious enough to warrant a close inspection in an effort to understand if and how race and racism was invoked in marketing theory and practice during the twentieth century. This account does so via a discussion of character analysis. Character analysis dealt with the examination of the consumer using the epistemological resources of phrenology and physiognomy in an effort to determine character traits, which were then used as indicators of likely buying habits. By recalling these debates this historical account serves to contribute to Foucaultian-inspired Critical Marketing Studies. This sub-area of research is explicitly political in orientation, seeking to use the resources of history in order to contest and problematize the way scholars and practitioners *continue* to draw upon questionable understandings of the consumer in the present day.

Writing the History of Advertising for a Post-Advertising Age: Historiographical Reflections, Methodological Challenges and Theoretical Opportunities

Stefan Schwarzkopf

Most advertising researchers today invariably frame their industry analyses as obituaries; in an age of social and mobile marketing communications, traditional advertising appears more and more to be a redundant form of commercial communication. This assessment has implications for advertising historians in particular, but also marketing historians in general. In order to address these implications, this paper provides an overview of the development of historical research on advertising from the early twentieth century, with a particular emphasis on historiographical work published from the 1980s onwards. It provides a critique of a range of dominant methods and theoretical approaches that have been applied to the history of advertising. In this method critique, I will argue that most advertising historical research is based on a specific set of theoretical paradigms and narratives, namely “Modernization”, “Americanization”, and advertising analysis as “Semiotics”. These three paradigms and narratives have had a profound but not always positive impact on the insights that historians of advertising have created.

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Online Behavioral Targeting: Curse Or Blessing?

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Abstract

Online behavioral targeting (OBT), the tracking of a consumer's online activities in order to develop a behavioral profile of the consumer, is a fast growing technique that enables advertisers to deliver relevant messages. While OBT provides many advantages to shoppers and advertisers alike, the practice has the technological potential to violate consumers' rights to a hitherto unmatched extent. OBT is poorly understood by most consumers, often non-transparent, sometimes outright deceptive, and, in many cases does not provide a reasonable chance to opt out. Since the practice is relatively new, laws and regulations are still evolving. An ethical analysis that sheds light on the issue from a normative perspective might be helpful for legislators grappling to find a balance between protecting consumers and nurturing innovation as well as online advertisers in search of a guideline of how to use OBT in a responsible manner. The purpose of this article is (1) to shed some light on the character and significance of OBT, (2) analyze OBT from an ethical perspective using deontological and teleological considerations, and finally (3) to provide some recommendations for regulators and online advertisers.

The rise of online behavioral targeting

OBT is a technique to deliver relevant messages to consumers by basing those messages on an analysis of consumers' online behavior. That is, information is collected about the individual consumer's internet activities in order to get a broad picture of the consumer. The collected data includes: which websites the consumers visited, which search terms they used, and what things or services they purchased. This information is at times combined with demographic and geographic data that can also be retrieved from the web. Once analyzed, the collected information enables advertisers to deliver relevant and targeted messages. Behaviorally-targeted advertising secured an average of 2.68 times as much revenue per ad as non-targeted advertising (Network Advertising Initiative, 2010). A report by eMarketer, a U.S. research group, predicts that behaviorally targeted ad dollars will rise as a proportion of online display spending from 14.2% in 2010 to nearly 20% in 2014 (Howarth, 2010). In Europe, it is estimated that more than a quarter of online advertisers use some form of behavioral targeting (Bearne, 2009). Despite these impressive numbers, there is still a scarcity of research publications in the marketing literature dealing with the specific legal and ethical challenges of online advertising (Nill and Schibrowsky, 2007; Schibrowsky, Peltier, and Nill, 2007). Indeed, online advertising did not start to attract major interest in academia before the mid-1990s (Ha, 2008).

There a wide range of technological possibilities to the collection and use of data for targeted messages and not all of them raise the same kinds concerns. Therefore, it is necessary to

distinguish between different forms of OBT. Further, a normative framework is needed for a meaningful ethical analysis of the different practices of OBT.

Normative framework

Advertising ethics is “concerned with questions of what ought to be done, not just what legally must be done” (Cunningham 1999, 500). While there have been ethical issues in advertising which have increasingly demanded more attention from academia as well as practitioners “research is thin and inconclusive in many areas” (Drumwright and Murphy 2009, 85). Specifically, there is a relative scarcity of manuscripts dealing with normative questions in the marketing literature (Schlegelmilch and Oberseder 2009; Nill and Schibrowsky 2007). Hence, in the absence of a generally accepted normative framework, the quintessential normative question – what ought to be done – still poses many vexing theoretical as well as practical problems. Most theories of normative ethics can be separated in deontological and teleological approaches, both of which are often used in moral philosophy (Whysall 2000; Hunt and Vitell 2006; Murpy and Laczniak 1981).

Teleological approaches

Teleological approaches judge the value of actions by assessing their moral consequences. Utilitarianism, as it was introduced by John Stuart Mill (1806 -1873) and Jeremy Bentham (1748-1832), constitutes a prominent example for teleological theories. Accordingly, one should choose the alternative that leads to the greatest happiness for the greatest number of people. Mill (Mill, 1979, 7) suggested, "Pleasure and freedom from pain are the only things desirable as ends; and ... all desirable things ... are desirable either for pleasure inherent in themselves or as means to the promotion of pleasure and the prevention of pain." Due to its similarity to a cost benefit analysis – a concept most marketers are familiar with – and its flexibility, utilitarianism is a “popular method of ethical reasoning that is explicitly, or implicitly, used by many managers” (Laczniak and Murphy, 1993). Of course, it is difficult to actually measure pleasure and pain (Hunt and Vitell 1986).

In general, OBT offers several potential “pleasures” to the consumer: First, consumers are much more likely to receive information about products and services they are interested in and that are relevant to them; and second, online advertising and the revenue it creates allows consumers to have access to a vast amount of information and services for free. On the other hand, OBT potentially compromises consumer privacy, safety, and data security which in turn might lead to “pain” for the consumer to.

Deontological approaches

Deontological approaches to ethics judge the value of actions only from the perspective of their inherent wrongness or rightness (Nill and Schibrowsky 2007). Being ethical is having ethical intentions without considering the consequences because any result of any action is influenced by uncontrollable variables. The philosopher Immanuel Kant once stated that, “A good intention is the only thing which can be seen as truly ethical” (Kant 1965, 10). Thus,

deontological approaches are duty based and follow absolute principles. Kant's categorical imperative "Act according to that maxim only, which you can wish, at the same time to become a universal law" (Kant, 1965, 42) or the golden rule of Christianity "Do unto others as you would have them do unto you" are prominent examples of these approaches. Lying and its antidote honesty constitute such moral duties. Since Kant developed the categorical imperative out of the concept of the unlimited good – or what he called - the practical law, lying, even so it might ultimately serve a good purpose, is always wrong (Hoffe 1995). Dishonesty cannot be a maxim for action that should be adopted universally. Similarly, dishonesty is wrong according to Aristotelian virtue ethics, which focuses on the person and his/her character traits (Murphy 1999).

Social contract theory in business, which is based on the idea of an implied agreement between corporations and society – society is only providing the necessary conditions for the existence of corporations because having corporations enhances the wellbeing of society - are not void of deontological duties. That is, the implied contracts "must not violate certain minimum standards of justice" (Dunfee, Smith, And Ross 1999, 17). Arguably, some forms of OBT are clearly deceptive and in direct contradiction to minimum standards of justice. Social contract theory, which, like marketing, is focused on exchange relationships, might be relevant for OBT. In essence, consumers trade their private information for potential advantages such as getting relevant advertisements and having access to free information.

Ethical analysis of online behavioral targeting

Basing an ethical assessment of OBT on deontological as well as teleological considerations seems relevant since the ethical decision making process of most individuals is influenced by these moral philosophies. (Barnett et al. 1998; Forsyth 1992; Jones 1991; Ferrell, Gresham and Fraedrich 1989; Ferrell and Gresham 1985). Empirical research suggests that while marketing practitioners (Mayo and Marks 1990; Hunt and Vasquez 1993) as well as consumers (Vitell, Singhapakdi, and Thomas 2001) typically use both types of evaluations, they tend to rely more on deontological principles than on teleological calculations.

Using this normative framework, the different practices of OBT can be analyzed from an ethical perspective. This categorization scheme is mainly based on the impact the practice has on how much consumers are in control of the information that is being collected.

Contextual Advertisements

Contextual advertisements are thematically related to the webpage a consumer visits at a current online session. For example, if a consumer is looking up flight information to Las Vegas for a specific weekend, it is reasonable to assume that this person might be interested in hotel fares as well. Accordingly, a banner ad about hotels in Las Vegas might be relevant for this consumer. While these complementary context-based ads have been shown to be three times as effective as regular online ads (Hayashi, 2010), they are fairly innocuous from an ethical perspective. Little information about the consumer is collected and used. Virtually no information is stored past the visit of this webpage and the consumer can readily see the connection. In other words, the consumer is usually aware how the advertiser is using his information.

Honoring a person's basic rights is a common deontological moral duty (Dunfee, Smith, and Ross, 1999). Arguably, respecting the right to privacy should involve consumers' decisions about how much they will share about their lives, thoughts and feelings, which then constitutes a moral duty (Murphy et al., 2005). In reference to the ethics of OBT, consumers should be able to decide if and how much of their personal information they want to divulge to online advertisers. That is to say, consumers should have the choice to opt out. Contextual advertisements give consumers limited control over how their information is used and little choice to opt out.

A teleological perspective requires the comparison of positive and negative consequences. In general, consumers certainly benefit by receiving free services, information, and entertainment. That is, the revenue of online advertising pays for a big portion of these free offerings. In addition, consumers likely enjoy getting relevant advertisements. On the other hand, when informed about OBT, most consumers do not like the practice. For example, Alreck and Settle (2007, 19) found that 81 % of consumers felt that "online marketers should be prohibited by law from trading or selling information about visitors or buyers without their permission".

Browser Based Tracking

Browser based tracking allows the collection of data across several webpages and over multiple online sessions. For example, if a consumer visits a commercial webpage such as Bloomberg.com, a cookie is installed on the consumer's browser. The cookie marks this particular browser so that it will be recognized if the consumer moves on to other websites. This enables the advertiser to assemble a profile of the individual consumer by combining many pieces of information collected in different contexts and times (Manny, 2010). Consumers who do not wish to divulge information about their web browsing activities might opt out to block the installation of cookies. Then again, this may cause the consumer other difficulties since many websites don't allow access without cookies. For example, Bloomberg.com's privacy policy declares: "However, it is possible that some parts of this Web site will not function properly if you disable cookies" (Bloomberg.com 2011). Alternatively, consumers might delete cookies after each online session in an attempt to avoid that data can be collected over a series of time.

Further, from a deontological perspective, there is the inherent moral duty of truth telling. Truth telling requires transparency. That is, consumers should receive full disclosure about how their personal data are being collected and used. Further, this disclosure should be easy to understand. Considering the body of research that shows a general lack of understanding of the tracking technologies and practices (Milne et al. 2008; Turow et al. 2008; McDonald and Cranor 2009), it could be argued that this principle is violated for traditional browser based tracking.

Stealth Browser Based Tracking

Unlike traditional browser tracking, stealth browser tracking can only be turned off by the most technically versed consumers. Most consumers are not even aware of this new targeting technology (Howarth, 2010). Consumers' computers can be infiltrated with tracking software that cannot be detected by common anti-spy software. For example, tracking information can be installed in the software code of Local Shared Objects such as Adobe's Flash multimedia software. Unbeknownst to consumers who delete all cookies in order to protect their privacy, all of their historical behavioral data is still available to advertisers. The consumer has no realistic choice to opt out and no control over how his information is used.

For example, an affiliate company of Sears and Kmart managed a pop-up advertisement on both companies' websites which employed a type of stealth browser based web tracking system. The Federal Trade Commission pursued Sears and K-Mart for various violations and the companies subsequently settled by agreeing that they would end their practices, give notice to consumers on how to take out the tracking software and to destroy the data it had already collected. (*In the Matter of Sears Holdings Management II*, 2009).

Stealth browser tracking certainly violates the deontological duty of truth telling. Companies using these tracking devices act deceitfully when they purposefully hide their tracking devices and ultimately, their intentions. Deception, the intentional act of misleading people, is morally questionable by almost all moral philosophies and religions (Martin and Smith 2008).

While difficult to measure, from a teleological perspective, it is reasonable to assume that more harm is inflicted than pleasure is received. For example, on learning that they were deceived, consumers might experience feelings of anger, being duped, and distrust (Martin and Smith, 2008). While the advantages of OBT are quite obvious for advertisers, there might be also potential negative consequences. As some studies have indicated (Milne et al., 2009; Miyazaki, 2008), consumers who find out about OBT might be less inclined to purchase. Further, as in the case of deception, consumers might form negative attitudes towards the advertiser and towards online business in general. In the long run, all of this would be detrimental to the entire online industry and might encompass many other stakeholders as well (Martin and Smith 2008). Finally, the more advertisers use OBT in an offensive way, the more likely are legislators and regulators to devise strict laws regulating the whole industry.

Internet Service Provider Based Tracking

Possibly the most egregious and abusive form of OBT is based on Internet Service Provider (ISP) tracking (Center for Democracy & Technology, 2008). Every computer connected to the Internet has an Internet Protocol (IP) address. This address is provided by the consumer's Internet Service Provider (ISP), who keeps log files which record every single move on the internet. These log data provide information about who – the unique IP address - visited which pages at what time (Drost, 2009). Since the means of connection such as cable or DSL require a fixed registered connection node, usually associated with a physical address, the ISP is also in a position to determine the physical location of each IP address. That is, the ISP knows of the actual physical location of each customer logging on to the internet.

Typically, the ISP (for example: Embarq Management) allows an advertising network company (for example: NebuAD) to access these log data. The advertising network company analyzes the data in order to create a profile of each individual consumer based on the consumer's past online behavior, interests, purchases, address, and possibly income. This information is used by placing targeted ads on the websites the consumer visits. In comparison to browser based targeting, ISP targeting is or can be based on virtually all web transactions, including visits to non-commercial sites that usually do not use cookies such as political or religious sites. Further, the consumer cannot defeat this system by simply switching browsers or even switching computers (Topolski, 2008). This enables the advertising network company to assemble an even more precise picture of the individual consumer, who is neither aware of him being profiled, nor is he in a position to do anything about it.

Conclusion

OBT is a new and rapidly evolving practice that potentially offers vast benefits to consumers and advertisers alike. While it is inherently difficult to measure and assess the moral consequences of OBT, deceptive practices are likely to do more harm than good in the long run. More research is needed in order to shed some light on the impact OBT has on consumers, their attitudes towards privacy issues and online advertising, and their shopping preferences. Further, it might be worthwhile to explore the idea that OBT is based on an exchange of private information for customized advertisements and free access to information. Is private information a property and would it be covered by deontological property rights?

While advertisers and their stakeholders might not agree on what is ethical, “Disagreement is not the problem; avoidance of the topic and/or failure to engage in a collaborative dialogue is” (Drumwright and Murphy 2009, 103). Indeed, an open dialogue, which is characterized as “a sustained collective inquiry into the process, assumptions, and certainties that compose everyday experience” (Isaacs 1993, 25) between consumers, online advertisers, and all other affected parties can help to devise mutually acceptable norms for regulating OBT.

Table 1: Ethical Analysis of OBT Practices

	Deontological Considerations				Teleological Considerations		
	Trans- parency	Free of Deception	Choice to opt out	Control over Information	Consequences to advertiser	Consequences to consumers	Consequences to all other stakeholders
Contextual Advertisements, ex: Expedia.com	Yes	Yes	Limited	Not completely	Likely positive	Likely positive	Likely positive
Traditional browser based, ex: Bloomberg.com	Limited	Yes	Limited	Limited	Likely positive	Likely positive	Likely positive
Stealth browser based	No	No	No	None	Likely negative	Likely negative	Likely negative
Internet Service Provider based	No	No	No	None	Likely negative	Likely negative	Likely negative

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...and justice for all: Embedding the distributive justice within export promotion policy

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Abstract

Exports present one of the most viable ways to internationalize, especially for the small and medium-sized enterprises. On the other hand, to enhance national exporting activity, nations strive to implement various export-oriented policies. These implications are the main rationale why most nations introduced the export promotion programs (EPP). EPP are externally available public resources that firms can use in improving their export performance. However, unlike the mainstream research, this paper takes a public policy perspective in analyzing the EPPs through the lens of distributive justice as an instrument that is achieved by means of affirmative action. As a result, the main purpose of export promotion policy should be resource allocation to those firms who are worse-off with organizational resources in order to enhance their export marketing efforts. To support the ideas of applying the affirmative action, the empirical study is conducted. The study uses traditional exploratory research design with a goal of discovering the properties of the resource allocation policy behind specific Croatian EPP. Based on the findings from the ANOVA, correlation, and regression analyses, it is evident that exporters with larger resource capacities receive significantly higher EPP funding. The paper also argues the necessary theoretical transition in viewing the EPP policy beyond the scope of focal firm by utilizing the stakeholder-oriented framework. In the end, the theoretical and public policy implications, limitations and directions for further research are discussed.

Keywords: *Export promotion programs, Distributive justice, Export promotion policy, Affirmative action, Exporting*

Introduction

The exporting has become most popular entry strategy as it requires less commitment of organizational resources and results in higher flexibility. On the other side, the exporting improves nation's industry productivity and thus far becomes an important contributor to the overall economic development. According to Porter's (1990) paradigm, the nations must create favorable conditions for the development of their strategic industries. Peng et al. (2008) warn that institutional environment plays crucial role in shaping the firm-level processes as governments tend to intervene in market processes. To achieve development goals, many nations encourage export-oriented policies with an aim to promoting national openness in the international marketplace. The exports have direct macroeconomic implications: generation of foreign exchange reserves, enhancing the productivity of nation's industries, and new jobs creation (Czinkota 1994). These positive macroeconomic externalities provide the main rationale that drives most nations to enroll themselves in this process of developing export promotion programs (EPP). EPPs can be defined as government-funded programs that are embedded into the nation's economic and development policies (Cavusgil and Yeoh 1994; Brewer 2009). From the late 1980's, the trade policies have become focused on export growth

thus making the EPPs a feasible instrument of supporting the private sector export activities. This is even more crucial as the domestic market becomes saturated and the international business opportunities are assessed through global perspective. EPPs can also be considered as external resources that are at disposal to exporting firms. Although EPPs are unique and country-specific instruments, policy makers develop EPPs that are mostly aimed to support the active exporters and lessen the barriers which exporters confront in their exporting process. The export barriers can be varying (e.g., governmental, environmental, organizational) and they make the exporting process difficult and complex, especially for smaller firms. Therefore, the main agenda behind the EPPs is to aid local business in their path of going international. Although EPPs exhibit positive effects on the national exporting activity, early studies found that general firm awareness of EPPs is low and that government agencies are not effective in communicating the program benefits to target users (e.g., Kedia and Chokar 1986).

Besides their public and macroeconomic beneficial effects, one stream of studies indicates that EPPs have more important role in developing the international posture of exporting firm (Czinkota 2002). Previous studies successfully addressed the significant firm-based implications of EPPs' usage (e.g., Durmusoglu et al. 2011; Francis and Collins-Dodd 2004; Gencturk and Kotabe 2001; Leonidou, Palihawadana and Theodosiou 2011; Silverman, Castaldi and Sengupta, 2002; Sousa, and Bradley 2009; Wilkinson and Brouthers 2005).

However, most of these studies (whether on micro or macro level) failed to test the effectiveness of such programs from the public perspective – have the EPPs been rightfully aimed to support the firms that lack organizational resources for exporting? In the general occurrence, the employment of organizational resources directly leads to the development of firm-specific capabilities and competencies that are building block of firm's international competitiveness. Still, from the public viewpoint, EPPs should be mostly aimed at firms who lack organizational resources that would allow them to overcome internal and external export barriers (Kotabe and Czinkota 1992). In light of this explanation, Diamantopoulos et al. (1993) suggest that EPPs should typically be designed for smaller firms. In support of this contention, Rawasami and Yang (1990) argued that smaller firms are highly dependent on the external resources because of:

- 1) poor knowledge and information base on the export markets
- 2) currency appreciation
- 3) non-existing relationships with foreign customers/intermediaries

EPPs are often delivered through an institutional framework and this represents the pragmatic response of political commitment to the export-oriented ideology. However, Kirkpatrick (1994) recognizes that the distribution of EPP benefits can initiate major inquiries regarding the public policy process – to what client groups should EPPs be disseminated? This is the first study to apply a policy-oriented approach with a goal of examining the distributive justice (DJ) of EPP dissemination. More specifically, the main goal of this paper is to demonstrate that the dissemination of EPPs through existing policy frameworks is highly dependent on the organizational resources that firm possesses (e.g., the larger the firms is, the more EPP funding it receives). Whereas previous studies in the field have focused on answering the *what* (i.e., the purpose and properties of EPPs), and *why* (i.e., theoretical mechanism that explains the link between EPP and export performance) questions, the goal of this study is to tackle the *how* question (i.e., assessing the purpose of EPP policy). This study builds on the resource-based view in order to determine whether current export promotion policies function under the premises of distributive justice principles – do firms who are

worse-off with resources gain more EPP support? To make this approach epistemically meaningful, this study borrows the ideas from affirmative action field which perspective is widely discussed in the contemporary public policy research. The affirmative action builds on the principles of Rawlsian fairness and is naturally consistent with the DJ logic. The goal of affirmative action is to promote public policies which are aimed at improving the status of underrepresented society members. While earlier studies have successfully delineated the importance of affirmative action in the world of consumer/citizen, yet there has been no research in the upstream marketing system (firm context). Therefore, to enable the transition from the current streams of DJ research to a broader context, the stakeholder approach is utilized to demonstrate that EPP policy can impact the stakeholders by providing the positive externalities.

In order to answer the main research question, the paper is structured as follows. First, a brief theoretical review of EPP literature is introduced. This is followed by the theoretical framework. The exploratory research design is then explained, along with the operational definitions, sampling procedures, and various essential analytical issues. The methodology section is followed by the findings with respect to exploratory statistical techniques. The discussion of research results is then considered in terms of theoretical and policy implications. Finally, some limitations and suggestions for further research are presented.

Export promotion programs – literature review

As a field of inquiry, exporting has gained much attention of international marketing scholars who examined wide array of determinants of export performance. In the light of institutional transformation, the implementation of export encouragement policy should lead to the reduction of market distortions (Carman and Dominguez 2001). Government-led assistance has been widely researched area in international marketing. Export promotion programs (EPP) are public policy measures that help indigenous firms perform their export activities more effectively and efficiently. The main goal behind the implementation of export promotion measures is to help exporters in recognizing new markets for their products and to provide them with better understanding of what customers abroad demand (Lederman et al. 2010). Contemporary literature reveals many synonyms that are used interchangeably to explain the government-led EPPs: trade promotion, export incentives, export subsidies, export assistance, etc. More importantly, the literature reveals that EPPs can be classified in two major categories in terms of their purpose: market-related and finance-related programs (Shamusuddoha, Ali and Ndubisi, 2010). Basically, both types of EPPs are resource-based (i.e., they are manifested in the form of subsidy), but their purposes are quite different. The market-related EPPs have a goal to equip the firms with resources that will enhance their crucial marketing capabilities that will help them in developing their presence in export market. The resulting marketing capabilities can be promotional (e.g. assistance to attend trade show), product (e.g., new product development/commercialization assistance), distributional (e.g., assistance in finding the overseas distribution possibilities), market research (e.g., assistance in gathering primary and secondary information from foreign market). Finance-related EPPs aid firms in overcoming the fluctuations originating from financial environment (e.g., to suppress the effect of appreciated currency on export price) and mainly impact on the pricing strategy of the firm.

Previous studies have revealed that EPPs have a considerable importance in the firm-based context. However, the present literature on EPP's influence on performance outcomes is in quite disarray (e.g., Durmusoglu et al. 2011). Most of the studies in the field reported a

significant and positive effects of EPPs on export performance (e.g., Alvarez 2004; Durmusoglu et al. 2011; Gencturk and Kotabe 2001; Lages and Montgomery 2005, Sousa and Bradley 2009; Wilkinson and Brouthers 2006), whereas other studies have reported insignificant effects (e.g., Francis and Collins-Dodd 2004; Freixanet 2012; Stottinger and Holzmüller 2001). Yet, some studies have reported negative effects regarding the link between EPP usage and export performance (e.g., Weaver, Berkowitz and Davies 1998; Wilkinson and Brouthers 2000). These equivocal results can be attributed by the poor managing of export promotion policy on macro level in which EPPs are not effectively and selectively targeted (Crick 1992; Lages and Montgomery 2005) or the differentiating study context (developed vs. developing country) (Durmusoglu et al. 2011). However, the most evident gap arises from the poor understanding of what EPPs should improve on the firm level? Most of preceding studies are concentrated narrowly by inspecting the direct effects of EPPs on export performance outcomes. In their early work, Seringhaus and Rosson (1989) warned that it is difficult to measure the actual outcomes of the EPP usage as many predictor variables account for the same effect. Yet, recent study by Leonidou, Paliawadana and Theodosiou (2011) suggests that EPP's role should be assessed in more robust nomological network. In their study, authors find that the EPP usage indirectly influences export performance through the development of organizational resources and capabilities which in the end inhibit firm's strategy and performance.

Early studies in the EPP field were mostly conducted on macro level which assessed the impact of EPPs on national exporting competitiveness. Coughlin and Cartwright (1987) investigated the effects of EPPs on national export trade and found that this relationship is linear. Pointon (1978) suggested that each unit spent in the EPP generated as much as 21 units of benefits. Most recent study by Lederman et al. (2010) suggests that the EPPs exhibit an overall positive impact on national export propensity. In this case, the main consequences of the EPPs should be the vital building blocks of the economic development of nations consequently supporting their export-oriented industries. In general, public policy officials favor EPPs mostly because such programs exhibit positive impact on the economic development in their country. As a result, the policy-makers stimulate EPPs through the various government agencies (export promotion organizations). Primary goals of these agencies are (Gillespie and Riddle 2004; Seringhaus and Botschen 1991): 1) to generate awareness of export opportunities, 2) to monitor the potential candidates for EPPs and, 3) to define the framework by which the EPPs should be disseminated. However, the findings from the most studies in the field warn about the high level of firm unawareness of EPPs. Therefore, the export promotion organizations must more effectively organize the communication and distribution channels for such programs.

Although most of the research in the EPP field has been conducted on the microeconomic level (influence on exporting strategy and performance), the macroeconomic context is necessary in defining the public scope and utility of EPPs (Vanderleest, 1996). The mixed findings from firm-level studies (variant influence of export performance) suggest that the scope of research needs to be refocused on the public policy level. In support of this contention, Czinkota (2002) indicated that the main goal of EPP research should be in offering the direction for public policy of what kind of support should be available to different client groups. In this line of reasoning, some authors imply that the logic behind EPP dissemination must be based on the assessment of public costs and benefits (positive externalities) (e.g., Lederman et al. 2010). Weaver, Berkowitz and Davies (1998) have offered an empirical framework that would assist the policy makers in allocating the EPP resources more wisely. In this line of reasoning, Hogan (1991), and more recently Demirbas (2009) argued that the EPP effectiveness becomes questionable mostly because of poor

targeting of client groups. As the EPP budgets are generally limited, public policy makers must ensure the effective use of funds (and target the most prominent group of firms).

Theoretical framework

Embedding distributive justice principles within EPP policy

The preceding literature background indicates that the EPP research has gained significant attention in international business academia on macro and micro level. More precisely, the studies in the field showed valuable insights and implications for theory and practice – the significant link between the EPP capacity and export performance (competitiveness) of the nation and the single firm. However the preceding research streams suffer from narrow focus and were concerned only with the firm-level implications of EPPs by mostly answering the *what* and *why* questions. In support of this contention, Laczniak and Murphy (2006) indicate that all business and non-business organizations in marketing system have obligation to act responsibly when producing the value in the context of marketplace. Consequently, there are no studies that address EPP effectiveness from the standpoint of public perspective – have the EPPs been rightfully disseminated among client groups? Dissemination of public resources assumes the enrollment of institutions. Peng et al. (2008) suggested that researchers must acknowledge the institutional environment when studying international business phenomena. In this line of reasoning, the EPP should be treated as an instrument of economic policy through which policy makers disseminate economic benefits according to the principles of justice. Macromarketing literature recognizes various forms/theories of justice that are closely tied to the ideal image of public policy: procedural justice (i.e., fairness in the processes that resolve disputes and allocate resources) (Solum 2004), commutative justice (i.e., fair exchange between parties that is based on freedom of choice, full disclosure of relevant information, and institutional support) (Bird, Vance and Woolstencroft 2010), and distributive justice (i.e., fairness associated with outcomes decisions and distribution of resources) (Rawls 1971). Regarding the nature of this study, the concept of distributive justice (DJ) seems to be theoretically robust to deal with the ideas of just, fair and reasonable export promotion policy. DJ can be defined as a set of normative principles that determine fairness in the allocation of economic and social resources and is highly associated with legitimacy and comparative fairness (Vallentyne 2008). Notably, the previous studies have been occupied by studying the DJ applicability in the narrow domains within marketing system: increasing primary producers' incomes in mainstream marketing channels by applying initiation projects (Kambewa, Ingenbleek and Tilburg 2008); decreasing the buyer-seller information asymmetry (Mascarenhas, Kesavan and Bernachhi 2008); fairness in trade relationships and exchanges (Beji-Becheur, Diaz Pedregal and Ozcaglar-Toulouse 2008); benefit-cost approach in detecting the inequalities in marketing system and possible interventions intended to correct them (Klein 2008); as a dimension of comprehensive ethical behavior (Ferrell and Ferrell 2008); as a mechanism that will control the fair allocation of benefits and burdens with an ultimate goal of fighting poverty (Laczniak and Santos 2011); role in the marketing programs that aid economic development (Vann and Kumcu 1995).

In accordance to the main research question, this study attempts to make DJ more pragmatic by tying it to the ideas of affirmative action. Affirmative action has been widely researched concept in the public policy literature. Affirmative action is set of public policies, laws, executive orders, and voluntary and court-ordered practices designed to promote fairness and diversity (Massey 2004). The philosophy underlying the affirmative action invokes that political economy of liberal democracy should ensure equal economic rights regardless the characteristics of the actors in marketing system. In this very case, the endorsement of affirmative action leads to the dissemination of EPP resources that is

organized on the basis of reasonable and fair criteria. However, the society and public executives (representatives) eventually decide and agree on the principles that will drive the affirmative action and deliver public benefits. Eventually, society will support the affirmative action that implements public policies that are aimed at distributing the benefits on a fair basis (Rawls 1971).

In earlier macromarketing studies, the researchers tried to tackle the problem of righteous dissemination of public goods within DJ perspective. Klein (2008) suggested that it is of utmost importance to assess DJ in every domain where allocation problems exist that are being affected by public policy issues. Harris and Carman (1983) defined the justice as the mechanism that secures marketing effectiveness in the context of marketing system. More recently Hunt and Vitell (2006) proposed that DJ should be utilized as the public policy mechanism which assesses the consequences of decisions related to marketing system. Layton and Grossbart (2006) suggest that political economy should assess marketing efficiency and DJ inseparably. By embracing the ideas from these studies, the DJ should be considered as a mechanism of achieving the righteous dissemination of EPPs by which the firms who lack organizational resources (generally smaller ones) should gain more export assistance than firms (generally larger ones) who are well equipped with resources. In other words, firms exhibit unique demographics per se but inequality of resources results from the different time and space in which firms operate. To support this notion, Crick (1992) warned that EPPs should be selectively targeted as the firms are not homogeneous and called for further studies in this area. In order to justify the unfavorable position of smaller firms, the forthcoming Table discusses the rationale behind the embedding of DJ principles within EPP policy (Ferrell & Ferrell, 2008; Vallentyne, 2008) (Table 1).

Table 1. Embedding distributive justice principles within export promotion policy

Distributive justice principle	Embedding dimension within EPP policy context
Prioritarianism principle	Exporters are heterogeneous regarding the possession of resources which fairly explains their competitive position. All firms should have amount of resources that will enable them successful initiation of exporting process. As the smaller exporters often lack resources, they should have the priority in gaining access to the EPPs as a form of public resources.
Difference principle	Exporters have different resource bundles and capacity. The distribution of EPP resources should be unequal (i.e., the smaller exporters should gain more external resources) because this will lead to improving and enhancing the resource capacity of the worst-off exporters.
Resource-based principle	Exporters exist in separate time and space (environment) evolution which in the end influences their resource bundles and capacity. Therefore, exporters that are worse-off should gain more EPP resources in order to remain competitive in international marketplaces.

Naturally, all forms of EPPs have resource-based outcomes. Hence, the basis of the framework is build around resource-based view (RBV) of the firm. RBV suggests that a competitive advantage of a firm is primarily developed by the deployment of the bundle of

valuable resources (e.g., Amit and Schoemaker 1993; Day 1994; Grant 1991; Makadok 2001). However, Barney (1991) gives a broader definition of resources, which lists together firm assets, capabilities, processes, attributes, information, and knowledge. Based on this view, a sustainable competitive advantage can be developed and sustained only if the firm can create an idiosyncratic pool (set) of resources. Most recent studies suggest that RBV dominates the research domain that explains the contingencies that influence export performance (e.g., Kaleka 2012; Morgan, Katsikeas and Vorhies 2012; Leonidou, Paliawadana and Theodosiou 2011). In this line of reasoning, the EPPs can be comprehended as external public resources that are at firm's disposal. By utilizing EPPs, firm can enrich its resource capacity and enhance a development of crucial marketing capabilities that influence export performance. Although small firms create export-oriented product that is being demanded by foreign customers, they are generally vulnerable because they lack crucial organizational resources. Therefore, the contention of supporting the resource capacity as the rationale for ensuring righteous EPP dissemination is theoretically reasoned and articulated (Laczniak and Murphy 2006).

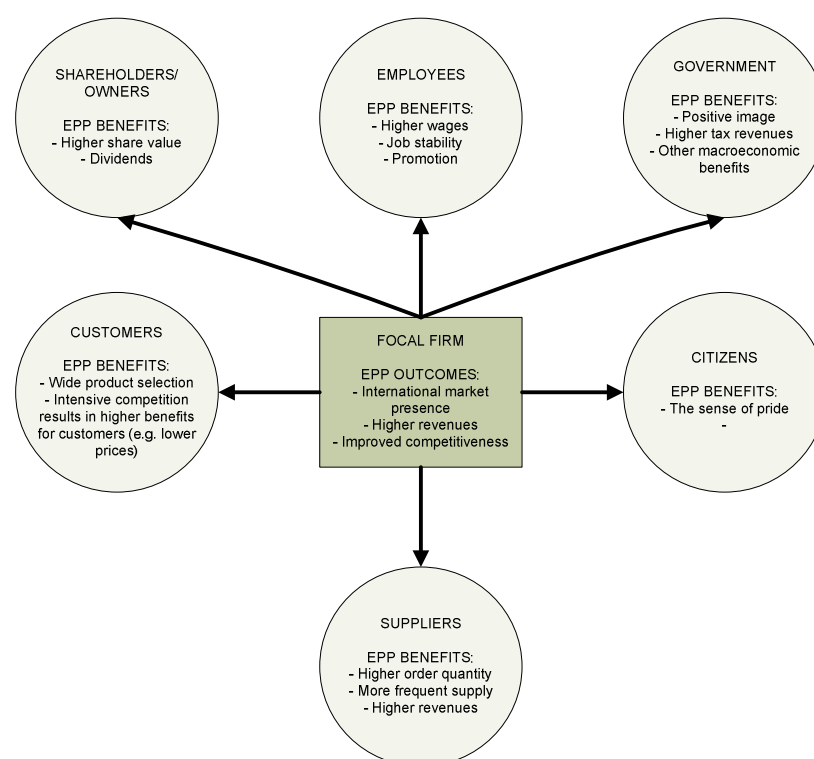
Evidently, the DJ principles (Table 1) give certain privilege in disseminating EPP benefits to those exporters that are worse-off with organizational resources. These ideas are in line with the Rawls (1971) who suggests that unequal distribution should be encouraged if it advances the well being of the least favored subjects. However, the analysis excludes one pattern of distributive justice – strict egalitarianism. Strict egalitarianism presumes equality in gaining relevant public benefits. In the context of export promotion policy, this would mean the dissemination of the same amount of public resources to each firm regardless of their status, size and resource capacity. By utilizing the resource-based approach and applying the above-mentioned principles, it can be concluded that export promotion policy can not function under the premises of strict egalitarianism (mostly because of the difference principle which advocates the slogan “more to the one who has less”). To realize the potential of DJ within EPP policy affirmative action becomes necessary tool that seeks to level the game rules in marketing system. Preferential policies resulting from affirmative action proclaim reasonable public policy decisions.

EPP and marketing system – stakeholder approach

Literature review revealed that the institutional environment has successfully implemented DJ principles in the domain of marketing system (e.g., human rights, fight against poverty, social inequalities, buyer-seller relationships, fair trade exchanges, development programs, etc.). However, these studies have partially (narrowly) addressed the DJ issues within marketing system perspective. Moreover, contention of narrowness can be justified by inspecting the Layton's (2006: 230) original definition of marketing system: “A marketing system is a network of individuals, groups, and/or entities linked directly or indirectly through sequential or shared participation in economic exchange that creates, assembles, transforms, and makes available assortments of products, both tangible and intangible, provided in response to customer demand”. More recently, the work by Crul and Zinkhan's (2008) revealed the broader DJ implications within the firm's business environment. In order to fulfill its potential, the firm's output must address the interests and benefits of other stakeholders involved. Yet there is a need to study EPP phenomenon from the broader marketing systems perspective that would directly utilize the involvement of public policy.

Mainstream theory suggests that EPP have significant influence on the competitiveness and performance outcomes of firm that receives it. However, none of the studies tried to address the possible externalities of EPPs that may affect other parties in marketing system. In this sense, the EPPs perform much broader and influential role in the marketing system. In order to assess possible externalities of EPPs related to marketing system it is necessary to draw upon the stakeholder approach. Stakeholders are the various parties that influence or are being influenced on a specific policy or decision (Freeman 1984). Generally, the stakeholders include groups that have (in)direct impact on the firm's behavior and are influenced by the firm's business decision making. From the pure business angle, focal firm is dependent on other subjects in marketing system because they possess valuable resources and capabilities that a firm demands. As Crul and Zinkhan (2008) suggest, the stakeholder theory is the most complex in terms of determining on what should be the performance outcomes? According to the legacy of stakeholder theory, the performance must be assessed from the perspectives of various groups in marketing system. Therefore, the studies that involve various stakeholders impose the problem of varying interests inevitably (e.g., the business profit is a category that can be assessed in many ways - firm's view on profit significantly differs from the view of society). Klein (2004) suggested the implementation of DJ principles every time the problem of varying interests emerges. The literature that examines the role of EPPs in wider marketing system is nonexistent. Figure 1 shows the rationale of goal congruity of various stakeholders that are related to the firm which obtains the EPP – in other words, why do the firm's stakeholders indirectly benefit when the focal firm achieves export assistance.

Figure 1. EPP's role in marketing system – A stakeholder perspective



The Figure 1 illustrates how the focal firm's EPP outcomes create benefits for other stakeholders and interest groups. As a result, the problem of varying interests is easily overcome and stakeholders reach common position and their goals converge. Idealistically,

the model itself takes into account that the EPP funding influences the development of firm's resources and capabilities per se. The capability and resource bundles lead to the improved competitiveness and higher performance outcomes (Wernfelt 1984; Teece et al. 1997). This contention has been widely supported in the mainstream EPP literature and can serve as a building platform (e.g., Francis and Collins-Dodd 2004). By applying specific (market or finance-related) EPPs, exporting firm witnesses increased export revenues and builds up presence in international market. The figure advocates that firm's increased revenues from export market mount multiple positive externalities for the stakeholders. As illustrated in Figure 1, employees sustain their jobs, get potential room for work promotion and eventually can be rewarded with higher wages or other compensatory bonuses. The suppliers witness higher order quantity and frequency and eventually witness higher sales revenues. (International) customers have wider array of products (brands) to choose from. Greater availability in product category intensifies the competition where customers benefit from lower prices and shorter innovation cycles (e.g., new products are developed more frequently). The shareholders (owners) benefit by increasing their share value and can receive potential dividends. The citizens and society feel the joy of pride because of the international success of the domestic firm. In the end, the government receives larger tax revenues (as for higher firm performance) and positive and supportive image for responsible public policy decisions.

Building upon the framework presented in Figure 1, the assessment of EPPs must go beyond the traditional scope of a single firm. By applying the lenses of stakeholder theory, it is obvious that EPPs have direct, but somewhat latent influences on the varying parties in the marketing system.

Empirical illustration

Research design

Regarding the main research question to be addressed, this study relies on the exploratory research design. Exploratory research is convenient when a problem has not been clearly defined. Most of the previous studies successfully established the theoretical mechanisms between EPP properties and outcome variables (e.g., export performance and national export propensity) with no attempt to explore the EPP properties from the public policy perspective. Although this study applies some causal statistical techniques that can be used to determine the theoretical relationships between variables, the primary goal of this study is to enlighten the new agenda within EPP domain by utilizing mostly secondary data. However, this study focuses on answering the *how* question which tries to reveal the novel perspectives in export promotion policy field. In this particular context, the goal of exploratory research is to guide further conceptual and empirical advancements within the field of export promotion policy. Hence, above mentioned reasons conform to the methodological principles of conducting exploratory research in this study case.

Study context

In Croatia there is an established and integrated export promotion organization. All export promotion activities are public and go through the government ministries or governmental organizations (e.g., Croatian Chamber of Commerce). Overall, official budget for EPPs activities evolve around 0,16 % of total exports which is higher than the global average of 0,11% reported in recent study by Lederman, Olarreaga and Payton (2010). However, the focus of this study is on the specific EPP. Throughout the years, the Croatian Ministry of

Commerce, Labor and Entrepreneurship has been funding the exporters through the market-related EPP named „Strengthening of International Competitiveness“. The goal of this EPP is to fund exporters in the process of developing internationalization capabilities and activities that would result in enhanced export competitiveness. Specifically, this EPP consists of three independent projects that firms can apply for:

- 1) A1 - Enhancing internationalization capabilities through the presence in international trade shows;
- 2) A2 - Enhancing internationalization capabilities through new product development;
- 3) A3 - Enhancing internationalization capabilities through introduction/commercialization of (new) products to foreign markets;

Basically, the subsidy covered through EPP is financial although the program itself is market-related (e.g., aims at developing crucial marketing capabilities that will enhance firm's internationalization efforts). However, in order to be eligible for receiving the funding, the potential users must fulfill the following criteria:

- The firm's export sales must be 25% or more of total sales. Alternatively, the firm's export revenues should exceed 10 million kunas.
- The firm's product must be categorized as higher value-added.
- The firm must have at least 10 full time employees.
- The firm has no liabilities towards employees and government.

Sample development

The original list of EPP funded firms has been available through the website of Croatian Ministry of Commerce, Labour, and Entrepreneurship. In order to validate the sample, some preliminary screening activities were conducted. The sample definition was based on the criteria of stability of firm's exporting processes. Most of the firms in the sample had a high percentage of revenues from exporting activities and were considered to be actively engaged exporters. Next, the craft firms were eliminated from the sample as they possess small-scale production of goods and exports have little impact on their overall performance. This decision was also validated by inspecting the income statements of the craft firms. In the end, the sample comprised 139 firms in total.

According to the firm size, the sample firms were classified either as small, medium or large-sized exporters. Regarding the firm demographics, sample comprised exporters from wide range of industry classification codes although the majority of exporters were within manufacturing sector (89,3%). The sample exporters originated from different industries: food and beverages (11%), wood and furniture (11,9%), paper and printing (2,8%), chemical products (13,3%), textiles, leather, and apparel (9,1%), metallic products (12,7%), engines, and machinery (19%), electronics and ICT products (9,1%), construction (2,8%), wholesale, and retail (5,6%), other (2,8%).

Measure operationalization and data sources

To obtain data for the study, several data sources were consulted in respect to the measured dimensions. As noted before, the data about EPP funding has been derived from the program „Strengthening of international competitiveness“ available through the website of Croatian ministry of commerce, labor and entrepreneurship. In order to measure the resource-based perspective of the sample firms, the different resource dimensions were used (financial,

material, human, and scale) in which every dimension was derived from the different data source. In social science research this is known as data triangulation strategy. Generally, triangulation refers to the use of more than one approach to the investigation of a research question in order to enhance confidence in the ensuing findings (Denzin 1970). More precisely, the data triangulation is often used to validate the research findings and to remove any potential bias and error in data collection that results from deriving the data from single source. The firm's financial and material resource capacities have been measured as the total value of financial capital and long-term material assets respectively. The financial and material resources were obtained from the public database provided by Croatian Financial Agency. Firm's human resource capacity has been derived from the public database provided Croatian Chamber of Commerce. The firm's scale resource capacity was measured by the export performance (total export sales has been calculated by multiplying total sales and percentage of export sales). The data on total sales and percentage of export sales have been derived from the database provided by professional market research firm. Although the dimensions covering resource capacity can merely be considered as proxies, they are closely related to the conceptual properties of total financial, human, material, and scale resources and tie well to the measurement strategy.

Findings

Most of the earlier studies dealt with the absolute effects of EPPs on performance outcomes by answering the *why question* but very few of them demonstrated an ambition to reveal differential effects that EPPs may have regarding the different client groups. Therefore, the studies that have revealed the varying effects of EPPs on export performance (regarding the client group) provide a good starting point to answer the *how question* (e.g., Martincus and Carballo 2010). As defined earlier, the principal objective of this study is to reveal the nature of EPP funding in regard to the firm's resource capacity. In order to reveal these effects, first the ANOVA test was conducted in order to examine the EPP funding distribution regarding the firm size and whether such differences are statistically significant. With the purpose of understanding the differences between small, medium and large-sized exporters with respect to received funding, the split total sample into three exclusive groups. The results reveal that there are significant differences between small, medium, and large-sized exporters in regard to received EPP funding (F-statistics = 9,601; $p < 0,000$). Next, the ANOVA post-hoc Tukey tests were performed in order to inspect the significance of relative differences between small, medium and large-sized firms in regard to received EPP funding. It can be concluded that large-sized firms achieve statistically higher EPP funding than the small and medium-sized counterparts. Finally, medium-sized firms achieve significantly higher EPP funding than small-sized firms.

From the preceding analysis it is evident that smaller firms receive significantly smaller funding. To get the a more clearer picture of the EPP funding dynamics, the total EPP funding was divided with total financial resources that firm possesses in order to get a ratio measure. The ratio measure reports the share of EPP funding in the firm's overall financial resource capacity. Eventually, ratio measure was computed as a natural logarithm with an aim of getting normalized values. Another ANOVA with post-hoc Tukey tests was performed. The findings reveal that there are significant differences between small, medium and large-sized firms in regard to ratio measure (F-statistics = 16,243; $p < 0,000$). More precisely, the smaller firms have biggest ratio meaning that the received EPP funding, though significantly lower, accounts for high percentage of their overall financial resource capacity.

The ANOVA test could not reveal the exact properties that could help answering the *how question* (i.e., the state of EPP dissemination). In order to inspect the detailed linkages

between the dimensions of firm's resource capacity (human, material and financial resources respectively) and EPP funding, the Pearson's correlation analysis was performed (Table 2).

Table 2. Correlation analysis

	EPP Funding
Human resources	0,457**
Material Resource	0,567**
Financial resources	0,433**
Scale resources	0,348**

** *Correlation is significant at the 0.01 level (2-tailed)*

The findings from Table 2 outline that EPP funding is significantly related to all dimensions of resource capacity. This confirms that EPP funding policy is highly dependent on the resource capacity of the firm (e.g., firms with higher resource capacity have number of export activities, products, and customers).

To support the findings from correlation analysis, the multiple regression model was developed where EPP funding was set as dependent and subsequent dimensions of resource capacity acted as independent variables:

$$EPPFunding = \beta_0 + \beta_1 FinRes + \beta_2 MatRes + \beta_3 HumRes + \beta_4 ScaleRes + e$$

The findings from regression analysis suggest that all four resource capacity dimensions have statistically significant relationship with the EPP funding (all Betas are significant at 0.05 or 0.01 level). Moreover, the overall model showed respectable fit ($R^2 = 0,323$; F-statistics = 15,298; $p < 0.00$), and the multicollinearity did not pose any threat to the model's validity (VIFs were around 1,2).

As discussed earlier, firms with larger resource capacity acquire higher EPP funding on the basis of greater financial need to fulfill their exporting projects. Therefore, based on their extensive export operations, larger firms state much higher financial requirements when they apply for EPP funding.

Post-hoc descriptive analysis

The findings discussed so far provide insights into the dependency of EPP funding on dimensions of firm's resource capacity. Though, the findings from this analysis do not allow general judgments on the EPP policy insensitiveness. Some theories of justice support the notion of aiding the subjects who have greatest potential of achieving export success – in this case the large-sized exporters. Consequentialist theory of justice proclaims that the allocations of public goods must follow utilitarian framework and reflect the interest of public welfare. In this case, aiding the export ventures with largest export potential will result in higher benefits

for overall society. In order to inspect the consequentialist perspective of this specific EPP it is also important to understand how the firms performed following year in export markets regarding the received EPP funding. Therefore, additional analysis is conducted in order to shed light on the EPP policy consequences. Table 3 shows descriptive data about several exporters from the total sample in regard to firm size, EPP funding, export intensity (number of export markets served) improvement, and export sales improvement.

Table 3. Post-hoc analysis

Exporter	Firm size	EPP Funding	% export intensity improvement (2010/2009)	% of export sales improvement (2010/2009)
Firm1	S	114.000	+100%	+21%
Firm2	S	37.000	+75%	+18%
Firm3	L	695.000	0%	+1%
Firm4	L	1.100.000	-10%	-15%

Table 3 indicates that two smaller exporters received significantly lower EPP funding but have witnessed an improved export performance in the following year unlike the larger firms. These insights confirm the contention that the export promotion policy which gives significantly higher EPP funding to resource-capacited exporters does not justify the consequentialist perspective. In other words, the exporters with largest potential for success (according to consequentialist approach to justice) have failed to positively perform in export markets the following year (regarding the export intensity and export sales measures).

Discussion

This study aimed to explore new landscapes in the EPP literature by tying it with extensive knowledge from distributive justice studies. Key contribution of this study is in demonstrating the empirical dependency between EPP funding and firm's resource capacity. First, the multigroup ANOVA revealed that there are significant differences between the firm size (small, medium, and large) in regard to the received EPP funding and the ratio measure. Next, correlation analysis provided evidence that relationship between EPP funding and various dimensions of resource capacity were found to be direct, positive, and significant. Finally, the findings from multiple regression model confirmed the prior constellations. Overall, the findings provided solid ground for the implication that EPP funding shows positive and direct relationship to the firm's resource capacity. In this line of reasoning it is obvious that the current EPP framework functions on the premises of awarding the firms that are well-off with resources. However, to eliminate any possible source of conjecture, the post-hoc analysis was performed on the descriptive analysis on four randomly selected firms from the sample. The results suggest that larger exporters failed to capitalize on a higher EPP funding unlike the smaller firms. This is in line with the findings from EPP mainstream field which suggest that smaller firms are greatest beneficiaries of EPPs (e.g., Freixanet 2012; Martincus and Carballo 2010; Lederman, Olarreaga and Payton 2010; Leonidou, Paliawadana and Theodosiou 2011).

Theoretical implications

In the lack of internal resources, the EPPs become complementary external resources which contribute to the development of firm's exporting processes. Previous studies in the field of EPPs successfully delineated the importance of the institutional environment on the international marketing strategy development. Mainstream studies inspected whether EPPs lead to improved firm performance which represents positive consequence for the national marketing system. Cavusgil and Yeoh (1994) recognized that current frameworks have evident drawbacks in defining the basis of EPP dissemination.

The discussion in the paper relies on the implementation of DJ principles in order to explain the necessary transitions within the EPP policy. Lee and Sirgy (2004) noted that decision makers often behave myopic and avoid integrating the DJ principles within public policy. Embedding the DJ principles stresses the importance of social orientation in public policy. As such, DJ principles pose more challenge than merely employing ethical behavior in public decision making per se. The role of DJ is to shape the effective public policy programs that exhibit highest public benefits. Although the mainstream macromarketing literature suggests that DJ principles are exclusive, in the EPP context, they provide complementary path of achieving equitable and fair allocation of public resources (Ferrell and Ferrell 2008). The main idea of this paper was to offer more holistic approach and warn of the necessary transition in EPP policy – public policy instruments should assist more those exporting firms that are in need of resources. However, one may assume that utilization of DJ principles within the export promotion policy violates the competitive position of large enterprises. This is well tied to the main critique of affirmative action assuming that preferential policies can stigmatize the position of large enterprises by giving full support to exporters that are worse-off with organizational resources. Recent studies reveal that EPPs embark heterogeneous effects over the distribution of export performance and smaller firms are greatest beneficiaries of these activities (Freixanet 2012; Martincus and Carballo 2010; Lederman, Olarreaga and Payton 2010; Leonidou, Palihawadana and Theodosiou 2011). Contrary to this perspective, some indicate that EPP should exclusively be targeted at large, matured and established exporters as they possess the highest potential of positive return on invested public resources (Boston Consulting Group 2004). However the empirical illustration and resulting framework suggest that the larger firms should have lesser priority in gaining higher EPP funding (especially through the market-related EPPs) because they have strong resource capacity. Another reason that can be attributed in defending this approach is that larger and established exporters mostly rely on the market penetration strategy (existing growth on existing export markets), whereas smaller exporters focus their growth on new export markets which has eventually more value-added impact on the national and firm-level export performance.

Unlike its predecessors, this paper builds on the macromarketing perspective in which the EPP policy is seen as having a far more fetching consequences for the marketing system and acting stakeholders. The effort to tie the EPP with the macromarketing agenda was drawn from the ideas of Vargo (2011) who argued that market value creation results from the interaction and integration of public and private resources. The main intention was to suggest that firms do not exist in self-contained microworld but rather evolve in dynamic network interaction with its stakeholders (Achrol and Kotler 1999). As suggested in the framework, EPPs induce many stakeholder-related positive externalities. This is in line with the ideas by Lusch and Webster Jr. (2011) who advocated that efficient and effective marketing organization must employ value cocreation perspective. Value cocreation is situation where firm must not only care about optimizing its own processes and activities but to support their stakeholders in their value creation. The framework in Figure 1 suggests that by receiving the EPP funding firm develops its core marketing capabilities that create value and influence

organizational performance. Eventually, firm's improved export performance generates multiple positive outcomes for all the stakeholders involved.

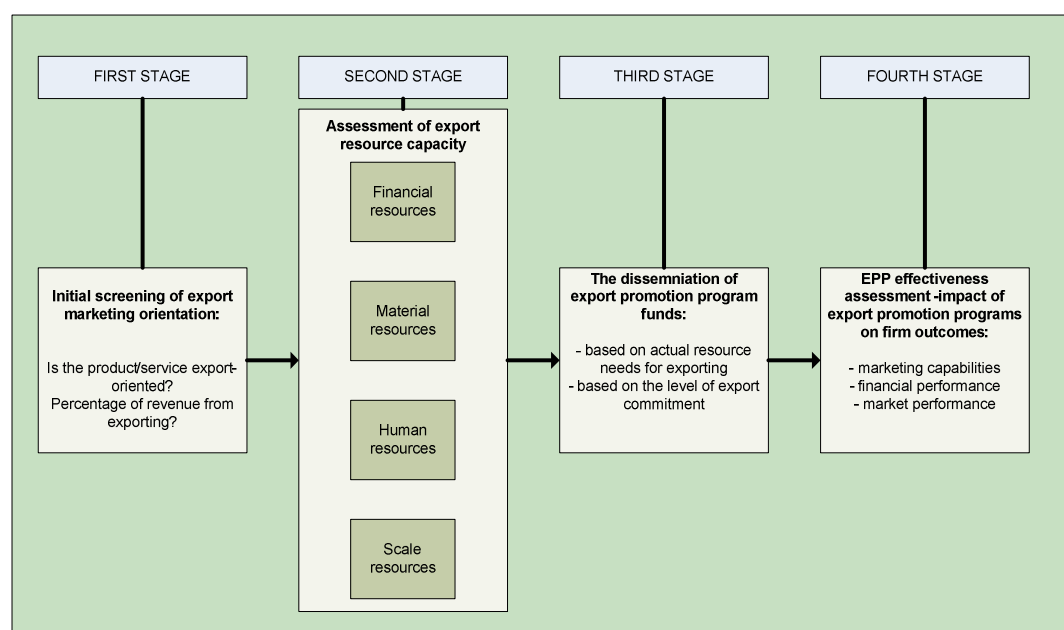
It must be delineated that DJ principles can not be "fair" to all subjects at the same time and the policy maker chooses the principle that best fits their goal (Rich, 2004). Moreover, the affirmative action requires that firms in privileged position (advantaged in a way they hardly perceive) give some of their privilege (receiving the EPP resources) and shift them to those firms that are worst-off with organizational resources. Hence, the "lack of organizational resources" principle presents valid platform for developing the effective export promotion strategy from public policy perspective.

This study attempts to justify that DJ principles do not violate the main goal of export-oriented policy. More likely, such principles assure the justified and righteous dissemination of EPPs as a form of public resource. Eventually, the affirmative action does not answer all the inquiries in relation to the development of righteous public policies, but that should not be a reason to abolish its principles. The rationale of the presented model justifies the position of Macario (2000) who argued that the EPPs should be aimed firstly to the firms that are active exporters that introduce new products and explore new markets. The value-added of this paper genuinely evolves around opening a new agenda for applying the affirmative action and necessity of revising the current frameworks that underlie the export promotion policy.

Public policy and institutional implications

Exporting is a dynamic process in which firms encounter various obstacles which complicate their internationalization process. This is the main reason why nations strive to implement export promotion policies by helping exporters to overcome these barriers. It is the view of most researchers and public policy markers that EPPs must be considered as the dimension of development policy. However, the budget constraints and decreasing governmental intervention raises the imperative of better and more efficient allocation of EPP resources. By following the initial framework and subsequent empirical illustration, this study suggests that lack of organizational resources represents key determinant upon which the EPPs should be disseminated. In this case, the firms that have insufficient resource and capability capacities should have an access to higher EPP funding. Yet, this study does not suggest that the dissemination of public resources should be exclusively based on the resource capacity as the self-dependent and only criterion. As in earlier frameworks, the preliminary and mandatory condition for receiving EPP funding is that firm markets an export-oriented product (Cavsugil and Yeoh 1994). On the other hand, these frameworks relied merely on this principle without inquiring the resource-based background of the firms that apply for EPP funding. According to research findings, the current framework suffers from serious flaws that result in the "closed loop model" where firms with stronger resource capacity receive substantially higher EPP funding. In the Figure 2, the revised model for EPP dissemination is presented.

Figure 2. The new framework for EPP dissemination



First stage: In the initial stage exporters apply for the EPP funding. The applications are reviewed by EPP institutions according to the export marketing orientation (EMO) posture of the firm. EMO entails orientation and consequent behavior that odds favor to firm's export markets rather than its domestic markets. One of the viable and operative indicators to measure the EMO posture is percentage of sales coming from export markets. In their very roots, the export promotion expenditures should always be evaluated by using the criteria such as innovativeness, propensity to use new technology, identifying and seizing new foreign market opportunities (Czinkota 2002).

Second and third stage: Public policy institutions that organize export promotion activities must review the received applications. In this stage, the public officials must ensure righteous basis for the EPP funding (financing). Following the affirmative action principles proclaimed in this study, the main basis of dissemination should be built around the firm's overall export resource capacity. The firms that have successfully passed through the first stage are now being assessed regarding their resource capacity. The firms that are worst-off with exporting resources should be assisted with higher EPP funding.

Fourth stage: The fourth and last stage of EPP dissemination model is performance assessment. In this stage, with a lag of one year, the firm reports its export performance indicators to the EPP policy officials in regard to the activities that were subject of EPP funding (e.g., new product development and commercialization). In this case, the institutions that adiminstrate EPPs are able to conduct benefit-cost analysis of the EPP activities, implement corrective measures, and develop further policy guidance (Klein 2004).

As an important subject in the institutional environment, public policy makers must balance measures that are aimed to benefit the whole population with measures aimed to benefit more specific constituencies. Put in another words, public policy-makers who manage and administrate the EPPs should put more emphasis in subsidizing the exporters that lack crucial organizational resources which in the end enhance exporting capabilities and affect export performance. Large, matured and internationally experienced firms do also need

significant export assistance (e.g., large-scale export financing, product adaptation, financial guarantees, etc.). By applying utilitarian principles, the policy maker is interested in calculating the overall benefits that are resulting from respective costs (investment). Post-hoc analysis suggested that larger exporters are not benefiting from market-related EPPs as do the smaller exporters who have significantly smaller resource capacity.

Limitations and suggestions for future research

In this section, the future challenges and actual limitations of the study are discussed. The fundamental premise of this study suggests certain points that should be addressed when considering the EPP policy within broader marketing system context. However, although this study proposes solid framework to measure the EPP's influence on various stakeholder perspectives, the measurement of these outcomes is pretty complicated subject for macromarketing researcher. The complexity arises from addressing the outcomes for each and every constituency that relates to the business processes of focal firm. Notably, the future studies would certainly benefit the EPP field by measuring the stakeholder-oriented outcomes and delineate the empirically valid and epistemologically true results.

The perspective in this study takes into account that export promotion policies, and resulting procedures are managed on the transparent, fair, and reasonable ground in any democratic environment per se. However, future studies could test this inquiry to determine whether the formulated export promotion policies follow the suggestions of the procedural justice. This would entail determining the possible ethical and professional anomalies that can appear in this stream of public policy decision making (e.g., are the EPP funds disseminated by the political key?).

Discussion earlier suggests a well-reasoned application of DJ principles in the specific area of public policy. However, one may inquire applicability of such framework in other government-business relations? The EPPs are very specific area of public policy where governments subsidize exporters by providing monetary resources to be spent on export marketing activities. In their very core, EPPs present range of activities that can be classified as the market intervention programs. However, the replication of ideas that are at core of this paper (e.g., preferential policies that result from affirmative action) could be controversial in other forms of government-business relationships (e.g., government contracting). Recent study by Marion (2009) reported that government-funded road project in California witnessed significant budget savings by ignoring the Proposition 209 which is based on the premises of affirmative action. Proposition 209 is a California ballot proposition which prohibit state government institutions from considering race, sex, or ethnicity, specifically in the areas of public employment, public contracting or public education. Therefore, it is of utmost importance to limit the findings of this study merely to the public policies that entail subsidizing (e.g., agriculture, exporting, etc.).

The most fundamental premise of export promotion policy accounts for the principles of government intervention in market mechanisms that enhance firm-level competitiveness in which some exporters are aided and some are not (Rich 2004). This study approach challenges traditional consequentialist theory of justice which indicates that the public interest is to allocate the EPP resources (costs) according to the greatest possible result (benefit) that can be achieved. From the practical standpoint, it is evident that exporters with larger resource capacity will achieve higher export performance which in the end justifies the utilitarian approach of subsidizing the most efficient market subjects. However, the findings suggest that

the market-related EPPs should be more focused on the exporters that lack organizational resources to conduct activities with in-house resource arrangements (e.g., new product commercialization). However, future studies should put more emphasis on researching the benefit-cost perspective of EPP programs (e.g., Do public policy makers assess the firm-level performance outcomes of specific EPPs? How to integrate and operationalize the EPP assessment mechanisms in public policy framework?).

A potential shortcoming of this study's empirical illustration is somewhat its simplicity. However, the statistical models in empirical illustration were mostly performed to act as a diagnostic tool (e.g., to inspect the state of EPP funding dissemination regarding the firm's resource capacity) rather than to achieve the predictive power. Therefore, the generalizability of the findings is thus limited. Future studies should focus on developing more robust conceptual models that will analyze the theoretical mechanisms between EPP phenomena and marketing system related outcomes. To inspect the EPP policy dynamics empirically, future studies should account for the time series perspective. Therefore, the future studies can concentrate on dynamic modeling (e.g., panel models) that would explain the temporal dynamics in EPP funding in relation to firm's resource capacity.

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Understanding Consumer Decision-Making and Detriment in an Essential Service

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Abstract

Understanding consumer decision-making in telecommunications can help us to determine what steps to take to facilitate better outcomes for consumers. Using an extended autoethnographic methodology with 22 participants, consisting of recorded video diaries, written diaries, and extended interviews, this research sought to explore the consumer experience in relation to the service of telecommunications in the Australian market. Several key themes emerged. In general, the current research found that consumers consistently find it difficult to have a straight conversation with their telecommunications provider pre-sale (through marketing communications), at point of sale (with salespeople), and post-sale (with customer service representatives). Participants generally expected that telcos should be willing to have this conversation, but had lowered their expectations based on previous experience.

Background

In 2009-10, there were a total of 485,471 consumer complaint issues to the Telecommunications Industry Ombudsman (TIO) related to mobiles and mobile premium services, fixed line phone, and Internet services (TIO 2010). Complaints to the TIO increased by 31 per cent in 2006-07, 61 per cent in 2007-08, and 79 per cent in 2008-09 (Xavier 2011). According to TIO reports, from January 2011 to March 2011 there was a 35 per cent increase in new complaints, indicating that complaints remain high (TIO 2011a).

Towards the end of 2010, other research found that one in two consumers of telecommunications providers in Australia had experienced a problem with their telephone or Internet service provider in the past year (ACCAN 2010; Webb 2011). Despite the large number of problems experienced by consumers, only 4 per cent of these customers (2.3 million Australians) sought to resolve their complaint through the Telecommunications Industry Ombudsman, suggesting a much larger, perhaps systemic problem with the industry itself (ACCAN 2010). Indeed, a recent ACMA paper suggests that the complaints in the industry are based on enduring rather than transitional or short-term problems (ACMA 2010).

It is interesting to note that the increase in customer complaints in telecommunications has not been seen in the other essential industries, such as electricity, gas, water, insurance and banking (Asher and Freeman 2010). In 2009, the TIO reported a 44 per cent increase in complaints from the previous year. In comparison, the Energy and Water Ombudsman of New South Wales (EWON), a state-based external dispute resolution scheme, recorded an increase of 18 per cent in complaints on the previous year (EWON 2009). In this same period, the volume of complaints to these resolution schemes is also much lower than the 230,000 reported to the TIO, with 19,107 complaints to the Financial Ombudsman Scheme (FOS) and

10,928 complaints to EWON (TIO 2009; FOS 2009; EWON 2009). In relative terms, the complaint rate in Australia is roughly six times the complaint rate in the similar UK market (Asher and Freeman 2010). By understanding how consumers approach the purchase of telecommunications products, policy makers, marketers and industry can better understand whether the decision-making experience has any influence over consumer dissatisfaction. If we understand the process prior to purchase, including how consumers use information provided by telecommunications companies, it provides one way to determine what steps to take to facilitate better outcomes for consumers, be it through consumer protections, consumer education and awareness, or in product development and industry practices. This is important for three primary reasons at present. First, there are many indicators that the market is not working for consumers and that they face challenges, detriment, and confusion as they decide what products to buy. Second, communications technology has become an essential utility, playing a central role in society and it is crucial, therefore, that consumers make decisions that work for them. Third, the policy backdrop to consumer protection in telecommunications is currently under scrutiny in Australia and in other developed countries, and there is opportunity to greatly improve outcomes for consumers.

Telecommunications as an Essential Service

Communication devices have become such an integral part of everyday life that consumers use them as an extension of themselves. Participants in a recent case study on mobile phone telephony in Morocco described the mobile phone as a “necessity” and a communication tool that has become “indispensable” (Kriem 2009). A study of young Australians’ mobile phone use found that mobile phones were used to enhance feelings of “belongingness” amongst young people (Walsh, White and Young 2008). In fact, the use of mobile phones is seemingly so ingrained in consumers’ social identity and image formation that it has been suggested as displacement behaviour for smoking in adolescents (Cassidy 2006).

In the light of the many capabilities of a mobile phone, its high demand and its connection with identity, it is perhaps no surprise that studies have found that consumers perceive mobile phones as a necessity. In fact, the need for communication and the telecommunication products that provide this are likely to be perceived as a utility in the same category as gas or electricity. Similar to electricity, elements of telecommunication products like mobile phones are intangible and taken for granted (Watson et al. 2002). Consumers are unlikely to give a second thought to making a call or sending a text, which is demonstrated by the British government’s inclusion of smartphones and their “apps” to the basket of goods used to calculate the cost of living. This demonstrates just how essential they have become for communicating or seeking information (Hawkes 2011).

Research Method

Video-ethnography was chosen for the current research project to provide insight into the consumer experience in telecommunications, something identified as lacking in a review of the telecommunications-related literature. Previously, video-ethnography has been used to identify consumer archetypes and is likely to engender a consumer orientation in marketing professionals (Caldwell and Henry 2010). Using a method that uses participant-generated footage in collaboration with extended interviews, the researchers hoped to gain a better understanding of subjects’ perceptions, feelings, motives and thoughts, and how these may

have affected their behaviour (Starr and Fernandez 2007). Consistent with other qualitative methods, the study relied on a small number of participants whose attitudes, behaviours and feelings were explored in depth (Starr and Fernandez 2007).

Twenty-two extended auto-ethnographic studies were conducted. Participants who were in the market for a new smartphone and accompanying service were recruited using convenience sampling via a market research recruitment company. They were chosen for diversity of demographic profiles, including age, income, and socio-economic situation. Participants were given a small handheld video camera, and for two weeks filmed anything related to their consumer decision-making in relation to buying a smartphone that they felt was important. Participants were encouraged to film daily and to resist the urge to self-edit. The footage was then analysed by the researchers, along with data collected during follow-up interviews with each participant.

The instructions given to participants were: “Over the next two weeks, film and photograph anything related to your decision or shopping for a smartphone that you view as important.” Participants were encouraged to show their experience in choosing a smartphone, a method used previously in participant-created videos (Rich et al. 2000). Also in line with the method used by Rich et al. (2000), participants were given a standardised list of video assignments that were to be used as springboards for discussion. Participants were encouraged to create and answer their own questions, in addition to the list given to them (Rich et al. 2000) and to film any topic, theme or concern that was important in their decision (Cashmore et al. 2010). Questions for the standardised list were chosen based on the literature review on consumer-decision-making generally and specifically on consumer decisions within the telecommunications context. Questions focused on the key areas thought to affect consumer decisions pertaining to choice of smartphone, including information and choice load (Poiesz 2004; Kasper et al. 2010), marketing communications (Petruzzellis 2010; TIO 2010), frames, biases and other factors affecting choice (Mitomo et al. 2009; Karjaluoto et al. 2005), network effects and loyalty (Birke and Swann 2006), consumer involvement (Martin and Marshall 1999; Wang et al. 2008), bundling (Lee 2009) and obstacles to making good decisions (Kasper et al. 2010; Xavier and Ypsilanti 2008; Turnbull et al. 2000).

The researchers maintained contact with participants in case any issues arose in the first days of filming. After one week of filming, participants provided their film and photographs to the researchers. The researchers conducted an initial analysis of this video content to determine how to guide participants for the second week of filming. Based on this analysis, the feedback provided to participants included asking them to talk in more detail about their thoughts and/or to focus on themes of interest that may have arisen in the first week of filming.

Following the filming stages, participants were interviewed. In these extended interviews, selected participant-generated footage was used as a memory prompt when necessary (Starr and Fernandez 2007; Faulkner and Zafiroglu 2010) and to elicit further insight into key themes surrounding the consumer decision-making process. The interviews consisted of questions that the videos prompted the researchers to ask (Faulkner and Zafiroglu 2010). The interviews were also video and audio recorded for subsequent analysis. Video footage was then edited, combined and analysed using critical visual analysis (Schroeder 2007) and convergence methods. Critical visual analysis includes descriptive analysis of the content, interpretation of the footage and formation of theoretical insights. Key themes were identified and the processes by which participants used information to make decisions in this context were mapped. This output, together with the analysis, included consumers’ behaviour,

their subjective commentary of their behaviour and independent analysts' observations. The triangulation of this information allowed for a better understanding of consumers' perceptions, feelings, motives and thoughts, and how these may have affected their behaviour (Starr and Fernandez 2007).

Key Findings

Rather than presenting definitive findings, the aim of the ethnographic study is to broaden the scope of the research beyond "typical" or numerical indicators. As such, the findings from this research method may uncover certain phenomena - that is important, but not prolific – that would not normally be found in a quantitative study. Due to the limitation on pages for the presentation of these findings, and in keeping with the spirit of the research, the authors have compiled a summary of the key video findings, which can be viewed at <<http://vimeo.com/user11213847/telcosummary>>.

The nature of qualitative research is that it tends to reveal the particular as a manifestation of the universal and, therefore, findings should be viewed as indicative of phenomena, rather than definitive. However, two key themes are worth incorporating into this paper, viz., the difficulty consumers had when trying to compare products (such as through the use of popular web-enabled technology of comparison sites), and instances of confusion and frustration when consumers were trying to compile information to help them to make an appropriate decision. Quotes presented in the following section are taken from both the auto-ethnographic recordings made by the participants (with explanations as to what the participant was doing while speaking about the issue), and also during the long interviews conducted at the conclusion of the research period.

Difficulty when trying to compare products

Participants found making comparisons between telecommunication products and telecommunication bundles difficult:

P47 "you can't really compare bundle to bundle because they're not the same bundle...you have to do them separately (elements of a bundle) and then mentally put them together yourself. That's the hardest."

To make the comparison process easier, some participants effectively used comparative websites such as iSelect.com, youcompare.com.au and thebroadbandguide.com. They used these to help them make the decision, or in some cases, "make the decision" for them:

P47 talked about how iSelect.com "simplifies it...gives you five options."

P50 "So eventually I just went on a comparison site...and that was so much easier."

P52 "You could actually see what you got and the text...because you've got so many things to compare."

The ability of comparison websites to show all the carriers at once was an advantage identified by participants. Participants also liked that they could be used to filter and reduce the information presented to them.

P47 talking about iSelect.com compared to carrier websites “A line for each deal whereas you go into say, (Carrier name) it has all the information in one block...on the first page.”

P48 talking about thebroadbandguide.com “...I like using that website because you can do whatever search you like and it will bring up a list of bundles.”

Despite using these comparison websites, often participants still had trouble because of the way the offerings were presented, or the structure of the offer. For example, bundles were incomparable in terms of data allowances, and call rates.

P47 “It’s not the same for each carrier so how do you then go, okay they’re going to give me 15GB and this other company is going to give me 20...um....and they are going to give me 20 calls, and they’re going to give me 50 calls for free. It’s not the same so you are looking at it going... (P47 shrugs).”

Interviewer “So there is no way to compare?”

P47 “No. How do you go, okay this is what I’ve already got, how do I fit into that? And that is what I found confusing.”

P45 when asked about the ease of comparing smartphone plans and prices: “Not really (easy), not the ones that weren’t unlimited, because they all have different call rates and stuff. That was confusing...the different call rate units.”

P46 discussing all the decisions that need to be made when choosing a smartphone: “...it makes it harder making a decision because there are so many to choose from and then, like, I think I’d find it pretty easy to narrow it down to the phone I wanted than looking at all the different carriers and plans and looking at where you do get service and don’t get service. That’s going to be the hard part.”

Participants found this comparison difficult to conduct and were either left confused and frustrated or with the realisation that they would have to do further research:

P52 “The problem with (making) a (comparison) spreadsheet is you really couldn’t compare apples to apples; it was really comparing apples to oranges. Because, you know, one had the t-box, one had the Foxtel. You really couldn’t...”

P47 talking about some barriers to making a good decision about bundles “Without going into major research...it’s not quick, it’s not a quick process.”

This is consistent with past findings that consumers have difficulty in comparing choice alternatives in a market that offers substantial variety, is complex and, to many consumers, not transparent (Poiesz, 2004). Recent reports have also suggested that Australian consumers need the capacity to undertake complex mathematical formulas to work out the detail of mobile phone plans (Moses, 2011).

This desire to simplify and reduce information relates to our limited information processing capacity. Too much information can cause a person to become overwhelmed and

use greater cognitive effort (Malhotra, 1982). Individuals may try to simplify judgement processes and complex tasks (Tversky and Kahneman, 1974), such as reviewing and understanding multiple phone bills from different providers. Bundles have been found to be valuable to consumers because they receive only one bill for multiple utilities (Papandrea et al., 2003).

Frustration with the research process leading to a decision

Many participants stated that they were frustrated during the research process and this frustration remained evident when they were questioned in the final interview. Even participants who knew exactly what they were looking for, were confident and methodical in their search, had a good understanding of the technology, knew where to search for information (e.g., comparison websites, reviews, carriers) and had a lot of experience in shopping for telecommunication products, became frustrated because they were not able to compare products easily:

P48 knew exactly what he wanted and had experience choosing bundles, yet became frustrated because it was difficult to compare features across bundles... “matching apples with apples, I wasn’t getting that...”

Sources of frustration amongst participants included locating important information, i.e., an inability to locate information pertaining to reception availability in certain areas, the layout and accessibility of information on carrier websites finding the research overly time consuming:

P47 “[I] really had to do so much more research, that in the end you think...wow...if it’s going to save me \$10 I’m not going to even bother.”

Other consumers expressed frustration with the market providing too much choice, to the detriment of making a considered decision:

Interviewer “Were there many bundles out there to consider?”

P47 “Lots of bundles but all very confusing...lots and lots... Definitely choices...but very, very confusing...I think less choice is better.”

P50 “Quite a lot of choice...it made it harder to search for information and compare between packages...”

P50 making a comparison between choosing telecommunication products in Australia versus Canada. “(In Canada) we don’t have to choose our Internet speed, we want Internet – yes (mimes a tick), we want a phone (mimes another tick) and so I found that a lot easier. Whereas here (Australia), when you open up a bundle and you get whoa (exploding action with hands) like 12 choices. What do you want? This speed or this speed? This modem or this modem? This phone or this kind of phone? It just got a little overwhelming at times.”

In summary, the findings from this research go some way in examining consumers’ experiences with telecommunications, and reinforce other research that has found the experience was not a good one (e.g., ACCAN 2010; Asher and Freeman 2009; Webb 2009). Indeed, consumers were “torn” between the optimism and expectation that they would get good service, and their experienced reality which for the most part, was not pleasant.

However, all participants argued that to participate in the community, they needed some form of mobile communication device, and developed strategies to overcome their predominantly negative experiences with commercial telecommunications providers.

Conclusion and Implications

It is now virtually impossible to participate in any community without access to the Internet or a mobile phone. Government services are being pushed online, public telephone boxes are a rarity, and the growth of smartphone technology has meant that consumers who aren't connected, are being left behind. Despite what the scoffers say, mobile telephony, the internet and even smartphones offer more than games and downloads of cute cats and pandas; for many people, including those that are isolated or vulnerable, it provides a means of staying connected and informed.

What this means is that like water, electricity and gas, communications now has to be considered an essential service. And government has to view communications through the eyes of all users, rather than purely through the commercial needs of business. Policy has to reflect upon the consumer's experience, and the role of regulators is to serve the best interests of the broad community, rather than focusing purely on needs of the market. Because, as we argue, telecommunications is an essential service, government policy and industry practice has to reflect this perspective.

It is important that the academy does not simply dismiss the contemporary consumer experience by arguing that this type of research has already been conducted. Despite more than 30 years of academic research to the contrary, consumer policy continues to rely on the assumption of information provision through product disclosure statements and the provision of terms and conditions as the predominant means by which to avoid consumer detriment (Medcraft, 2011). Consumer policy should incorporate an understanding of consumer behaviour into its remit, and support and empower consumers in the various methods they use to navigate the market. Solutions such as comparison sites, which rely on the rational provision of information (albeit it, in a different form) were shown in this study to also confuse consumers, and it was found that consumers continue to use shortcuts and heuristics even with the provision of this information.

Sophisticated research that encapsulates the full experience of decision-making is recommended to investigate the best way to accomplish this. As an example of how this may be done, we argue that consumer detriment under real conditions should be tested, in the same way that laws are subjected to "due diligence", prior to their implementation. Similarly, further study should be conducted that examines the real effectiveness of intuitively appealing consumer protection methods, such as those suggested by the ACMA (2011), which include the use of a "critical information sheet", the simplification of terms and conditions and unit pricing.

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Ethics in Netnographic Research

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Key words: Netnography, research ethics, social media

Introduction

Scant attention has been paid to the ethical issues surrounding internet marketing (Nill and Schibrowsky 2007) and, more specifically, online consumer research. As social media become increasingly seductive as tools to gather information about consumers without their full awareness (Pettit 2011; Poynter 2011), there is a need to address the potential ethical pitfalls of consumer research on social media. Therefore, this paper aims to (1) highlight the ethical issues involved in netnography, which entails the use of ethnographic research methods “to study the cultures and communities that are emerging through computer-mediated communications” (Kozinets 2002, 62; Kozinets 2009); and (2) to discuss how a focus on care and responsibility – or ‘thinking from caring’ (Edwards and Mauthner 2002; Gillies and Alldred 2002) – has the potential to enhance netnographic research conduct, as it offers a dynamic, context-specific way of reasoning about moral issues in online research, while acknowledging the power issues involved in researcher-participant relationships. The conceptual discussion presented here is based on the extant literature, as well as our own experiences with netnographic research.

Netnography and Its Ethical Challenges

Netnography is the observation of, and participation in, online textual discourses to gain in-depth understanding of the symbolic meanings, attitudes and consumption patterns of specific online groups of consumers (Kozinets 2002; 2006; 2009; 2010). Netnography has been adopted to explore various marketing-related topics (Cova and Pace 2006; Braunsberger and Buckler 2011), and entails five steps: the cultural entrée, involving initial contact with, and sampling of, relevant online group(s); data collection; data analysis; conduct of ethical research; and participant feedback (Kozinets, 2009). Netnography is often described as less obtrusive and simpler than offline participant-observation research approaches. However, it is precisely this perceived simplicity and unobtrusiveness that raise epistemologically-related ethical concerns.

Ethical Pitfalls in Netnographic Research

The extant literature on the common ethical issues involved in offline participant-observation research is quite extensive (cf. Bekin 2005). Some of the moral concerns highlighted by such literature are still relevant to online research approaches and include representation, the researchers’ role in co-constructing knowledge, and the use of such knowledge (Gillies and Alldred 2002), group access and informed consent (Arnould 1998;

Leo 1995; Mitchell 1993; Jackson 1983), fieldwork politics (Miller and Bell 2002; Arnould 1998; Punch 1986), and divided loyalties in sponsored research projects (Bell and Nutt 2002).

However, there are ethical issues specific to online approaches such as netnographic research. As put by Whiteman (2012), some types of online research enquiry destabilise static notions of ethical research conduct, and at times ethical research practices developed offline can be problematic in online contexts. Key issues in netnography include researcher and consumer confusion in relation to social media membership terms and conditions (Whiteman 2012), anonymity and confidentiality problems, control over participants' personal information (Ashworth and Free 2006; Román and Cuestas 2008; Stanaland, Lwin, and Miyazaki 2011), uncertainty regarding researchers' and participants' online identities (Whiteman 2012), whether research objectives require analyses of textual discourses rather than 'real' information about 'real' people (Whiteman 2012), deception (e.g., covert observations) and uncertainty regarding durability of content, whether to credited participants for their online posts, and ambiguity regarding what is public and private (Whiteman 2012).

Our own experience with netnographic research on Facebook (Michaelidou and Moraes 2012) proved particularly challenging in terms of maintaining participants anonymous and unidentifiable when representing their direct quotes in our findings narrative, which resulted in our decision to exclude such quotes from the research account. Also, although we disclosed our presence as researchers on our sampled Facebook groups and pages, such activity may be considered disruptive (Whiteman 2012). The extent to which participants were fully aware that their Facebook data is "semi-public" (Whiteman 2012), and that they were observed regularly, is also debatable.

Hair and Clark (2007) draw on deontology and teleology to frame their discussion on such challenges. However, it is important to add to the deontology/consequentialist debates that are so prominent within the macromarketing discipline, in order to tackle some of the more context-specific ethical issues in netnography. We propose that an ethical standpoint of care and responsibility (Edwards and Mauthner 2002) can help to address ethical issues in netnographic research.

A 'Thinking from Caring' Framework for Netnographic Ethics

Despite Kozinets's (2010; 2009; 2002) prescriptions for ethical research (i.e., full disclosure of researcher presence in online groups, assurance of confidentiality and anonymity to participants, incorporation of participants' feedback into research accounts, and informed consent if direct quotes are used), the discourses of unobtrusiveness surrounding netnography seem to suggest, at least in part, a covert role for researchers, who collect data with limited consumer awareness or involvement in the process. Indeed, Edwards and Mauthner (2002) and Doucet and Mauthner (2002), discuss the power issues that can arise from the researcher's own ontological and epistemological perspectives, as well as from the process of doing research (even if the intentions are inherently good), and from our knowledge system, which is necessarily linked to other forms of structural power (i.e., gender, race, development inequalities). Although Edwards and Mauthner (2002) address offline research, they propose 'thinking from caring', which can be an alternative, or an addition, to the deontological or consequentialist ways of thinking about ethical issues in online research. According to the authors, thinking from caring comprises a focus on responsibility and care rather than duties, outcomes or rights; there is an emphasis on the researcher's as well as participants' values,

situation, context, feelings, emotions, power issues in researcher-participant relationships, as well as dialogical negotiation, rather than just abstract ethical principles and rules.

The ethics of care and responsibility (Edwards and Mauthner 2002) can be considered a relativist approach to research ethics, which in turn can be seen as problematic by scholars adopting absolutist moral principles. Nevertheless, as put by Birch et al. (2002), researchers must have contextualised reasoning rather than just adhere to abstract rules of research, which is why a responsible and caring perspective on research ethics is needed. Also, Whiteman (2012) suggests that an overview of key texts on the ethics of internet research, internet research methods, work on specific research environments such as social media, and specialist codes of practice all suggest a move from general ethical research principles to contextualised, reflexive (Guillemin and Gillam 2004; Alvesson, Hardy, and Harley 2008), and flexible moral decision-making throughout the research process.

De-Objectifying Research Participants and the Research Process

Indeed, ‘thinking from caring’ can be applied throughout the online research process. Traditionally, feminist researchers have widely criticised research designs that objectify and do not include research participants in the conceptualisation of the research design through to data analysis. However, this is a normative entrapment in its own right. Although the internet has been commended for the creation of a participatory culture that offers much potential for consumer collaboration and co-creation (Deuze 2007; Jenkins 2006), the assumption that participants would want to be more involved in the research process is problematic (Birch and Miller 2002), particularly where commercial interests are clear and consumers have little to gain, personally, from the research process. This is a major challenge to online consumer researchers. Thus, ‘thinking from caring’ in netnography would entail sensitizing researchers to specific online research environments, as well as respecting participants’ expectations and needs in relation to the ethical issues highlighted above. In this way, representational decisions such as naming researched websites and usernames, including verbatim text found on social media, acknowledging participants’ authorship, and covert observations (when there is a commitment to disseminate the findings to the researched community at the end of the study) can be considered ethical if they are in line with the nature of a specific online environment and with what participants need or want.

Conclusion

In this paper we address some of the most relevant ethical issues involved in netnographic research, ranging from epistemological considerations through to the practical issues that can arise during online fieldwork. The aim is to alert consumer researchers of the breadth and depth of such ethical issues, and of the epistemological problems that we face, as researchers, on a regular basis. Although some of the issues remain the same as those that may occur in offline ethnographies, others are specific to online research designs such as netnography, which adopt observation and/or participant-observation on social media and other online platforms. We do not seek to construct yet another set of codes or guidelines for researchers engaged in netnographic research, as what goes on during online fieldwork can be fast-paced, and fluid. Rather, as put by Birch et al. (2002, 3), the aim here “is to suggest ethical ways of thinking rather than to provide rules to be adhered to.” Therefore, we propose that the ethics of care and responsibility can be a useful ethical standpoint to frame and, thus, facilitate ethical and reflexive decisions in the netnographic research process.

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Consumer Research as Market Practice and the Making of ‘Choice’ as a Cognitive-Semantic Field

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Economic sociology and in particular the sociological analysis of markets and processes of market-making have recently come under the influence of a turn towards practices and objects. The material and practice(s) turn in market studies has increased the sensibility of sociologists, economists and marketing scholars towards the practices (cultural, social, and economic) that constitute markets and shape them at the same time (Kjellberg and Helgesson 2006; Knorr-Cetina, 1997; Latour, 1993: 142-53). By ‘following the actors’ (Latour, 2005: 12), scholars like Donald McKenzie, Michel Callon, Fabian Muniesa, Franck Cochoy and many others, have contributed to our knowledge of how markets are continuously performed by networks consisting of human and non-human actants (Callon, Millo, Muniesa, 2007). While earlier outlines of this practice-oriented approach, for example in actor-network-theory, also included the mapping of relationships that are semantic in nature (i.e. those based on concepts, ideas, belief-systems, ideologies, and economic theories), the more intangible, cognitive underpinnings of market practices are now somewhat in danger of being side-lined in favour of a stronger focus on material practices, i.e. those that are shaped by and embodied in objects, spaces and technologies, such as calculating devices, measurement and valorization technologies, stock-exchanges, market halls etc. (Çalışkan and Callon, 2009; Çalışkan and Callon, 2010). In other words, what counts as ‘practice’ in these studies can all too often be subsumed under ‘what people actually do’, and under the umbrella of objects and practices that are *visible* in one form or another. In this paper, I propose to extend an actor- and network-centric approach further into the realm of *invisible* practices, comprising mental states, concepts and ideologies. Specifically, I will demonstrate how the emergence of the concept of ‘choice’ helped shape particular socio-economic practices which in turn contributed to the constitution and continuous performance of particular markets.

For markets in general to exist, it suffices that people are conceptualised and behave as *consumers*. As consumers, at least in the original meaning of the term consumption (Lat. *cōnsūmere* = using up, wasting), people enact the counter-side of production as the creation of goods, services and value. In the early sixteenth century, the English term ‘consumer’ referred to somebody who wasted resources or allowed them to be used up by decay. Consumers existed in all advanced civilizations in which markets offered people the opportunity to buy and exchange goods in order to meet their need for food, clothing, tools and livestock. In a traditional bazaar-based economy, naturally, a person who buys a chicken in order to eat it acts as a consumer because s/he *uses up* the good acquired on a market. The anthropologist and economic sociologist Karl Polanyi referred to such markets as typical for embedded economies, and strongly differentiated them from the competition-driven, disembedded economy of modern capitalism (Polanyi, 1944). In such an economy, a chicken for example is bought through channels that are largely void of relationships characterized by close social bonds and kinship ties.

Although marketing research has shown that large, anonymous market players like supermarkets can successfully mimic localized social bonds and relationships, the modern conceptualization of the consumer as social actor both negotiating and co-creating (Vargo and Lusch, 2004) a maze of value-offerings hinges on the understanding that a consumer not only uses up, but *chooses*. Crucially, as a chooser, the consumer becomes conceptualized as a far more powerful social actor, as one who judges, evaluates, selects and rejects. Around the consumer as chooser, the world becomes envisaged in terms of options, and choice, as opposed to mere consumption, hence becomes the most crucial *mental* process underlying market relationships. As a chooser, the consumer is not only driven by the objective value of a product and the relationship s/he establishes with a producer and/or a seller, but mainly by the promise of what the chosen product or service will provide. As in the Greek mythological tale of Paris' judgement, the chooser is guided not by intrinsic value of the offerings but by the promises that the choice itself offers (Korshak, 1987; Salecl, 2010).

In order to analyse the role that *choosing as mental practice* plays in the establishment and continuous enactment of specific forms of markets, this paper will provide a reflection of the surprisingly under-theorized and under-historicized concept of choice. Buttressing this reflection with empirical material, the paper will provide an in-depth case study of the conceptual shift in American car marketing from 'consumer' to 'chooser', and the introduction of the concept of 'choice' into marketing and consumption practices in the American car market from the 1920s to the 1950s. The paper will focus on how market and consumer research at the Ford Motor Company and its main competitor General Motors initially conceptualised market actors like car dealers, advertising agencies and consumers first through the lens of car consumption, and only later through the idea of choice. The empirical material, I argue, shows that the redefinition of consumers as choosers was based on two premises. Firstly, market and consumer researchers shifted the *semantics* of car marketing and car consuming from external factors (i.e. demographic factors like income, class, gender, family size, geography) to internal factors like personality, brand and social image, and the effects of personal influence. This internalization of behavioural factors was accompanied by another semantic shift, in which consumption became re-conceptualized as judging, selecting and voting. This second shift will be exemplified by an in-depth case study of the consumer research studies conducted by Paul F. Lazarsfeld's Columbia University Bureau of Applied Social Research (BASR) for the Ford Motor Company during the preparations of the launch of the infamous Ford Edsel model in 1957.¹

I argue that it was precisely these two *semantic* shifts in marketing practices (the internalization of choice criteria and the re-conceptualization of the consumer as voter) which provided the backdrop for the emergence of many of the de-regulated markets from the late 1970s and 1980s onwards. While the emergence of these markets has often been attributed to the influx of mathematized game theory, choice theory and managerial decision science into the public sector, my paper argues that it was the political philosophy of the public sphere, of judging and voting, which became extended into the semantic field of the economy in order 'civilize' and 'order' it around principles of rationality, justice, equity and fairness. As the empirical material presented in this paper shows, it was this reframing of both marketing and economic language around the political philosophy of a democratic public sphere, and not the other way around, which provided for the invention of the judging, selecting and choosing consumer. This invention then allowed for the full enrolment of consumers as actors into the networks established by car companies, car dealers, advertising agencies and market research

¹ Paul F. Lazarsfeld Collection, Columbia University Archives, New York. Subject Files, Boxes 6 and 18.

companies from the 1930s onwards. While at the beginning of the last century, consumers were seen as actually outside the market and only ‘brought in’ by car companies, dealers and advertising agencies, the post-war years witnessed the full enrolment of consumers into this market-based network through the development of consumer panels, focus groups and preference tests as *practices* and the extension of the *semantics* of selecting, judging and voting across the whole network.

The paper thus picks up a trail of thought first laid out by Peter Miller and Nikolas Rose (1997) in that it attempts to show that the mobilization of consumer subjectivities in market research had a direct impact on the making of what Polanyi termed a ‘market mentality’. Without this mentality, a disembedded market economy would not function. In the wake of the recent financial crisis, based as it was on mass access to cheap consumer credit, this mentality has once again come under much scrutiny. Prominently, marketing scholars Ravi Achrol and Philip Kotler have asked whether what they termed ‘marketing-at-any-cost’ and its shadow, overconsumption, are to blame for the dominance of a purely growth-oriented economic model which puts both the economic stability of markets at risk and neglects the issue of sustainability in the management of natural resources. Quoting the marketing ethicist George Brenkert, Achrol and Kotler argued that marketing is not something external to a consumer society, but that ‘it envelops us; it is in part how a society defines itself and its treatment of its members’ (2012: 44). Achrol’s and Kotler’s lucid comment makes clear that a fuller understanding of how consumers came to be ‘enveloped’, i.e. enrolled, in purely growth-oriented marketing systems in the first place can act as a useful starting point for the construction of more sustainable alternatives to choice-at-any-cost.

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Business Ethics, Private Interest Government or State Intervention? The Changing Regimes of Self-Regulation of Advertising in Post-War Sweden 1950-1971

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Macromarketing research has designated marketing regulations an important field of future research. This paper studies the historical development of advertising self-regulation in Sweden 1950-1971. According to the literature, self-regulation development is intimately tied to the development of state regulations, and the final co-regulatory outcome is a product of the interaction of regulatory interests in the political economy representing the consumers, the producers and the state. Also, the specific nature of national institutional structures and norms set both constraints and possibilities for actors in achieving their regulatory goals.

The paper analyzes the views and strategies on self-regulation in a select number of Business Interest Associations (BIAs) that were principals of the regime, as well as of the main self-regulatory agency. The study uses three regulatory principles of regulation (*Business ethics, Private interest government, State intervention*) to describe the goals of the strategies of the BIAs as well as regulatory development. The strategies themselves are labeled according to levels of goal attainment of regulatory control and the subsequent risks of state intervention associated with each strategy (*maximizing control/ high risk, satisficing control/ medium risk, minimizing control/ low risk*)

The study of the Swedish case confirms the assumptions of the literature. Swedish self-regulation changed in the early 1960s from a being based on the principles of Business Ethics, giving high regulatory control but also entailing high risk of state intervention, to the principles of Private Interest government within a corporatist setting, with medium regulatory control and medium risk of state intervention. By the end of the decade state intervention was however initiated, and by 1971 an extensive state regime was launched. This resulted in an end of corporatist self-regulation. Most BIA strategies were satisficing, which can be explained by the fact that they did not challenge the consumer and competitive policies of the Social Democratic State, preferring adaptation to the institutional restraints this posed on business before open confrontation, hoping medium loss of regulatory control would lessen risk of state intervention while leaving some strategic control over self-regulation.

Introduction

The development of marketing regulations is an important field in macromarketing. In an appeal for new challenges in macromarketing research, Layton & Grossbart identify the significance of the wider political economy for policies and regulations on marketing. They specifically urge research to detect the interactions between marketers, the state and consumer organizations, as well as public sentiments on ethics, to understand the formulation of policies

and regulations. The significance of the relations between marketers, consumers and the state is also highlighted by Wilkie & Moore, who point to the role of the state in regulating the interaction between marketers and consumers in the *Aggregate Marketing System* (Wilkie & Moore 1999, Layton & Grossbart 2006, Wilkie & Moore 2007)

To uncover the relationship between regulatory progress and actors in the political economy and in the public debate, historical analysis becomes crucial. By studying regulatory development over time and how key collective actors positioned themselves in regard to regulations, various causal mechanisms can be laid bare. This paper aims to use historical analysis to understand the development of Swedish self-regulation of advertising in Sweden in 1950–1971. The Swedish case is particularly interesting. It has relevance for international research as Swedish self-regulation of advertising during the post-war years was one of the most advanced of its time. Contemporary sources document that there was great interest in the Swedish regime from other countries, particularly in Western Europe. Danish, Norwegian and French reforms were modeled on Swedish Self-regulation, and the Swedish regime kept in contact with many of its European counterparts. Also, Swedish experts active in self-regulation made significant contributions to the international code of conduct of advertising issued by the International Chamber of Commerce; *The Code of Standards of Advertising Practice*; particularly by advocating a strengthening of consumer rights. (Thorelli 1977, Boddewyn 1985, Funke 2012a)

More decisive, though, is the fact that the Swedish regime of advertising self-regulation during this time underwent drastic changes. In 1950 it was based on post-production deliberation in courts of honor run by business peers, and laws regulating advertising were few and rarely used. But by 1971 this regime had been replaced with a system of pre-production gate keeping, with trained gate keepers at ad agencies and marketing departments. The same year a new and advanced state regime regulating consumer and competitive issues was also launched. Somehow, the makeup of self-regulation of advertising had completely changed in 20 years. This paper aims to uncover the processes and actors behind these radical changes in self-regulation. (Funke 2012a)

To understand how self-regulation has evolved over time, it is necessary to consider in what way self-regulation has interacted with state regulations. Previous studies of the historical development of advertising regulations in the UK and the US during the 20th century has shown that the differences in regulatory outcome can be traced to the interaction between state regulations and self-regulation. Although the US industry took a more active position in self-regulation than in the UK in the beginning of the 20th century, the presence of state laws and state agencies early on made development in the US more constrained and dependent on state regulations. State intervention also made the US self-regulations weaker and association members less prone to compliance. Self-regulation in the US was unable to construct a stable regime with strong powers supporting industry compliance. The regime did however establish some effective control regionally through the formation of the Better Business Bureaus. These were meant to shape up fair competition and aid in improving advertising's public stature (Miracle & Everett 1987, Miracle & Everett 1988, Hansen & Law 2008)

In the UK, a long tradition of using self-regulation on the market benefited the development of self-regulation of advertising. The relative smallness of the UK and the centrality of London made it easier for advertisers, advertising agencies and media carriers than in the US to create associations that looked after their interests, where this development was more diversified. Still, producers had problems in making self-regulation work during its early days in the interwar years. At that time, the regime failed due to a lack of the industry's

ability and willingness to enforce standards and decisions. The unequal stringency of monitoring contributed, as minor businesses were policed hard, while larger companies were left alone. At the end of the 1930s, the industry even sought to get the state interested in taking a larger part in regulations. However, by the early 1970s, the regime had stabilized (Miracle & Everett 1987, Miracle & Everett 1988, Schwarzkopf 2008)

Schwarzkopf has analysed the growth of the British advertising industry during the period 1900-1939, and come to the conclusion that the industry not only took part in creating a market economy and consumer market, but was also driven by a desire to be culturally accepted and respected by elite of British society. One part of this strategy of winning social acceptance was creating a self-regulatory system, weeding out members of the advertising industry that gave it a bad name in public. This ties in well with the conclusions of Baggott and Baggott & Harrison when looking at self-regulation of the 1980s. They stress that the close network of the elites of the UK contributed to a stronger self-regulation. This has created a close cooperation between the state and the industry, with the state granting self-regulation in return for exercising some control over its regulatory structure. This has also furthered the interests of the industry in the sense that it has established channels of influence for business within the state, creating means of gaining state support for self-regulations and avoidance of further state regulations. (Baggott 1989, Baggott & Harrison 1986, Schwarzkopf 2008)

In both countries public opinion, political pressure from governments and consumer movements are referred to when explaining regulatory reforms of self-regulation during the post-war years. Advertising at this time was intensely contested by opposing political actors in the UK. The labour movement and its supporters of economic planning and state consumer politics rejected advertising as lavish and manipulative mass deception. Advocates of the advertising industry, however, endorsed it as a crucial component of a free society. Threats of state intervention from the labor government in the early 1960s and 1970s forced the British advertising industry to tighten up self-regulation and make it more efficient. In the US pressure from consumer movements and spokesmen like Ralph Nader also influenced regulatory reforms. (Miracle & Everett 1987, Miracle & Everett 1988, Schwarzkopf 2005)

The changes within the Swedish regime of self-regulation have only been given cursory attention. Boddewyn points to the importance of leftist political radicalism in the 1960s on Social Democratic Politics and a spreading distrust of marketing in society bolstered by influential consumer journalism as key ingredients in the introduction of a state regulatory regime in 1971. He also mentions corporatism as guiding principle for getting producer support for the new regime, but does not explore the regulatory process leading up to these changes. Funke also stresses the importance of negative public opinion in the late 1960s emanating both from consumer activist and the radical left, pressuring the industry to come up with solutions to regain public goodwill. Further research on the historical development of Swedish self-regulation is thus warranted (Boddewyn 1985, Funke 2011a, Funke 2012a).

Aim of paper

This study aims to understand regulatory change in post-war Sweden by focusing on the interaction of the key players in the political economy (producers, consumers and the state), and those claiming to represent them. The assumption is that the ongoing interaction between these actors influenced regulatory development. The paper will analyze regulatory development over time by studying the views and strategies of a select number of business

interest associations (BIAs) that were principals of self-regulation 1950–1971.¹ The views and strategies of the BIAs will then be contextualized in relation to non-business actors representing the consumers and the state. Thus both secondary sources and public primary sources covering non-business actors will be used, the latter with the motivation that the BIAs took them into account when formulating their own strategies. The non-business actors are state officials, government, trade unions, the cooperative movement, public intellectuals and consumer journalists. The paper makes a qualitative analysis of material, mainly in the form of associational minutes, commission reports, and parliamentary motions, articles published in trade press, pamphlets, annual reports and debate books.²

The main questions are thus: 1) what views and strategies did the BIAs have regarding self-regulation? 2) How can these views and strategies be explained? 3) Did these change over time and if so, why? The empirical study will be divided in two temporal sections: 1951–63 and 1964–1971.

Theory and method

Theory on self-regulation of advertising has proposed a number of types of advertising controls, usually based on the varying degree of state and consumer involvement (Boddewyn 1985). This paper will use three principles of regulating advertising to map out the positions on self-regulation by various actors. These are *State intervention*, *Private interest government* and *Business ethics*. Strategy wise, the analysis will be based on an ordering mechanism of goal attainment related to the actor's regulatory control. These are the *maximizing strategy*, *the satisficing strategy* and the *minimizing strategy*. The strategies are then related to the three principles of regulation.

Regulatory principles for advertising

State intervention is based on the principle that market regulation should be done by the state to guarantee consumer sovereignty, i.e. fair competition and consumer rights, as the market either lacks regulations altogether or is subject to unsuccessful self-regulation. Support for this principle is based on the postulation that only the state has the legitimacy and the coercive means to make sure that regulations uphold the rights of all market actors as well as the interests of society at large. Self-regulatory regimes are dismissed as biased or inefficient. An alternative to state regulation is self-regulation, here divided into the two subsets of *Private interest government* and *Business ethics*. The Private interest government principle is accurately described by Corporatist and Principal-Agent theory. The idea is that the state should take responsibility for regulations, but if it for some reason is unable to implement them should let another societal actor do this. This is done through a devolvement of the state's regulatory duty to market actors deemed more capable of handling market regulations, taking on the responsibility to protect the interests of *all* concerned i.e. producers, consumers and the state. Self-regulation here has a duty to police and punish all transgressions. The other ideal type, *Business Ethics*, regards self-regulation not as substituting state regulation, but mainly acting as a pre-emptive force by using education and information to foster a collective ethic among producers that minimizes transgressions. The policing function is here

¹ The selected associations are *The Marketing Association* (peak organization for marketing), *The Association of Advertisers*, *The Advertising Association* (representing the ad agencies) *The Newspaper Publishers Association* (representing daily papers) and the main self-regulatory agencies, particularly *Näringslivets Opinionsnämnd* (NOp).

² To economize paper length, empirical references will largely be made to my coming thesis, (Funke 2012) that in large parts deals with the issues raised in this paper.

subordinated by the informative and educational function. As stated by Boddewyn, it is not necessary to catch all offenders to be an effective regime. Effectiveness is instead realized by focusing on cases that can be used as illustrative examples in educational efforts or as precedent in shaping norms. (Neelankavil & Stridsberg 1980, Streeck & Schmitter 1985, Boddewyn 1989a, Boddewyn 1989b, Ogus 2000, Harker & Harker & Volkov 2001)

While the first perspective on self-regulation often stresses the participation of non-business actors in self-regulation and the subjugation of business interest to that of “the public good”, the other maintains that self-regulation must remain under business control, as too much outside influence will lead to a regime that does not reflect the business perspective and risk defection by marketeers. Self-regulation is thus in the latter view primarily not a public good, but a “categoric good” that also serves some of the public’s interests. This dichotomy on the functionality of self-regulation implies a conflict of interest on the purpose of self-regulation, with business interests being potentially threatened by non-market actor involvement. Principal-agent theory and economic theory of regulation also warns of the opposite occurring, with biased agents turning self-regulations into a one-sided business operation at the expense of non-market interests, i.e. regulatory capture. (Neelankavil & Stridsberg 1980, Streeck & Schmitter 1985, Boddewyn 1989, Ogus 2000, Harker & Harker & Volkov 2001, Mattli & Büthe 2005, Ginosar 2011)

Both ideals on the function of self-regulation must relate to the regulatory context of the state, i.e. enter into a co-regulatory relationship with state regulations or otherwise risk being subjected to state intervention. While those expounding the Business Ethics perspective often state that self-regulation cannot fill the shoes of state regulation, they often also back a limited reach of state regulations. Those supporting the idea of Private interest government see the interests of the producers subordinated to those of the state. Business Ethics entail a larger role for market freedom and flexibility, while Private Interest Government implies a more controlled market environment allowing non-business actors direct influence over self-regulation.

Strategies

The strategies of the BIAs vis-à-vis regulations are classified in relation to goal attainment of achieving regulatory control, which in turn is linked to the three different principles of regulation. *The maximizing strategy* aims for high levels of regulatory control, *the satisficing strategy* moderate levels of market control and *the minimizing strategy* low levels of regulatory control. The maximizing strategy is tied to the regulatory principle of Business Ethics, with producers controlling self-regulation themselves in a co-regulatory environment with low levels of state regulations. This gives high levels of regulatory control, but also increases risks of state intervention invoking major loss of regulatory control as problems caused by the regime in relation to consumer sovereignty will be blamed on the producers. The satisficing strategy is tied to the regulatory principle of Private interest government. This regime entails medium level of regulatory control, as non-business actors are given influence on the regime. The advantage of this strategy is that it lowers the risk of state intervention, as participation of non-business partners in the regime divides responsibility of upholding – or failing to do so – upon all three groups of actors. The minimizing strategy is tied to the principle of state intervention. Here BIAs accepts loss of influence over regulations to a minimal level, as the state takes unilateral control. However, this loss of influence can be mitigated in a corporatist regime, whereby business is given representation on state agencies. Regulatory strategies of the BIAs are thus expected to take into consideration both desired levels of regulatory control and the risks of state intervention.

Historical Background

Swedish business early on developed an advanced regime of self-regulation. A lack of state laws and a wish to regulate fair competition issues as plagiarism acted as regulatory incentives. Two regulatory regimes took hold in the 1930s, consisting of in total of four regulatory agencies supported by a number of influential BIAs. The first regime had the Marketing Association as sole principal, and consisted of one national regulatory agency. The other regime had a number of business associations as principals, and had three local agencies in the cities of Malmo, Gothenburg and Stockholm that were placed at the local Chambers of commerce in each city. The regimes supported the formation of market ethics. The Marketing Association's regime based their regulatory practice on the international code of conduct issued by the International Chamber of Commerce in Paris, *The Code of Standards of Advertising Practice*, while the other one did not adhere to these codes. The regulatory agency of the first regime took complaints from both producers and consumers, while the second one only accepted those from producers. The agencies and functioned like courts of honor, lacking coercive sanctions to uphold their decisions. The regimes were thus based on a post-production deliberative procedure. State regulations continued to be few and ill-defined during the post-war decades, with the 1931 law on disloyal competition being the only statute that regulated marketing. The laws only prohibited marketing that was explicitly false, leaving self-regulation to deal with advertising that was misleading. The two regimes merged into one in 1957, creating one regulatory agency the *Näringslivets Opinionsnämnd* (NOp), and basing the ethics on the international code of conduct. In 1963, the regime made trade unions and state consumer officials consumer representatives inside the NOp. In 1968, the regime added a whole new structure of pre-production gate-keeping, making it mandatory that ad agencies and marketing departments be responsible for approving that advertisements were ethically sound before final production of a campaign. A lack of state regulations made self-regulation the dominant mode of regulating advertising until 1971, when a new state regime regulating consumer and competitive issues was implemented, introducing a Consumer ombudsman and a Market court. This new regime overtook much of the functions of the NOp, resulting in the folding of the agency (Boddewyn 1985, Funke 2012a, Funke 2012b).

1950 – 1963 The Era of Business Ethics

During the early 1950s, the BIAs expressed support for the idea of self-regulation functioning through abiding to the principle of Business ethics. This was not so surprising, as the regime had come into existence 15 years earlier to regulate fair competition, and had retained that as its main function. With a growing and constantly changing market, the “responsible freedom” of self-regulation was marketed as the best regulatory option. While advances in marketing and product development were related to changing consumer wants and increasing market competition among producers, producers were seen as the experts on what regulations best harmonized with market development and market needs – and according to them self-regulation guided by the principle of Business Ethics was the best choice. This was based on the argument that advertising mainly had an informative function, serving consumers and leading to increased competition and price elasticity. The majority of firms understood this task, and fulfilled it, it was claimed. Thus regulation was only needed to sort of a small number of transgressors as well as to inform the majority of producers of the formal limits that the collective business ethics put on advertising. The view that consumers had a limited number of wants that could be ordered according to societal desirability was refuted by business: consumers had heterogeneous wants, and only a free market was able to

satisfy them. Therefore advertising could not be too restricted, as this would hamper the market mechanism in serving the modern consumer. (Funke 2011b, Funke 2012a)

Trade press was used by legal experts active on the regulatory agencies to describe the international codes as well as changes in them and their application in practice, the latter by citing from cases that self-regulatory agencies had dealt with. Articles stated that knowledge of national practice was essential, as the international codes constituted a “bottom level” of regulation, and that national regimes thereafter formulated their own practice, taking into consideration particular views on ethics and morals in that particular country. The content of articles centered both on cases pertaining to fair competition, such as plagiarism, and consumer rights, as misleading advertising. (Funke 2012a).

It was important that the regime be perceived by its peers, the producers, as a flexible system that premiered negotiations and avoided public loss of face. The latter was motivated with the fact that public convictions could be used by firms to smear the reputation of convicted competitors. As long as convicted transgressors abided by the decisions of the agencies they were regarded as good members of the business community, and deserving public anonymity. For this reason the identities of all involved parties in cases described in the trade press were masked. Only those that openly defied the verdicts of the agencies had their names published. Self-regulation's only instrument of sanction was therefore “name & shame”. The presumption was that transgressors would not risk being ostracized from the business community and lose social standing by refuting a verdict of one of the agencies. (Funke 2012a)

However, with consumer issues suddenly becoming part of the public political agenda, the regime had to find new ways of motivating its continuation. Consumer rights were increasingly given as the main task of self-regulation in articles published in the trade press. Reforms of the international codes in 1955 were motivated with improving consumer rights. Still, it was also admitted that only 10 percent of the complaints received originated from consumers, and a handful from state courts wanting expert opinions on marketing law. The overwhelming majority of complaints came from producers or their associations and concerned competitive issues. (Funke 2012a)

At this time, the Business ethics regime started to be challenged by non-business actors in the political economy and in public debate. Among them, the regime was criticized as being biased towards business or simply not effective enough to support consumer rights. This complaint was especially strong from the peak blue collar trade union LO, who at the time together with the cooperative movement KF had been given official status as consumer representative in a number of new corporatist regulatory regimes set up under the aegis of the Social Democratic State. In a booklet jointly released with KF in 1955, *Konsumenten och reklamen* (The Consumer and Advertising), the LO wrote that it was necessary to consider stronger regulations. It cited the recently implemented state regulatory regime that policed competition and cartels as blueprint for stronger consumer regulations. Until then, self-regulation according to the LO needed to give better publicity to its decisions and make room for a stronger consumer presence, as many of the issues that ended up in the self-regulatory body referred to issues that concerned consumers. (LO-KF Kommittén för distributionsfrågor 1955)

Partly as a response to this criticism, partly due to trying to pool BIA resources to contain rising costs for running the self-regulatory agencies, the two regimes of self-regulation were merged into one in the spring of 1957, creating one agency based on one code of conduct. This also meant that more principals were brought into the new regime, mostly

various BIAs with interests in advertising. In 1957, a major debate on advertising erupted in public due to the release of the book *Reklamen är livsfarlig* (Advertising is lethal) by public intellectual Sven Lindqvist. The book accused advertising of supporting a materialistic lifestyle that created social alienation and a deterioration of humanism and solidarity. Lindqvist also specifically attacked self-regulation, accusing it of handling too few cases and being structurally biased towards producers, as these made up the both those that were judged and those who judged. This was according to Lindqvist akin to “letting a thief judge his own actions in court” (Lindqvist 2001, 1957 p. 67, 69; my translation). Lindqvist strongly championed state intervention to regulate advertising. He suggested that all advertising except small personal ads be prohibited, as this would do away with the undemocratic power that conventional advertising gave to large companies that could afford big campaigns. (Lindqvist 1957, 2001; Funke 2012a)

A number of parliamentary motions delivered by MPs from the Social Democratic Party and the Liberal Party in 1957–63 also supported stronger state involvement in regulating the consumer market, stating that a lack of laws regulating marketing made this an urgent matter. State commissions of inquiry active at the time also discussed increased state involvement in consumer information. Advertising was here defined as an opposite of consumer information. It was seen as a market function that solely served the interests of the producers in an increasingly competitive environment, using persuasive means to control the market behavior of consumers. This persuasive function was explained by using arguments of the Market Power theory, whereby advertising served to increase market shares by establishing brand loyalty. As advertising was seen as a costly part of production only large firms could use it, thus generating barriers of entry for smaller competitors, in effect constructing less competition and price rigidity. Instead of getting a market dominated by price competition, which would benefit consumers, advertising created brand competition, which did not benefit consumers. Advertising was consequently seen as getting in the way of a well-functioning competitive consumer market. In one state commission, an expert suggested replacing advertising with state controlled fairs, where the only allowed consumer communication would be objectively controlled performance data on each product. This would make market communication truly informative and do away with the expensive channels of distribution created by brand loyalty and big business advertising (Funke 2011b)

Two other normative ideals also reinforced this critical view on advertising and backing for stronger advertising regulations. These ideals were closely linked to the ambitions of the Social Democratic State with regard to both macroeconomic policies and household consumption. The first ideal was the Rehn-Meidner economic model that guided state macroeconomic policies, and in effect dictated state policies on competition and consumer rights. The model postulated that collective bargain agreements on wages would drive out firms unable to pay the levels of wage agreed upon through national collective bargaining but at the same time put caps on wages to avoid inflation. This would leave the most competitive producers on the market and guarantee a certain wage level to the working class that Social democracy drew its support from. Looking at the wider external effects of advertising, the LOs chief economist and co-creator of the economic model Rudolf Meidner wrote in *Konsumenten och reklamen* that advertising had to conform to the economic policies of Sweden. The successful economic model actually did not need further market stimulation, he stressed, as most of Sweden’s economic resources were already in use thanks to these policies. Therefore advertising was a potential danger, over stimulating consumption of wrong products, straining the scarce resources of both society and individual households. Accordingly, advertising had to be factual and informative, and refrain from using persuasive

means that would steer consumption into dangerous patterns. (LO-KF Kommittén för distributionsfrågor 1955, Magnusson 1996, Erixon 2010)

Competitive policies were introduced by the Social Democrats that would break up the monopolies and cartels that dominated much of Swedish business since the interwar years. This would encourage price competition on the consumer market to increase spending room for the somewhat more affluent working class. Consumer policies were at the same time meant to make these and other consumers more informed of the quality market products to make sure that they got their money's worth on the market (Lundqvist 2003, Funke 2012a).

Consumer policies were to a large extent shaped in relation to the second important normative idea that fuelled opposition to advertising, what has been termed "the discourse of household needs". According to the discourse most households had limited resources that needed to be spent "rationally" on the primary needs, i.e. foodstuff, clothes, furniture and home appliances. This discourse was strong in the trade unions and the cooperative movement. Its historical roots lay in the decades of poverty and scarcity that had dominated among the working class the first half of the 20th century. As the discourse permeated the beliefs of the consumer representatives in new state agencies created to oversee and influence competition and consumer issues they were also internalized in consumer and education policies. To guarantee rational consumption an ambitious consumer regime was needed to guide consumers to buying durable quality products that satisfied these needs. "Savings" and "home budget" were catchphrases of the discourse and consumption on credit was considered perilous. Conspicuous consumption to satisfy social status was frowned upon as a misuse of household resources. These ideals were confronted by a new found affluence in social groups that until then had had very limited means of private spending. This fuelled debates on consumption and advertising, where the proponents of the discourse viewed advertising as a dangerous seductive element threatening social stability (Aléx 2003, Husz 2009, Funke 2011b, Funke 2012a)

The Social Democratic State and its corporatist consumer representatives hence regarded unchecked advertising as a potential hindrance to implementing successful policies on distribution, consumption and competition. Advertising risked higher prices, mindless brand proliferation and steering consumers into dysfunctional patterns of consumption, whereby strategic resources of both the macroeconomic and the household would be wasted. The BIAs that were principals of self-regulation during the 1950s were therefore increasingly confronted by the regulatory demands of powerful actors in the political economy that backed state intervention to replace or control the Business ethics system of self-regulation.

These developments in the Swedish political economy influenced the BIAs to adapt both reforms and a public posture that gave a larger room for consumer influence in self-regulation. When the two regimes of self-regulation merged into one in 1957, consumer representatives were for the first time officially made a permanent part of the agency's council members handling deliberation of cases. Two seats on the council of NOp were reserved for consumer representatives. However, these were appointed by the Marketing Association, and were not affiliated directly to the LO or the KF, who at that time were recognized as consumer representatives in a number of state agencies and commissions. (Funke 2012a)

After the Lindqvist debate in 1957, the Association of Advertisers, one of the new principals of the merged regulatory regime created the same year, invited the LO and state

consumer agency *Statens Konsumentråd* to forming a tripartite committee investigating what ought to be done to increase the standing of advertising in the public eye. The CEO of the Association of Advertisers suggested that the two other organizations should be made consumer representatives in the NOp, and that a special code be formulated to guide the ad agencies. Although the three organizations agreed on pursuing the first objective in their final report in 1959, it took until 1963 until the NOp decided to invite them as such. Most likely, resistance from the Marketing Association delayed this move. As former sole principal of one of one of the previous regimes, the association had the right to appoint more members on the acting council than most other principals, and among these were the two consumer representatives. The organization therefore risked losing influence if the recommendations from the tripartite committee were enacted. However, an increasing workload had made it critical to get more resources to the NOp in the form of manpower; otherwise the agency would not be able to handle the growing amount of complaints coming in. An internal investigation made in 1962 recommended getting more principals to contribute in the regulatory agency's deliberative task as well as inviting trade unions and the state consumer agency as consumer representatives to do the same thing. This was clearly stated in the internal report of the NOp, which deemed it unsatisfactory that consumer representatives were appointed by the Marketing Association. Also, another advertising debate flared up during 1962–63, this time centered on consumer journalist Åke Ortmark, who published articles and a book, *Sveket mot konsumenterna* (Betrayal of the consumers) that again attacked advertising as deceptive, and self-regulation as weak and biased regime. However, once the decision was made in the spring of 1963 the NOp had by 1964 become a corporatist institution, although one still largely controlled by the 20 plus BIAs that were principals. This move was given a positive reception by the LO, and Ortmark gave his approval to the decision in his book. (Ortmark 1963, Funke 2012a)

The idea to invite the LO and the state consumer agency Statens konsumentråd was however not entirely based on the assumption that this meant importing the consumer policies of Social Democracy into the NOp. In the minutes of the board of Association of Advertisers, the suggestion to invite these organizations was tempered with the advice to try to “break the LO monopoly on how to define the consumer”, and that associations not being part of Social Democracy also had to be invited as consumer representatives. This was in fact done, as the *Sveriges husmoders föreningars riksförbund* (National Association of Housewives) also was inducted as consumer members together with the representatives of the state and three trade unions. The members of the board of the Association of Advertisers also discussed making sure that future consumer representatives would not be allowed to handle cases on producer relations and fair competition. This last strategy was however not successful (Funke 2012a).

Analysis

The advertising regulation during the time period 1950–63 was dominated by the principles of Business Ethics, as state regulation was largely lacking and the self-regulatory regime in place mainly catered to producer needs. But this regime became increasingly criticized by non-business actors in the corporatist political economy on the grounds that it was producer biased and did not uphold consumer rights. These critics demanded state intervention or at least a regime change from the principles of business ethics to one of private interest government, taking a stronger responsibility for consumer rights and making consumer representatives of the corporatist state part of the regime.

As this criticism came from powerful actors in the political economy the BIAs decided to invite them as consumer representatives onto the main self-regulatory agency the NOP, taking a step in transforming the regime from one based on Business ethics to one based on the principle of Private interest government. However, the NOP remained dominated by business associations, as the majority of principals were BIAs, and the rules guiding the work of the NOP had been formulated by producers. The strategies of the BIAs during this period can be seen as going from a maximizing one to a satisficing one. To avoid state intervention and defuse the influence of public debate on key non-business actors in the political economy, the BIAs invited them as consumer representatives to the NOP. By doing this they relinquished some control over regulations, but at the same time hoped to lower the risk of state intervention.

1964–1971 from Private Interest Government to State Intervention

From the mid-1960s, the Business ethics perspective was gradually downplayed by the BIAs in favor of the Private interest government view. This was combined with highlighting consumer rights and downplaying profitability and fair competition as reasons for upholding the regime of self-regulation. Reforms pointing to increased policing were now presented by business as solutions to the “consumer problem”. One such suggestion was the introduction of a Consumer ombudsman inside self-regulation. This would be a pro-active unit specifically oriented towards consumers that would gather cases and represent the consumer interest in self-regulation was suggested in a Business think tank debate book published in 1965 titled *Reklam och konsumentupplysning. En analys av deras roll som informationskällor – med kritik och förslag* (Advertising and Consumer Information. An Analysis of their Roles as Sources of Information – Critique and Advice). Such a consumer ombudsman-like unit, called *Anmälningssbyrån* (Bureau of Complaints) was also launched on a three year trial basis in 1967 with the help of financial support from the state. Internal reports of the NOP from 1967 also demanded radical reforms of self-regulation. The lack of sanctions was a problem, as too many unscrupulous firms ignored the verdicts of the NOP. It was suggested that the members of the Newspaper Publishers’ Association would refuse to publish ads from firms that did not abide by the verdicts of the NOP (Albinsson & Tengelin and. Wärneryd 1965, Funke 2012a).

At the same time members of the BIAs took part in corporatist state commissions and there actively sought to influence statutory policy to give self-regulation continued regulatory primacy. One such key commission was the Commission on disloyal competition, launched in 1963 to suggest how to reform the by then antiquated Law on disloyal competition from 1931. This commission was dominated by business interests and had in its ranks the CEO of the Marketing Association, the CEO of the NOP and other members that had ties to organized business. In the 1966 report of the commission some additional statutory rules were recommended. But at the same time the report stressed a continued central role for self-regulation, as this mode of regulation best suited the dynamic and ever changing demands of the market. Here the principles of business ethics were again evoked, as the specific needs of business had to be safeguarded by self-regulation. In the 1968 the report of the Commission on consumer information, having the CEO of the NOP as a member, suggested further reforms inside self-regulation to improve consumer information and regulation of advertising. (Funke 2012a, Funke 2012b)

However, at the same time rival proposals were given by reports of commissions where the representatives of the state and the consumers were dominant. These recommended increased statutory involvement, and the creation of state agencies to handle both information

and regulation of consumer issues, including advertising. In 1966, a state commission on recommended prices (Riktprisutredningen) suggested the creation of a state run consumer ombudsman. Similar ideas were proposed by the Skoglundgruppen, a joint committee on consumer and price policies set up by LO and the Social Democratic party in 1966. In its final report delivered in 1968, the group advocated forming a new state consumer agency and local consumer municipal councils that would be run by trade unions. The latter proposition was also included in a government bill, whereby these councils were to be formed on a trial basis and funded by the state. (Al  x 2003, Theien 2006, Funke 2012a, Funke 2012b)

Inside the NOp, it was also clear early to the BIAs that just because the LO had become principals of the NOp it had not given up its goal of a stronger non-business influence in advertising regulation. In an informal hearing held by the Marketing Association's PR-committee at the end of 1964, a number of key individual actors in consumer politics and self-regulation were interviewed on their thoughts on advertising and advertising ethics. Present amongst others were Rudolf Meidner, influential economist inside Swedish Social Democracy during the post-war years and at the time member of the board of consumer state agency Statens Konsumentr  d, and Eric Petterson, LO representative in the NOp. At the hearing Meidner revealed a very negative outlook on advertising, stating that violations and transgressions of the consumer's rights were common occurrences in the world of advertising. (Funke 2012a)

Meidner also had little faith in advertising being considered ethically sound just because it was not convicted of a crime in a court. The best aid of the consumer in confronting advertising, according to Meidner, was the insight that advertising was always biased, always acting on the behalf of the producer. Regarding self-regulation of advertising, he gave ambiguous answers, stating that he thought it was a good, especially since the consumers had become represented, but that he didn't think the trade unions would be interested in funding it. This was problematic, as the new consumer representatives did supply manpower to the council handling cases, but otherwise did not contribute financially. Meidner also said that it was a pity so few consumers reported cases to the NOp, and that that he found other consumer based initiatives possible. He suggested local consumer councils policing and reporting bad advertising, although it would refrain from passing judgment, leaving this to the NOp. This proposal was very close to the one delivered a few years later by the Skoglund group. Petterson came out as critical of the NOp, stating that it needed to be faster in processing complaints, and that an animated body of consumers would demand an ever increasing capacity of the NOp. The Agency was in need of more state funding to be able to handle its tasks, according to Petterson. Here Petterson openly questioned if the business community would accept such increased state influence, and implied that it might create less respect for the agency's verdicts among producers. (Funke 2012a)

The increased ambition of Social Democracy to champion state intervention during the 1960s should be seen in light of the changing discourse on the relationship between the consumers and the producers inside the labor movement. While calls for more consumer research and consumer information had been voiced in the 1950s, these were still based on a general idea that the consumer was a capable market actor in need of better information and consumer research to make an informed buy. Essentially, the functions of a free market as beneficial for consumer welfare was accepted by Social Democracy, as long as some constraints were put on advertising, consumers became better educated and the price mechanism was allowed to guide competition. (Al  x 2003, Funke 2011b, Funke2012a)

By the late 1960s, however, this discourse was replaced with a one that regarded the consumer as inherently weak, and the producer as a powerful actor controlling the market. It called for the state stepping in on the market and taking upon itself to represent and defend the consumer's interest. Politically this was motivated with an ambition to balance what Social Democracy perceived as asymmetric power relations between producers and consumers. From this new discourse that doubted the market's capability to deliver the societal goods the state desired, calls came for regulatory policies that were based on ideas of "normative needs" and consumer policies that would be used to pressure producers into producing goods the state thought the consumers required. In the Skoglund group, the Cooperative movement was excluded on the grounds that it had too much in common with the producers to be part of a group claiming to represent the producers. This was a bit of a shock for the KF, as it until then had, together with the LO, been given a more or less official position as consumer representatives. (Al  x 2003, Hwang 1995, Theien 2006)

An important reason for this turnaround was the disappointment of the LO regarding the effects of the consumer and competitive policies implemented in the 1950s. In 1966, the LO had in its referral on the state commission on recommended prices (Riktp  risutredningen) stated that despite competitive and consumer policies being in effect for several years, price competition was absent in many areas. Further, the trade union thought that consumers were not price-sensitive, leading to modes of competition that were inimical to high quality and low prices. This negative development was enhanced by the marketing practices of the producers, the LO claimed. To rectify the situation, demands were made for a larger emphasis on consumer policies to halt what the LO regarded as supply and demand imbalances in the competitive economy. (Lundqvist 2003, Funke 2011b,)

The increased distrust of the market in Social Democracy was reflected in how it reacted to the report of the commission on disloyal competition. As the final report of 1966 had recommended a more effective marketing law, but also continued room for self-regulation in leading regulatory practice, the BIAs expected this to inform future policy. All of them wrote positive referrals on the report, praising what was considered the wise policy recommendations on the future of marketing regulations. However, the report of that commission did not turn into a state bill. Instead, the Departments of Trade and Justice produced a memorandum in 1969 where the proposal of the commission was criticized for not being in line with the government's vision on the protection of the consumer's rights. In the memorandum, the head of the Justice department affirmed that the recommendations of the commission only went half-way in realizing a proper consumer protection. The commission still wanted self-regulation to have a wider function than the new law, letting self-regulation be one step ahead of legislation. This was not good enough, the department stated. Consumer politics was not only based on fair competition, but also on the intentional state policies of pressuring the producers into making the goods that the consumers required, with regard to type, quality, and prices. Consumer politics also had an obligation to make the consumer more conscious of the rational aspects of a buy, and make sure that irrational distractions did not dim their judgments. The state was inimitable when it came to fulfilling the needs of the consumer. "It is my principal standpoint that society (meaning the state; my comment) should be responsible for the upholding of good ethical standards of advertising and marketing. The legislation should be as advanced as needed to make sure it is the basis for the creation of good ethical norms, and the creation of norms should be a task assigned to public agencies. Sufficient coercive means and sanctions should be put to their disposal", the head of the department of the department of justice wrote in the memo (Prop. 57:1970 p. 59; my translation). In its referral on the memo, the LO robustly backed up the conclusion of the head

of the Justice Department, and also let slip that members of the union had been involved in the rough drafts of the memo (Funke 2012, quote: Prop. 57:1970)

The final bill of the government contained most of the revised proposals of the memorandum and was passed by the Swedish parliament in 1970. It took effect in 1971 as the Market Practices Act, introducing new laws and two new state agencies: the Consumer Ombudsman and the Market Court. The new statutory regime was corporatist in structure, with business associations acting as producer representatives, together with trade unions and the cooperative movement as consumer representatives and representatives of the state. Business now had around a third of the seats in the Market Court and the Consumer ombudsman. An additional third of the seats were taken by trade unions and the cooperative movements in the capacity of consumer representatives, and the final third reserved for state officials and MPs from parliament. This gave business a much smaller percentage of board seats compared to what had been the situation in the NOP. Also, the state had rebuffed the request of the Advertising Association of being represented on the new bodies, stating that it wanted BIAs representing broader interests instead. This was also implemented, with BIAs representing retail, wholesalers and industries in general instead getting seats. Thus many of the BIAs with influence over self-regulation were cut off from direct authority over the new statutory regime. Still the old regime left a lasting formal legacy inside the new state regime, as the international codes of the NOP were included inside the state regime as a source of ethical principles on which the new state regime would be based (Pestoff 1984, Rothstein 1992, Funke 2012a)

This development on the statutory arena was not entirely unanticipated by the BIAs. At the end of 1968 a major self-regulatory reform took place that radically altered the makeup of the regime. The changes had been an initiative of the Advertising Association (representing the ad agencies) and quickly also won the approval of the Association of Advertisers. These associations would fund and organize a certified training for members that would act as gate keepers on ad agencies and in company marketing departments, preventing bad advertising from reaching the market. The origins of the new regime can be traced to recurring complaints from the Association of Advertisers that ad agencies produced too much advertising that was below standard and caused good will issues for the whole business community. These arguments had been voiced in connection with the tripartite initiative during the late 1950s, and resurfaced when the architects of the reform, a group of legal experts, academics and businessmen active in the ethics committee of the Advertising Association in 1965 started to discuss what to do about self-regulation. A report was produced in the same year that argued that a larger part of the ethical responsibility of advertising ought to be placed upon the ad agencies, and more pro-active self-regulatory agencies were needed to monitor the market and receive complaints. However, nothing came of the suggested reforms until the end of 1968, when increased pressure from impending state policies and another strong wave of advertising criticism fanned by the fires of the radical left forced the BIAs to act (Funke 2012a).

The idea behind the regime of 1968 was to quickly reduce the number of complaints and at the same time increase the good will of advertising by showing that organized business was willing to take swift action to curb bad advertising. However, the reforms were also constructed to fit in with the expected statutory regime, where transgressions could lead to judicial processes risking both bad will and hefty fines. To avoid such outcomes was imperative. (Funke 2012a)

The main innovation of the reforms was that they were built on a wholly new idea of policing and monitoring. Self-regulation of advertising had until then been solely based on the

policy beliefs that self-regulation was best handled by post-production control of existing market advertising. The reforms introduced a wholly new principle of institutional structure, based on pre-production gate keeping. This meant that every company and ad agency would have someone formally responsible and acting as gate keeper stopping questionable advertising from ever reaching the market. To aid in this endeavor, BIA also funded the creation of a small agency staffed with legal personnel that for a fee would assist in cases that were too difficult to settle at company or ad agency level. Initially a series of experimental and proactive market monitoring commissions were also formed to quickly jump start and complement the new regime. These were however short-lived, and all discontinued by the time the statutory regime was in place in 1971, together with the NOP and the Anmälningssbyrån. The reform accomplished four things. First, it made sure that self-regulation could accommodate itself to the new regulatory conditions that by 1968 seemed to loom on the horizon. Despite not getting representation in the new state regime, the Advertising Association and the Association of Advertisers at least controlled the new self-regulatory regime. Second, it meant that self-regulation of advertising by 1971 again was a pure business run operation, devoid of the political entanglements and conflicting strategies that had plagued the NOP in its corporatist phase. It would thus be easier to get support for reforms and actual participation on company level. Third it shifted much of the responsibility on to the ad agencies, which now had to manage a system of pre-production censorship. Fourth, it radically changed the perception of how policing and monitoring should be done (Funke 2012a).

Analysis

The second time period is characterized by dramatic developments in both self- and state regulations. The attempts to transform the post-production deliberative regime into a corporatist institution with some hallmarks of a private interest government failed. The state and the LO did not give up their ambitions to expand state consumer policies, and their ambitions increased risks that a state intervention would hit the regime. Still, the BIAs tried to counter-act these tendencies by launching reforms that imitated the suggestions made in state reports, but within the context of self-regulation and the principle of private interest government. The creation of the pro-active *Anmälningssbyrån* in 1967 was an example of this. As the commission of prices in 1966 suggested the formation of a state consumer ombudsman, the NOP was quick to launch an internal report on this issue, where it was recommended that principals of the agency in their referrals on the report would say no to a state run consumer ombudsman. The following year, another internal report of the NOP recommended forming a unit bearing similarities to the suggested ombudsman, which was also done with the help of state funding. (Funke 2012a)

The 1966 report of the BIA dominated commission on disloyal competition was another attempt at outsmarting the rival commissions that had state intervention on the agenda. The report had recommended more state regulations, but a continued role for self-regulation acting as legal precedent through its practice and long experience of regulating advertising. Here the NOP was painted as the perfect partner for the new legislation, handling cases that were not evident transgressions of the law and assisting in shaping future practice of both law and self-regulation. Again, the arguments fit very well within the principle of Private interest government, with the state not deemed capable of handling certain aspects of regulation and devolving them to a more capable market actor, the NOP. This was however overturned by the Departments of Trade and Justice, who with the support of the LO instead launched a bill that proposed an extensive state regime for both consumer and competitive issues. This was also implemented in 1971. State intervention was thus a fact.

Self-regulation at this point went through a major transformation. The NOp folded once the new state regime made it redundant. But by changing the structure of the regime from a post-production deliberative regime that was upheld by most of the major business associations to one of pre-production gate keeping maintained by two key associations, self-regulation changed to accommodate itself with the new state regime. The main purpose of self-regulation now became to avoid legal consequences, while at the same time improving public good will for all members of the Association of Advertisers and the Advertising Association. Membership in these two associations now included the selective benefit of a stamp of approval as a responsible and professionally certified part of the advertising industry. In the old regime, transgressors always had the option of justifying disagreement with the verdicts of the NOp by stating that the verdict wasn't based on law. With the new state regime, this escape route was closed. The formation of the new form of self-regulation must therefore be seen as a way for firms trying to gain an upper hand on competitors that were foolhardy enough to risk legal sanctions and public bad will. Professionalization was thus also in Sweden a key ingredient in the development of self-regulation.

The regime changes taking place 1968–1971 moved the quasi-corporatist post-production regime of self-regulation into the “proper” corporatist setting of the Social Democratic State. Here agencies were backed up by power of legal sanctions and the legitimacy of the state. One could say that the corporatist devolvement of regulation that had been embodied by the NOp after 1963 was retracted and repositioned inside the state. This tilted the balance of power in favor of Social Democracy and other non-business actors and lessened business influence as compared to what it had wielded in the NOp.

The regulatory strategies of the BIAs during 1968–1971 were based on a dawning realization that the future for corporatist self-regulation was bleak. With risks of state intervention high despite the changes that had taken place between 1963 and 1968, the BIAs abandoned ship and reconstituted self-regulation as subordinated by the state corporatist regime. The new regime had aspects of both Business ethics and Private interest government. While the absence of consumer and state representatives pointed to the first regulatory principle, the ambition to police advertising on a micro level to avoid transgressions of the law pointed in the other direction. While accepting that deliberation and verdicts now were part of the legal domain, the new regime of self-regulation nevertheless signaled that the new state regulation needed policing by market actors to be successful. By taking the initiative in the creation of a professional license of regulation for ad agencies and marketing departments, the actual policing of the state regime had in large parts been devolved to market actors. The BIAs had thus adapted a minimizing strategy by accepting state regulations once they were imminent, but at the same time launched a satisficing strategy with the creation of a new type of self-regulation that presented itself as an indispensable part of the new regulatory regime. This regime has also thrived and survived as the dominating mode of self-regulation into this very day.

Conclusion

The study of the historical development of Swedish self-regulation of advertising confirms the general results of studies made in other countries. To understand self-regulatory development, it must be studied as part of a co-regulation, involving the interaction between self-regulation and state regulation. This interaction must in turn be understood from the specific incentives and strategies of those representing the producers, the consumers and the state. Regulatory development in a societal phenomenon as controversial and important as advertising hinges on how conflicts of interest between these actors are played out, as well as how the specific national institutional structures and societal norms limit and empower the

aspirations of these actors. In Sweden, the economic and social policies and regulatory aspirations of Social Democracy, as well as the corporatist structure of the political economy guided the choices of the BIAs in their struggle to preserve and develop self-regulation. The dominance of social democracy somewhat mirror the context surrounding the development of self-regulation in the UK, although the corporatist ideal for a long time created a more accepting climate for market actors in Sweden than in the UK, where instead labor upheld a strong socialist rhetoric. (Funke 2011b)

As corporatism premiered deliberation between the state and key interest groups, the satisficing strategy of “corporatizing” of the NOP was a logical move. While keeping the view that a minimum of state regulations and a flexible self-regulatory regime was the optimum way to run a dynamic and free consumer market, pressure – perceived or real – from powerful non-business actors led to strategies that would accept some loss of regulatory control to be able to safeguard essential aspects of it. Many regulatory actions inside self-regulation were consequently the strategic result of abandoning the maximizing strategy supporting a Business Ethics regime for a satisficing one in the hope that this would lessen the risk of losing self-regulatory influence altogether due to State intervention. Reshaping the main regulatory agency into a corporatist institution that would project an image of Private interest government and shaping state commission of inquiry reports into recommending an institutionalized structure for co-regulation were such strategies. The presence of the trade unions inside the NOP voicing criticism of self-regulation while BIA representatives worked in state commissions praising self-regulation also point to the intertwined characteristic of the regulatory process, whereby, referring to the work of Porter & Ronit, the regulatory process of self-regulation “criss-crossed” back and forth between the policy processes of statutory regulations and self-regulation. The failure of the BIAs to realize their goals must be tied to the long term goals of post-war Social Democracy to place regulatory regimes under a state corporatist umbrella. The LO’s dissatisfaction with the competitive and consumer policies of the 1950s, a shift to a negative view of the market’s ability to produce societal goods and the hostility to market liberalism caused by the rise of leftist radicalism all contributed to the labor movements’ loss of confidence in the regime set up in 1963 and a stronger state push for state regulations, culminating with the the state regime in 1971. The reforms of self-regulation in 1968 must also be seen as a strategic move to increase public goodwill and to find a new future for a producer controlled regulatory regime inside the new statutory context. The outcome of self-regulation during the post-war years was thus directly linked to the conflict of interest between key actors in the political economy, and how the strategies of these conflicting actors played out. (Porter & Ronit 2006)

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Special Session: Food Marketing Issues in Southeastern Europe

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Southeastern Europe has been a region of the European continent that has gone through a period of dramatic transition over the past two decades. The demise of the Soviet Union brought about the introduction of democracy and market economic principles throughout much of the region. In addition, the former Yugoslavia went through several armed conflicts that has resulted in its continued breakup into sovereign states, each distinct in its ethnic and religious composition. Further, Turkey has undergone a period of growing market liberalization and has begun to play a significant economic and political role, not only in relation to the European continent, but also more recently in the Middle East. Finally, Greece has played a significant role in the recent financial crisis.

As myriad as the different political and economic systems are across Southeastern Europe, as diverse are its food and culinary traditions. This Special Session takes a closer look at some very unique food marketing issues some of which may be lesser known to Western academics. However, despite their unique “niche” character, they are emblematic of their respective cultural and transitional market contexts, and they are reflections of global food trends as they have already occurred in the West. Further, they provide a contemporary glimpse at what the future of food marketing may hold.

The three papers in this Special Session span the range from traditional food culture as represented by tea brands in Turkey, to the emergence of new food markets, represented by new organic food trends that are well-known in the West and are now reaching Southeastern Europe, to the disappearance of food sources in urban markets, a new phenomenon for this part of the globe in its current economic state.

All three papers do not only provide a triangulated view at emerging food marketing issues in transitional economies, but also cast a wider look a societal and regulatory implications of these new trends. In other words, the divergent themes of each paper converge in their critical assessment of the role food marketing plays at the *nexos* between consumer identity, national heritage and increasing sophistication of local marketing systems.

Organic Farming for the Domestic Market: Exploring a Unique yet Challenging Food System in Turkey

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Organic food production and marketing is a growing business in Turkey. The organic food production in Turkey began with demand from the European Union countries in the mid 1980s. Initially, the production and exports were limited to traditional agricultural items such as raisins, dried figs, and apricots. Over the years, organic food exports have grown from only eight items to over 200 (ETO 2011). Today, more than 90% of the Turkish organic food production is being exported to about 40 countries in the world (MARA 2010). Domestic consumption of organic food products, on the other hand, is still at its early stages. However, over the last 10 years, parallel to the growing middle class and increased average income in the country, domestic organic food demand has also accelerated. In addition to large-scale export-oriented organic farming and processing facilities, Turkey has witnessed the establishment of organic farms that are particularly targeting the domestic market. The current study investigates this unique (domestic market-oriented) organic food system in Turkey.

Prior research has suggested that demand for organic food in Turkey has been low due to price premiums (i.e. organic food being 40%-450% more expensive than conventional ones), lack of consumer knowledge, ineffective distribution systems, and poorly devised and executed marketing practices (e.g. Mutlu 2007; Ozbilge 2007). For example, a recent qualitative study identified both production and consumption-related constraints that prevent the Turkish domestic organic market from flourishing (Ozbilge 2007). Among the most recognized production (supply) side constraints are unfavorable agricultural policy, inexistence of a national action plan for organic farming, too much red-tape, paperwork and bureaucracy involving starting organic farming activities, expensive cost of certification and inspection process, insufficient advisory support for organic farming entrepreneurs, and inadequate knowledge about organic farming practices. The consumption (demand) side constraints, on the other hand, include issues related to lack of consumer recognition and knowledge of organic products, high mark-ups, and a small number of sales channels.

Approximately around the same time period, survey research conducted in Turkey pointed out similar observations regarding the demand side constraints (Mutlu 2007). More specifically, the study identified “price” as the most important factor affecting Turkish consumers’ reluctance to buy organic foods, followed by accessibility, assortment, and media information. The same study also suggested that the majority of Turkish consumers (78%) currently prefer to buy organic foods from supermarket. However, according to the study findings, in the future, Turkish consumers would like to buy their organic foods from (specialized) organic store and farms. In other words, these results suggest that even though

supermarkets are still the dominant places where the organic products will be made available, buying directly from the farms may also become an important trend in Turkey.

The above studies draw a rather pessimistic picture about the outlook of the domestic organic food market in Turkey. The solutions offered to improve current domestic market demand for organic foods largely involve state-based (governmental) efforts. For example, Ozbilge (2007) suggested a government-initiated nation-wide advertising campaign to improve Turkish consumers' recognition and knowledge of organic foods. This campaign was recommended to target middle-aged people and families with small children who make their food preferences based on health, safety, and taste-related concerns. The author also suggested that the government should be watchful of any price-gauging intentions of organic food marketers, and have more (geographically) widespread control mechanisms to regulate organic food production and marketing.

Overall, the current state of the domestic organic food market appears not very encouraging. However, despite certain (supply and demand-side) structural challenges, over the last decade, many new organic farms have been established by young entrepreneurs in the western and southwestern regions of Turkey. These farms have aimed to cater particularly to the domestic market and have arguably demonstrated relative success in both serving the demand of urban consumers and, at the same time, contributing to the economic, financial and social well-being of the communities in which they are located. The objective of this research is to study this unique (domestic market-focused) organic food production and marketing system in Turkey. More specifically, this research aims to identify the profile of domestic market-focused Turkish organic farming/food entrepreneurs, their motivations, marketing strategies, and their contributions to individual and societal well-being

The data come from a series of depth-interviews with organic farmers, as well as their customers and community members. Organic farms that particularly target domestic market (e.g. http://www.ipekhanim.com/ipek_hanim_ciftligi/ciftlige_giris.html) will be visited for observations and depth-interviews with owners, farmers, and workers. In addition, members of the communities in which these farms are established will be interviewed to assess the farms' contribution to the well-being of these communities. Customers (largely from the urban cities of Turkey) of the farms will also be interviewed to identify their motivations for participating in organic food markets and experiences with producers who cater particularly domestic markets. As a result, by studying the "best practices" of organic food production and marketing targeting domestic markets, this research aims to delineate the structure of this novel yet challenging food production and distribution system in Turkey.

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‘Food Deserts’ in Urban Neighborhoods: Evidence from a Transitional Market

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While the marketing literature has investigated the availability and affordability of food and food stores from various angles (e.g., *obesity and food marketing*: Seiders and Petty 2004; Witkowski 2007; *consumer perceptions of genetically modified foods*: Laros & Steenkamp 2004; Le Marre, Witte, Burkink, Grünhagen & Wells 2007; *fresh produce consumption*: Brooks 1995; Guy & David 2004; Stanton 2007; Wrigley, Warm, Margetts & Lowe 2004 *fast-food consumption*: Chandon & Wansink 2007; Grier, Mensinger, Huang, Kumanyika & Stettler 2007; *nutrition and labeling*: Andrews, Burton & Netemeyer 2000; Balasubramanian & Cole 2002) and in many different global contexts (e.g., *Latin America*: Narine & Badrie 2007; Slater 1968; *North America*: Laroche, Chankon & Tomiuk 1998; McLaughlin 1995; *Asia*: Goldman, Krider & Ramaswami 1999; Kawahara & Speece 1994; *Africa*: Goetz 1992; Grünhagen, Witte & Pryor 2010; *Europe*: Baker, Thompson, Engelken & Huntley 2004; Heer & Mann 2010), a sign of increasing industrialization, more far-flung food distribution networks and, in fact, growing consumer alienation from authentic, non-processed food sources is the appearance of “food deserts” in urban environments that has become a prominent phenomenon in Western societies (e.g., *U.K.*: Cummins and Macintyre 2002; Whelan, Wrigley, Warm & Canning 2002; Wrigley 2002; *U.S.*: Bitler & Haider 2011). This paper investigates the encroaching absence of food-sources in a context that may not appear as a likely candidate for this phenomenon, a transitional economy in Southeastern Europe, Croatia.

In industrialized economies, the expenditures on food as a percentage of total consumption account for less than 20 percent (*U.S.* 5.9 %, *Germany* 9.9%, *U.K.* 8.5%, *Japan* 13.6% - U.S. Department of Agriculture 2008). Even in Slovenia, another former Yugoslav republic (albeit the most Westernized), expenditures for food account for just 15% of total household consumption (Statistical Office of the Republic of Slovenia 2011). In Croatia, by contrast, 32% of annual expenditures per household are spent on food (Croatian Bureau of Statistics 2011), a level that approaches that of China (33% - U.S. Department of Agriculture 2008). In light of this comparison, it appears paradoxical that food sources in the form of grocery stores are disappearing from urban centers, as such voids in the marketplace may seem like missed opportunities. This study provides empirical evidence about this new trend from several neighborhoods of Croatia’s capital city, Zagreb. Beyond the detection of this new development in a country with a reputation for its rich food heritage, an outlook into the marketing and public policy implications is provided. Marketplace considerations for different consumer groups, including the elderly and consumers with mobility impairments, are discussed, and an outlook into Croatia’s future retail development and its regulatory challenges is provided.

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Cultural Politics of Product Quality: Transnational and Local Tea Brands in Turkey

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Marketers' concern with product quality is a historical one. Marketing practices such as branding emerged partly as a solution to the issues of quality that became urgent with the growth in industrial production (Moor 2007; also Carsky et al 1998). During the Industrial Revolution, the possibilities of economies of scale necessitated trade expansion, which in turn required an effective management of the distance between producers and consumers. Branding served to protect against unfair competition, including counterfeiting, and assure customers of product safety (ibid.). Since then, much of marketers' efforts focused on communicating quality. Indeed, for many firms, product quality has become a key market differentiation variable (Jackobson and Aaker 1987) and a total quality management has been central organizational principles in the past decades (Feigenbaum 1956).

Given the importance of the quality construct in marketing, product quality has been the subject of considerable research interest (for review see e.g., Carsky et al 1998; Jacob and Olson 1985). Earlier studies were dominated by a techno-science based definition of product quality. That is, product quality was taken to be a summation of objective, stable, and relatively transparent properties of a product and premised on the quality of an organization itself (its management and manufacturing processes) (Carsky et al 1998; Coles 1949; Crosby 1979). In recent years, studies have shown that the final evaluation of product quality is determined by consumers perceptions of product features and brand attributes, and influenced by consumer's past experience with the firm's products (Holbrook 1981; Jacob and Olson 1985; Zeithaml 1988). These findings challenged marketers to go beyond product labeling – listing of product specifications and indicators of a product's traceability, such as brand owner, where it is made, and sources of materials – when pursuing quality based positioning and differentiating strategies. Marketers were to acknowledge and deliver what consumers find attractive in terms of a product's look, touch, and feel (Jackobson and Aaker 1987).

In this work, we suggest that market globalization further challenges strategic use of quality in marketing. Product quality or rather standardization thereof has been a catalyst and outcome of globalization in business. The emergence of national & supra-governmental standardization agencies and increasing circulation of branded goods meant a development and enforcement of certain quality standards globally (Higgins and Hallstrom 2007; Carsky et al 1998). Facing foreign competitors and regulatory authorities, local producers have been impelled to comply with international quality standards. All resulted in improvement in substantive quality across the industries (transnational and local manufacturers) (Carsky et al 1998). Paradoxically, the improvements in quality appear to have led to problematization of the accepted techno-science based definition of quality (e.g., Heller 2007). Specifically, we argue that an emergent parity in substantive quality shifts the definition of product quality further away from an objective techno-scientific realm of product attributes; product quality now implicates not only consumer perceptions but also socio-political and cultural dynamics of a consumption context.

This study takes a socio-historical perspective on the marketing output of a transnational (Lipton) and a local (Çaykur) producer of tea to explore how socio-political and cultural dynamics impact the definition of quality in the tea market in Turkey. Specifically, we analyze the producers' advertising, packaging and promotional materials in the period since the denationalization of the tea industry in Turkey in the mid 1980s. We focus on the ways marketers conveyed product quality and traced the changes thereof. We examine verbal and visual aspects of labels and advertisements within and between different time periods to develop a comprehensive understanding of the dominant motifs in communicating product quality. To enrich our analysis of the marketing output, we drew on journalistic accounts and popular narratives about tea industry and tea culture in Turkey.

We identified three periods when an emphasis in defining product quality changed as the key market players negotiated tensions arising from the ongoing market globalization among other factors. First, in the mid 1980s, we find two poles in defining product quality. Lipton emphasized the modern production and packaging technology, and the international certification of its produce; whereas Çaykur referred to its status of a former tea monopoly manufacturer in Turkey and its continuous state affiliation. Then, with further expansion of the tea market and against the background of the Turkey's aspirations to join the European Union in the 1990s, many local producers obtained ISO product certification. In this period, we see a clear shift towards *terroir* (growing area) based definition of product quality. While tea traditionally promoted through reference to a locality (e.g., Ceylon); in this case, the locality is the Black Sea area of Turkey, which is not necessarily of the same (techno-scientific) standard of leaf quality as some globally renowned tea growing locations. Lipton started sourcing some tea supplies locally and marketing its select tea varieties as originating in Karadeniz, referring to the Black Sea as a generic geographic area. Çaykur also referred to the Black Sea but emphasized Rize, the specific tea-growing province and economic agricultural locality as its sole operation base. The third period is the mid 2000s, which sees Turkey increasingly playing a more assertive political socio-cultural role within the region and locally there is an apparent resurgence of interest in the Turkish culture, including traditions such as tea drinking. Consequently, we observe a significant growth of the Turkish tea industry with proliferation of tea varieties on supermarket shelves. During this period, again we find two focal points in defining product quality. Lipton states that its cutting-edge technology helps capture and preserve effectively the goodness of a tea leaf and highlights the health benefits – anti-oxidant properties and refreshing energy – of a “scientifically harvested and processed” tea leaves. In contrast, Çaykur guarantees its product quality by emphasizing the existential relation between the company's origins, its produce and the Turkish tea culture.

Overall, we find that the changes in the ways the companies communicate product quality echo strongly the changes in the industry, social values, and politics in Turkey, and generally reflect the global political-economic and market dynamics. Based on a historical periodized analysis of the tea marketing in Turkey, we suggest that with the internationalization of markets and the consequently emergent parity in substantive product quality, strategic focus in articulating quality shifts towards consumption culture as a domain for a quality definition. Accordingly, consumer judgment-based and consumption-gearred evaluations of product quality (“perceived quality” Holbrook 1981) increasingly implicate local and global socio-cultural sensibilities and changes therein. We submit that this shift represents a rise of qualitative “barriers to entry” for producers while at the same time opening up opportunities for policy makers to direct consumer preferences to business ethics, manufacturing process, and labor practices.

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The customer satisfaction in a nonprofit context: the role of social responsibility and its communication

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Purpose of the research

The academic debate concerning companies' social responsibility, started to emerge no earlier than in the second half of the 20th century. From that time onwards the concept of CSR has gradually evolved extending its domain and giving rise to several theories, theoretical frameworks, approaches and terminologies (Garriaga and Melé, 2004).

Given this theoretical plurality of the topic, the way marketing scholars first approached the social responsibility of marketing (starting from the contribution of the forerunner Kotler, 1972) and then the effectiveness of CSR on firms' marketing performances (e.g. Brown and Dacin, 1997; Ellen *et al.*, 2000; Creyer and Ross, 1997; Sen and Bhattacharya, 2001; Ross *et al.*, 1992; Smith and Alcorn, 1991) is still fragmented and narrowly focused on specific facets of the broader spectrum of corporate social responsibility (Maignan and Ferrell, 2004; Mohr *et al.*, 2001).

Although some authors have underlined how CSR can positively affect firms' competitiveness (see for example Husted and Allen, 2000 and Porter and Kramer, 2002), the relationship between social responsibility and customer satisfaction seems to be less widely investigated. Another topic that has not been widely researched concerns the influence of different communication channels on stakeholders' perceptions and awareness of CSR actions (Brown *et al.* 2006). Even if several authors have sustained the salience of CSR communication in minimizing stakeholders' skepticism (Du *et al.*, 2010) or in generating stakeholders' positive associations (Morsing and Schultz, 2006), the literature still lacks contributions that indicate which communication channels are more effective than others in strengthening the corporate image as socially responsible (Du *et al.*, 2010). Furthermore, the contributions cited so far are focused on for profit contexts and do not consider explicitly non-profit organizations for which the social responsibility is particularly relevant given the tutelage that the law generally grants for their acknowledged social value.

The purpose of this article is to bridge the gaps introduced above. Focusing on a non-profit organization, we first verify the existence of a relationship between CSR and customer satisfaction; secondly, we evaluate the effectiveness of the social report in generating CSR awareness towards the members; thirdly, we give some insights into the contribution that various communication channels and media (other than the social report) make in strengthening the cited awareness.

CSR and non-profit organizations

As mentioned above the current literature on CSR and CSR effectiveness is widely focused on for-profit firms and contexts and almost neglect non-profit organizations where social responsibility seems to have a greater role. Non-profit organizations are in fact promoted, protected and awarded grants for the “social value” or “utility” that the law acknowledges to them.

As pointed out by Bouckaert and Vandenhove (1998), CSR is often conceptualized following a consequential approach (i.e. someone is liable for the consequences - often negative - of his/her actions), or in a more “relational and internal” slant: “we may call it a relationship of stewardship” or a fiduciary duty towards various stakeholders (Bouckaert and Vandenhove, 1998: 1074)³. The absence of the sake of gain and the social nature of their activities could mislead us into considering a non-profit organization as being intrinsically socially responsible. However, these characteristics are neither a guarantee of the production of a positive social impact or of the systematic implementation of various stakeholders’ expectations, nor, of the actual pursuit of the declared institutional mission (Bouckaert and Vandenhove, 1998).

On the contrary, due to their social value and to the frequent use of resources entrusted to them for specific noble purposes (often direct and indirect public resources too, for example grants, tax or other benefits), several authors have attributed a more intense responsibility and a stronger duty of accountability to non-profit organizations (Ebrahim, 2003 a and b; Unerman & O'Dwyer, 2006). In particular, their social responsibility seems to be double faceted. Non-profit organizations are, in fact, responsible and accountable for the effective pursuit of their institutional purposes but – at the same time – they also have to meet the legitimate expectations that different stakeholders place in the organization, besides their specific institutional mission (for example, the environmental impact of their actions, the relationship with employees, etc.) (Bouckaert and Vandenhove, 1998).

The ability to make their social goals visible - and their effective pursuit – could be the reason that legitimates the existence of associations “promoted and protected” by law and that attract and retain resources, volunteers, members and customers.

One of the main and traditional documents of accountability is the social report (also called social and environmental report or sustainability report). In Italy, only a few organizations are required by law to draw up a social report. However, there are different organizations that voluntarily decide to engage in social accounting. This is the example of some ASPs (Association for Social Promotion) involved in activities such as culture, sport and entertainment, in direct competition with public (state owned), private (for profit) or cooperative organizations. This choice should be motivated not only in response to a general duty to be accountable, but also to highlight their social value and thus to create, at least potentially, a competitive advantage over other players.

Research method

In order to assess the importance of CSR and its communication on customers’ satisfaction in the context of a non-profit organization, two different studies were conducted:

³ This is clearly a simplification. The theories developed on the concept of corporate social responsibility are numerous and complex. For a thorough review see Garriga and Melè, 2004.

a quantitative study (Study 1) in order to verify how CSR perception affects members' satisfaction; a qualitative study (Study 2) aimed at understanding how members define CSR and which are the communication channels that contribute the most towards generating CSR awareness. In particular, this second study was necessary in the light of the results we obtained through the quantitative enquiry.

We have investigated a specific non-profit organization that belongs to the so-called associations for social promotion (ASP from now on): Associazione Circolo Arci Magnolia. Magnolia was chosen due to its unique features: its activity is entirely financed by members through membership fees (in 2011 20.4% of total revenues) and takings realized by entrance tickets to gigs, food and beverages. The main activity of this ASP consists in the organization of gigs featuring underground and mainstream artists. In 2010 it generated revenues of 1.8 million euros and since 2009 is one of the few virtuous associations for social promotion to voluntarily draw up a social report. It has an intensive communication strategy. Events, gigs and performances programmed, but also social, philanthropic and environmental friendly initiatives undertaken, are constantly communicated through traditional (flyers, posters, etc) and internet based media: web site (688,000 visitors in 2011), official pages on social networks, blogs and newsletter (14,000 subscribers).

Major results

To verify whether the CSR perception by the members of a non-profit organization (in this case an ASP active in the cultural and entertainment sector) can significantly affect their satisfaction, we administered a survey to the members of Magnolia who subscribe to the weekly newsletter service. The questionnaire was drawn from available literature (Churchill, 1979): the members' customer satisfaction has been measured by the SERVQUAL (Parasuraman et al. 1985, 1988, 1991). To define and measure CSR, we decided to use three items developed by Berens et al. (2005) ("Magnolia invests sufficiently in social activities", "Magnolia invests sufficiently in green activities" and "Magnolia is socially responsible"). In addition we also added a fourth component of CSR: members' involvement in associative life.

We received 451 completed questionnaires and by applying different factor analysis, the results show that the social responsibility of the association is the second construct able to explain association members' satisfaction.

Of the results, the item measuring the social investment ("Magnolia invests sufficiently in social activities") is particularly interesting: it shows the highest factor loading of the construct "social responsibility" and thus it explains the highest variance. These composite results induced the authors to verify how members define Magnolia's social responsibility and which media affect their perception and awareness of CSR.

Thus, we opted for a second study and we decided to use a qualitative approach because it can depict the phenomena in a more holistic way (Strauss and Corbin, 1990). In total we administered 43 qualitative interviews to Magnolia's members. To guarantee a sufficient heterogeneity in the qualitative sample, we went largely over the number of interviews (10-12) suggested by Kuzel (1992).

Even though only three interviewees out of 43 declared they had read the social report of the ASP, 31 of them (72%) stated that they considered Magnolia to be socially responsible. When we asked how they had become aware of the social responsible activities, the

respondents mentioned the institutional website (50%), posters inside the location (33.3%), word of mouth (33.3%) and social networks (16.7%).

Moreover, the most interesting result of this qualitative analysis was that 14 respondents considered the association's objective and its core activity (the organization of gigs and other cultural events as a meeting place for young people at a low-medium price, etc.) the source of its social responsibility. This can induce us to conclude that respondents consider the very nature of the organization and its objectives as one of the most relevant elements of its CSR. Organising high quality gigs and offering a place for entertainment at a lower price than other for-profit entertainment organizations are considered social investments *per se* and thus socially responsible activities. This aspect also seems to be linked to customer loyalty. 14 respondents declared they preferred Magnolia to other competitors (both profit and non-profit), because they perceive its company objective as socially responsible. For these reasons, we can consider the mission of an ASP not just as an element of the social responsibility domain (and so as a driver of members' satisfaction) but also as an important determinant of loyalty (Du *et al.*, 2007).

Implications

With this article we contribute towards the literature on the topic of the effectiveness of CSR in generating positive customers' attitudes of the organization and on the salience of CSR communication in non-profit contexts.

In particular, we have empirically demonstrated how CSR perception not only influences members' satisfaction but is an antecedent of it. Further investigations of this topic should try to extend the scale we have used and tested in this paper on other non-profit contexts and on other stakeholder categories.

In addition, this contribution gives some insights that suggest the need for a complex accountability system in order to generate sufficient awareness amongst the members of the organization's social responsibility that is conveyed via the usage of several, orchestrated communication channels and tools depending on the area of influence of CSR. We have thus validated and to some extent broadened the conceptual framework proposed by Du *et al.* (2010) giving some cues as to which communication channels should be used and mixed in a non-profit context in order to spread the effects of CSR communication. This is also in line with the idea of multifaceted accountability suggested by Ebrahim (2003 b) that – as stated by the author - is even more important in non-profit organizations for which “broader and more holistic forms of accountability” are needed and motivated “by a sense of obligation to mission attainment” as proposed by O'Dwyer and Unerman (2008; 804).

Finally, personal interviews also revealed the importance of the very nature of the core activity carried out by the organization (in this case the organization and promotion of musical and cultural events) and how it affects a positive perception of CSR. In particular, in the context studied, a more intimate perception of social responsibility emerges, tightly linked to the institutional mission and to the modalities by which the mission is fulfilled.

The interviewees are concordant in saying that they attend the association for its core activity as well as in recognizing that the quality of the services provided and other aspects (such as price policy, location, environment, etc.) are also important in distinguishing Magnolia from other clubs (both for profit and non-profit). This aspect confirms that, even

though it is a non-profit organization, services are provided in direct competition with other players. The perception of a CSR strictly linked to the identity dimension could represent an actual leverage of differentiation amongst competitors and one of the main pillars of the competitive advantage (at least in the context studied).

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Managerial attitudes towards CSR – the case of Polish market

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Abstract

In highly developed countries the idea of CSR has been developing dynamically for several years. Nowadays the concept of CSR is often perceived, both in practice and theory, not only as a strategic tool for improving company's image but also as a concept, or even philosophy of the company in the market. If the CSR concept is supposed to become the philosophy of the company a high managerial awareness of the importance of the concept is needed. Of course, these issues have various contexts in every country or even every region. Therefore, the purpose of the paper is to present the perceptual shift of managerial attitudes towards CSR in Poland and to identify changes that should be made to transform CSR into an effective company's strategy allowing it to improve its performance in the long term.

Keywords: corporate social responsibility, managers' attitudes, polish market, company performance, image

Introduction

In the modern business environment, where companies need to differentiate themselves from the competition and improve the business performance, the role of the corporate image attains its full affirmation (Potocki, Winkler, and Żbikowska 2011). Therefore, what are expected from the corporations, apart from the good quality of their services, are the ethics of their activities and a sense of responsibility for their employees, local community and natural environment. The rise of global ecological awareness motivates companies to implement standards of ecological and social responsibility and to incorporate these values in their corporate image. A firm must now focus its attention on both increasing its bottom line and being a good corporate citizen. Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment (D'Amato, Henderson, and Florence 2009).

The role of CSR in the process of business performance creation

CSR centers on the relationship between business and society and how businesses behave towards their key stakeholders such as employees, customers, investors, suppliers, communities, and special interest groups (Maignan, Ferrell, and Ferrell 2005; O'Brien, Robinson 2001). The concept of CSR means that the company's success is to be based on its long-term development resulting from undertaking activities in economic, ecological and social dimensions. Consequently the concept of CSR is being implemented by designing activities, which are economically valuable, environmentally friendly and socially responsible at the same time.

Maignan, Ferrell, and Hult (1999) have proved that CSR has a positive effect on business performance – evaluated in terms of return of assets, return on investments, profits growth and sales growth. The business performance of a socially responsible company can be improved by a sustainable and effective use of resources, activities concerning environmental protection, voluntary, contribution and participation in the process of problems solutions within the community in which the company does the business (Veljkovic, Petrovic 2011).

Investing in CSR can also aid in forming a positive perception of the company among customers. That is why despite tangible (financial) goals companies undertake socially minded activities in order to improve their image, or build up customers' confidence, which let minimize the risk of cooperation. Thanks to it companies, which implement the concept of social responsibility, are more likely to count on an increased interest and loyalty from their customers. Research show that these activities affect, either directly or indirectly, customer-company identification (Sen, Bhattacharya 2001), and more recently, customers' attitude towards product (Berens, Van Riel, and Van Bruggen 2005).

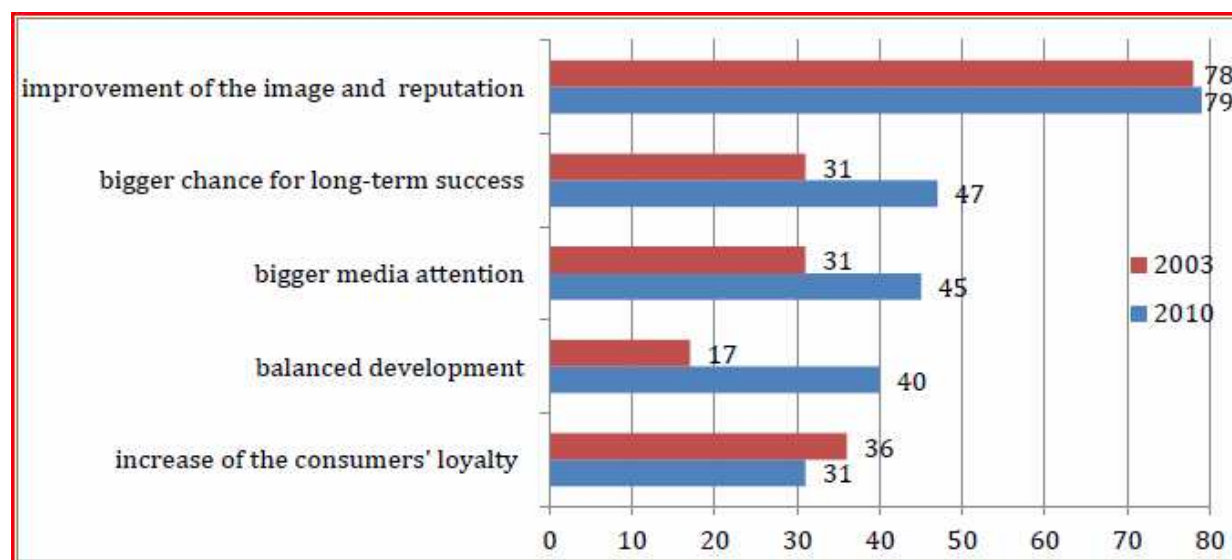
Methodology and research results on the managers' attitude towards CSR

At the Polish market the research concerning CSR are conducted mainly for the aims of the economic praxis (www.cbos.pl 2010), protection of the consumer's rights (www.fairtrade.org.pl 2010) and the state policy (www.cbos.pl 2010, www.polskapomoc.gov.pl 2010). Results of the oldest institution in Poland, which deal with CSR, i.e. RBF (Responsible Business Forum) are presented in this paper. The aim is to present changes, which undergone in the period between 2003 and 2010 in the field of managers' attitude towards CSR. The respondents were members of the management staff from the list of 500 biggest companies in Poland in the „Polityka” magazine. The research was conducted by means of the CATI method (2003 N=170, 2010 N=173).

Research concerning the implementation of the rules of the social responsible business requires the diagnosis of the state of knowledge concerning this idea among the managers. It was proved that the declared knowledge of the CSR idea increased in the examined period of time. In 2003 approximately every fifth manager gave unquestionable answer that he knows this idea, whereas in 2010 their participation was doubled (58%). At the same time half of the examined companies have the strategy of CSR implementation. However, more often the foreign companies declare that they have the strategy, whereas the companies with prevailing ownership share of the State treasury do it the least frequently.

Analyzing the benefits of companies' involvement in the CSR strategies one can notice that the need of brand and corporate image creation is the most important factor. This opinion was not changed over the span of several years (figure 1). The position of the benefits concerning the balanced development of the country/region has changed among the remaining external, motivating stimuli significantly. It can be a result of the increase of consciousness of managers as far as the meaning of the CSR is concerned. However, on the other hand it is possible that it is an effect of political-business correctness. Among other stimuli, which give motivation for involvement in the CSR the dominant factors deal with expectations of the companies' environment.

Fig. 1 Five main benefits resulting from the CSR (in %)



Source: worked out on the basis of the CSR report in Poland: CSR w Polsce 2010. Menedżerowie/menedżerki 500. Lider/liderka CSR. (CSR in Poland 2010. Managers 500. Leaders in CSR) [cited 09.01.2012]. Available from www.odpowiedzialnybiznes.pl.

However, the respondents indicate that the most important obstacles in running socially responsible business are: the lack of knowledge concerning benefits resulting from the CSR and tools, which allow the implementation of the concept, the lack of involvement of the management staff and financial limitations of the company. Taking into consideration presented results and information that the most important CSR tool is still financial and material support (75% and 65% in 2003, and 72% and 68% in 2010), one can come to conclusion that Polish companies are at the preliminary stage of the CSR development. It is also proved by the fact of pointing out at creation of the brand and image as the most important stimulus of companies' involvement in the CSR. However, in comparison to 2003, the opinion of Polish managers that running socially responsible business is beneficial in the long-term perspective was strengthened (30% in relation to 53% answers in w 2010).

Implications

The research results provide some implications for managers of local companies, which are aimed at improving their image and market position. First, there is a strong need to educate local managers in the field of the essence and benefits of corporate social responsibility. It is necessary, if they are to treat these activities as a long-term, planned strategy. So, the promotion of good practices and activities undertaken by public administration encouraging and motivating companies to such activities seem to be indispensable. Second, companies in Poland should be fully convinced of the merits of this strategy. CSR, only if used strategically can be utilized for a positive image building and business development. However, it should be underlined that such benefits can be expected in the long term. Therefore, social responsibility cannot be imposed on managers, since it must be understood and accepted by them, and carried out according to society's expectations. Thirdly, according to the research, it can be stated that the reasons why CSR programs have yielded minimal benefits as far as company's competitiveness is concerned are twofold. First, CSR managers are usually given a fixed (relatively small) budget and encouraged to allocate the funds to a wide range of community-based charities, which allows the corporate

contributions pie to be cut into more pieces and the goodwill spread among many beneficiaries. Unfortunately, the real impact on company's image is diluted. Second, corporate cash resources are allocated to social projects without thinking about how the social projects could directly support business objectives. Therefore it is recommended that managers should think over CSR activities and thoroughly plan this strategy in the way that takes into account risk and is linked with company's strategic objectives. Companies that do not follow this approach do not reap the full benefits of their CSR initiatives.

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Hype, Hope, and Hit in Movies: A Contribution to the Metatheory of Bubbles

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INTRODUCTION

Modern history has been punctuated by bubbles – instances where (for a while) hype outpaces reasonable expectations by wide, and rising, margins (Garber 1990; Sheeran and Spain 2004). In a broader sense, bubbles are not merely financial phenomena but are market-cultural phenomena, entailing interactions of marketing hype and buyer expectations. This paper is part of an ongoing research stream to develop an interdisciplinary metatheory of bubbles, relevant to the contemporary era of globalization and rapid, technology-aided communication flows. Just in the first few years of the 21st century, several bubbles have appeared – the so-called dotcom bubble (Dholakia and Pandya 2007; Pandya and Dholakia 2005; Leger and Leone 2008; Siegel 2003; Turcan 2011), the housing bubble (Baker 2007), and the financial derivatives bubble (Cohan 2009; Dholakia 2011; Martin 2011).

The understanding of massive bubbles of the type just mentioned requires huge systemic studies – which of course are done from time to time (Siegel 2003), usually within circumscribed disciplinary frames such as economics (Garber 1990) or political economy (Sheeran and Spain 2004), and much more rarely in cross-disciplinary ways (Compton and Ozler 2011). The dotcom and housing bubbles, however, showed the need for interdisciplinary approaches for understanding bubbles. With increasing connectivity and globalization, contemporary and future bubbles cannot be studied from mono-disciplinary perspectives. In studying bubbles or bubble-like phenomena, the imperative of interlacing economic perspectives with social, cultural and psychological perspectives has become compelling (Shiller 2006).

To develop a more general and multidisciplinary conceptual framework for understanding bubbles, we have ongoing projects looking at bubbles of various types: technological, financial, and cultural. This paper focuses on a particular cultural field where relatively small bubbles may form. Movies represent a good arena to examine cultural bubbles on a scale that is not daunting, and where the hype-hope-hit dynamics can be observed more frequently than in most other settings. There are numerous instances where marketing efforts are made to “hype” a movie, but where either box office performance, or assessment by critics, or both fall short of the hype. There are also instances where performance meets or even exceeds the hype. Austin (2002) notes that in the film industry’s hype-hope-hit dynamics, there are “three overlapping and heterogeneous areas of activity: film marketing, media coverage and audiences” (p. 6). He observes that...

... marketing campaigns and film critics clearly make attempts to *supervise* the meanings attributed to a film. There may be some match between these protocols, or between them and interpretations made by viewers, but it is not complete or inevitable (p. 6, emphasis added).

We define hype “...as the overall sentiment of the environmental context... about the future” (Turcan 2011, p. 221). One of the underlying assumptions of the hype phenomenon is that the overall outcome arises as a result of the interaction among individuals and the changes in behavior induced by such interactions (Ormerod 1998). A positive sentiment about an extant or a future event usually tends to reinforce that sentiment, sometimes leading to delusional optimism or over-optimism; an overall negative sentiment about an extant or a future event would usually lead to the opposite effect, e.g., skepticism or pessimism (Turcan 2011).

METHOD

We approach this study from a grounded empirical as well as a theoretical angle. In the empirical part of this paper, we explore the social processes that attempt to build up movie hype (Perren 2004), and their aftermath; and relate such exploration to an evolving generic and interdisciplinary theory of bubble formation, sustenance, and collapse. It is important to point out that we do *not* wish to contribute to the established stream of research that analyzes large samples of movies via statistical methods to determine relationships between budgets, revenues, star power, critics, director power, etc. (examples of such work are Basuroy, Chatterjee and Ravid 2003; Eliashberg and Shugan 1997; Ravid 1999; Hennig-Thurau, Houston and Walsh 2007).

In the conceptual part of the paper, we relate the hype-hope-hit process observable in the selected movies to a more generic view of the social-institutional processes that build reasoned expectations as well as hype – irrational exuberance, to use the book title from Shiller (2006) – and also the processes and performances that follow. Since movies are microcosmic phenomena compared to financial and technology hypes and bubbles – phenomena that are global, macroscopic, few, and historically infrequent – our hope is that studies of movie hype-hope-hit cycles would provide a more abundant, easy-to-access, and data-rich field for studying bubbles in general.

Data on selected movies were drawn from the film review aggregator Rotten Tomatoes (www.rottentomatoes.com), from online movie publication and box office reporting services such as Box Office Mojo (www.boxofficemojo.com) and The-numbers (www.the-numbers.com), as well as from the Academy of Motion Picture Arts and Sciences (www.oscars.org) and the Hollywood Foreign Press Association’s annual Golden Globe Awards (www.goldenglobes.org). Table 1 presents the list of movies that we focus on. The first four movies, in the shaded rows, represent movies where Critical Acclaim significantly exceeds the ratings by movie viewers. The remaining four movies have the opposite characteristic: Viewer Popularity significantly exceeds the ratings by critics.

Thus, while the eight movies individually present cases of interest, the two subsets – Critical-Acclaim and Viewer-Popularity subsets – offer additional ways to explore the hype-hope-hit processes.

Movie	Rotten Tomatoes rating			Budget/revenue (USD, mln)				Effects				Comments		
	Viewers [V]	Critics [C]	Δ [V - C]	Pre-Release Marketing [M]	Opening weekend [W]	First week [F]	19 week box office [O]	Production budget [B]	Hype [H=M/(B+M)]	Instant effect [I=W/(B+M)]	Follow up sentiment [S=F/(B+M)]	Actual [A=O/(B+H)]	Residual [R=A-H]	
About Schmidt (2002)	64	85	-21	15	9	0.4	64	30	0.33	0.20	0.01	1.42	1.09	Golden Globe nominated (best motion picture - drama)
Shrek 2 (2004)	69	89	-20	50	108	165	441	150	0.25	0.54	0.83	2.21	1.96	
Minority Report (2002)	74	92	-18	40	36	52	132	102	0.28	0.25	0.37	0.93	0.65	Oscar nominated (sound editing)
Titanic (1997)	68	83	-15	40	29	53	562	200	0.17	0.12	0.22	2.34	2.18	Oscar winner (best picture) Golden Globe winner (best motion picture - drama)
Moulin Rouge (2001)	88	76	12	20	14	20	57	50	0.29	0.20	0.29	0.81	0.53	Oscar nominated (best picture) Golden Globe winner (best motion picture - comedy or musical)
Crash (2005)	89	76	13	21	9	13	53	6.5	0.76	0.33	0.46	1.93	1.16	Oscar winner (best picture)
Analyze that (2002)	45	27	18	30	11	14	32	60	0.33	0.12	0.16	0.36	0.02	
Home Alone (1990)	74	54	20	5	17	27	254	18	0.22	0.74	1.17	11.04	10.83	Golden Globe nominated (best motion picture - comedy or musical)

Table 1: Ratings, Budgets and Hype Characteristics of Selected Movies

We purposefully selected 8 movies where there was moderate – but not vast – divergence between ratings by movie critics and by movie-going consumers: somewhere between 10 and 20 points. In developing the list, we also looked at the marketing efforts that went into building the hype for the movie, the production budgets and revenue impacts. We collected the reviews before the movie was released and during the 19 weeks after its release in order to fully capture the effects of hype on the movie performance; the revenue collected also relates to this period and includes opening weekend, first week and 19-week box office. We use the ratio of the marketing effort to the sum of the production budget and marketing effort as a proxy for hype. We measure the instant effect of hype as the ratio of opening weekend revenue to the same denominator, i.e., sum of the production budget and marketing effort. We further use this denominator to measure the sentiments about a movie following its release as well as to measure the actual effect during the 19-week period.

Data analysis of this project is progressing in three steps. First, we analyze in-depth data pertaining to the reviews by critics and movie-going consumers for each movie separately (within-case analysis, following Miles and Huberman 1994). Second, we undertake a cross-case and cross-category analysis (Miles and Huberman 1994) by focusing on similarities and differences between the cases (each movie being treated as a case). And third, we theorize further in an attempt to move to a higher level of (analytical) generalizability, i.e., to move from substantive theory to formal theory. During this process of data analysis we employ theoretical coding (Glaser 1978) to conceptualize the emerging patterns within a case and across cases, and middle-range theorizing (Weick 1989) to help manage the complexity of the emergent patterns. Emerging constructs and selected quotes would be included in an Appendix to the full paper.

The findings that emerge from the data analysis will be presented in the full paper, followed by the theoretical reflections about how movie hype-hope-hit cycles can contribute to an evolving multidisciplinary theory of bubbles, with a conclusions section ending the paper.

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Marketing of Museums

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INTRODUCTION

A stronger focus on marketing is today noticeable among many museums. Marketing that earlier was considered an ugly word in the arts is nowadays looked upon as a legitimate tool to enrich and deepen the museum visitor's experiences (Rentschler 2007a). Museums orient themselves towards their visitors in a similar way as companies through customer orientation (e.g. Ekström and Karlsson 2001) have done for a long time. For many museums, it is not only about attracting new visitors, but to reach out to a diversity of backgrounds. Museums can aim to avoid social and economic inequalities. Historically, the museum visitor has been highly educated and this is still the case among the majority of the visitors (Cheney 2002; Doering 2007). The challenge for museums during the 2000s is to create a democratic society where everybody finds their roles (McLean and O'Neill 2007). Museums of today can be expected to be accessible for a wider audience and this audience demands other kinds of information. This development has led to a stronger focus on visitors rather than objects that traditionally have been the center of attention at museums. Museums also show more awareness of societal trends compared to before. One example is the increased tendency for museums to exhibit fashion. It is a way to attract new visitors since there is an increased interest in fashion among the ordinary people.

The purpose of this paper is to discuss the implications of a stronger focus on visitors rather than objects at museums in general. The paper is based on a case, The Röhsska Museum of Design and Decorative Arts in Sweden. It is a museum that has become more oriented towards visitors more recently and it has also developed a fashion collection. The study is based on interviews with the museum director, two curators, the previous museum director, the city of Göteborg's cultural director and secondary data such as year books, museum catalogues and internal documents regarding collection policy and collection strategy.

THE RÖHSSKA MUSEUM OF DESIGN AND DECORATIVE ARTS

The Röhsska Museum of Design and Decorative Arts in Sweden was established in 1916 and is well known for its collections of silver, textile, glass, ceramics, Chinese and Japanese objects as well as books. The museum's collections are very much based on high aesthetic and technical quality rather than merely focusing on cultural history. Therefore, the current museum director prefers to categorize the museum an art museum rather than a cultural history museum. At Röhsska, the historical focus is more geared towards the creation of the objects while a cultural history museum focuses on both history and the use of the objects. Also, the Röhsska museum has had a stronger emphasis on collecting temporary objects most recently. This implies that it also takes a role as a museum in identifying the time

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period in which we live. Furthermore, the current museum director thinks that the interpretation of history needs to be challenged continuously.

At Röhsska, it was the arrival of the new museum director as well as the ambition to open the museum to a new and broader audience that contributed to the development of its fashion collection. The museum is today more aware of societal trends. A stronger focus on marketing is noticeable and the museum has an event department.

THE TRANSFORMATION OF MARKETING FROM BAD TO GOOD

Museums compete with many different leisure activities such as gallery visits and shopping. Marketing is therefore necessary to be able to develop and attract visitors. The museum director at Röhsska stresses that if the museum is not interested in its visitors, there is a risk that it will merely become a research studio for the university. The view on marketing at museums has shifted over the years, although it is probably a bit exaggerated to say that it has become a beauty from being a beast. The view on marketing still differs. In a traditional perspective, marketing has mainly focused on the existing collections. A more modern focus on the visitor is dealing with what the visitor wants to experience. The focus can still be on the collections, but is now more on how the visitor wants to experience these. There are also many different reasons for visiting a museum besides being interested in a specific exhibition. Social reasons such as being with friends and family, eating food and visiting the museum shop have developed over time and should not be neglected. This change has led to that the curator's role has been transformed from mainly caring for the objects to becoming more market oriented. Janes and Sandell (2007) states that a curator is no longer merely a "keeper", but also a messenger of the museum's collective wisdom.

FROM A FOCUS ON OBJECTS TO A FOCUS ON VISITORS

Museums of today have become more interested in numbers. The numbers of visitors visiting the museums are discussed at museums, among politicians and in the media. To become more oriented towards visitors imply not only attracting new visitors, but also to show knowledge in a more accessible and entertaining way, something that sometimes is referred to as "edutainment" (Kotler and Kotler 2000). McCracken (2005) discusses that a traditional museum culture with a focus on preferment model (museums improve, inspire and instruct visitors) have been replaced with a transformation model (museum visitors look for new experiences, feelings and participation). This development is also noticeable at Röhsska. Bradshaw, Kerrigan and Holbrook (2010) discuss that arts marketing must embrace aesthetic experience as an intrinsic value rather than extrinsic value such as economic worth or social prestige.

EMBRACING FASHION

Fashion was previously not commonly exhibited at museums. One reason could be that fashion reflected something that was considered both elusive and superficial. The Röhsska museum director emphasises that he considered it to be a challenge to "place fashion in the best room" at an art museum such as Röhsska. He thinks that fashion is a way to relate to the museum's focus on arts and crafts as well as design. Haute couture represents something that is unique and resembles arts and craft. Prêt-à-porter, on the other hand, is

mass-produced and resembles design. Röhsska's focus on fashion opens up the museum to a new audience that often is younger. The latter is important in a society where museum visits compete with many different leisure activities.

REFLECTIONS

Museums reflect in many ways the time in which we live. Market orientation and in particular visitor orientation is noticeable among many museums today. The focus on objects and material culture has been complemented with a focus on subjects, i.e., visitors, and market orientation. This means that museums can not only focus on what is inside the museum, but need to consider their role in a larger societal context. Museums are keen to attract new visitors from a diversity of backgrounds. Event marketing is one way to attract a new audience and a way to also generate profits. However, market orientation is not without controversy. Which role does the museum then have as an independent reviewer? Should museums be independent reviewers? Is there a risk that the museum by focusing on marketing and event marketing is perceived as a cultural activity house rather than as a museum? The role of a museum has historically been to mediate history, contemporary culture and reflect upon where we are heading in society. Is it possible that these aspects as well as creative freedom can come into conflict with economically focused market orientation?

The changing role of the curator can also be discussed critically. Demand for profitability may leave less room for caring for the objects and also less time to work on more in-depth research. A museum's relation to research is important in order to keep a museum at a high international level. A reflection of how a variety of curators understand their work (e.g. Kuoni 2001) would be interesting to compare and contrast to opinions among museum directors, funding bodies and politicians. Also, the fact that brands are exhibited is not without controversy in the museum world. Furthermore, to what extent do wealthy buyers paying extraordinary prices for art influence what is exhibited at museums of today? Bradshaw et al. (2010) discuss Damien Hirst's art work and in particular the Skull and argue that this development can lead to that wealthy buyers rather than critics, curators and other experts control the power base of the art world.

The fact that museums are becoming more visitor-oriented is noticeable in the increased number of museums who exhibit fashion. This attracts new visitors. However, many fashion exhibitions seem to focus on the glamour of fashion. There are also many negative associations to fashion such as unrealistic ideals of beauty, fashion models suffering from anorexia or even problems with drugs among fashion creators who meet unrealistic expectations to continuously create novelty. Fashion is based on continuous streams of novelty (Campbell 2007). Such novelty can be environmentally unsustainable. Actually, sustainable fashion seems to be an oxymoron. However, fashion based on ecological production, reuse and recycling have less effects on the environment. These are all important aspects for a museum to consider. The role of a museum is not given. It changes over time depending on foundation policies, funding, public opinion etc. However, if museums show fashion, it seems important to also exhibit fashion from a more critical point of view than merely applauding the design. The societal consequences also need to be considered if museums take the role as independent reviewers.

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Organizing a way out of poverty: How slum dwellers gain market agency, among other things

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Abstract

The world's impoverished majority is increasingly perceived as a potential new market by corporate actors, and much of this marketization is manifested in the growing dense urban slums. The literature on business for poverty reduction suggests mutual value creation between companies and poor consumers and micro entrepreneurs. However a nuanced and theoretically well-anchored conceptualization of how market formation relates to poverty reduction is missing. This paper combines a sociological view of markets-as-practices with the capability approach for evaluating poverty reduction. The ethnographical case study sheds light on what constitutes market agency by studying how poor urban dwellers in Dar es Salaam organize to gradually become a pioneering new actor in the Tanzania housing sector.

Introduction

While previously disregarded by the private sector, the world's low-income majority is increasingly perceived as a potential market by corporate actors, the Base-of-the-Pyramid (BOP) market (Prahalad 2005, London 2009). In addition, with intensifying critique of established approaches to poverty reduction such as charity and international aid, an increasing number of NGO's, development actors and social entrepreneurs are engaging in innovative entrepreneurial solutions to address poverty reduction (UNDP 2008, Yunus 2007). Moreover, with the rapid urbanization and population growth in Asia and Africa, poverty will increasingly be an urban phenomenon (Baker 2008). These trends suggest an increase of intensity in the marketization-the process by which markets emerge (Caliskan and Callon 2010, Araujo et al 2010, Kjellberg and Helgesson 2006, 2007) - in urban slums.

The literature on BOP business and inclusive business is underpinned by the idea that the marketization in subsistence contexts will be a win-win situation, profitable business hand in hand with poverty reduction (Prahalad 2005, UNDP 2008, Simanis and Hart 2008, London and Hart 2011). However, it is noted that a more nuanced and theoretically anchored understanding of the proposed mutual value creation is needed (London et al 2010).

This study addresses this gap by combining a sociological view of markets as practices (Araujo, Finch & Kjellberg 2010, Araujo 2007, Kjellberg, Helgesson 2006, Kjellberg, Helgesson 2007, Callon 1998) with the philosophical/development economical capability approach framework for conceptualizing poverty reduction (Sen 1999, Nussbaum 2000). The study analysis a case where very poor slum dwellers organize into a network of savings and loan groups that gradually becomes a pioneering actor in the national housing sector. The aim of the empirical study is to (1) understand what enables the urban poor to gain market agency to shape their economic environment, and (2) how does the economic organizing relate to the well-being of the urban poor dwellers.

The paper is structured as follows. First, the multidisciplinary frame of reference is presented. Next, the case and methodology is presented, where after the analysis of the

ethnographic data is discussed. Finally, the contribution and implications of this study are presented and discussed

Poverty in the context of urban slums

Urban slums can be characterized as informal settlements with poor quality housing, limited access to basic services, overcrowding and often unsecure land tenure (Baker 2008). As urban population now for the first time in history exceeds rural population, also poverty is increasingly becoming an urban phenomenon. It is estimated that by 2030 the urban population will reach 5 billion. Most of this urbanization will take place in Asia and Africa (Baker 2008). In Asia, urban slums are expected to grow in particular in China and India (UN-Habitat 2006). However it is cities in Sub-Saharan Africa that will experience the by far fastest increase of urban slums (UN-Habitat 2006). Moreover, this urbanization is taking place under particularly challenging circumstances which other regions have not faced, such as pressures of global competition, limited outlets of external migration, climate change and the detrimental effects of HIV / Aids (Baker 2008).

In Dar es Salaam, Tanzania, where the empirical case study is situated, it is estimated that 75% of the city area is unplanned settlements (Temeke municipality 2011, Dar es Salaam). After reviewing the literature on urban poverty, Baker (2008:4-5) notes a number of common deprivations which affect the urban poor 1) limited access to income and employment, 2) inadequate and insecure living conditions, 3) poor infrastructure and services and 4) vulnerability to risks such as natural disasters, environmental hazards and health risks particularly associated with living in slums, 5) spatial issues which inhibit mobility and transport, 6) inequality closely linked to problems of exclusion. In the development economics literature, there is a long discussion concerning how to measure poverty, with a growing consensus on the multidimensionality of poverty (Baker and Shuler 2007). The capability approach (CA) (Sen 1999, Nussbaum 2000) has been central in developing a more multidimensional understanding of poverty as the deprivation of basic capabilities rather than merely lowness of income.

The CA provides concepts and normative frameworks to conceptualize, measure, and evaluate poverty, inequality, or well-being as well as the institutions and policies that affect them (Robeyns and Crocker 2010). This study incorporates CA concepts into marketing research, in order to enrich the understanding of poverty reduction.

Rather than focusing on reducing poverty, the CA focuses on increasing well-being. In developing the CA conceptualization of well-being, Sen (1992) argues that both agency and well-being can be better understood through the crosscutting distinctions of achievements and freedoms. While the notion of achievements capture doings and beings that are already achieved, freedoms capture the real opportunities for achieving something in the future.

	Well-being	Agency
Achievements	Well-being achievements = <i>Functionings</i>	Agency achievements
Freedoms	Well-being freedoms = <i>Capabilities</i>	Agency freedoms

Table 1. Key concepts in the Capability Approach
(table outline from Robeyns and Crocker 2010).

Sen explains that “a person’s agency achievements refer to the realization of goals and values she has reason to pursue, whether or not they are connected with her own well-being”(1992:56, 1999:19). In other words, not all acts of agency lead to increased well-being, as a person may choose to do things that are harmful to themselves, or they may choose to do something that increases the well-being of others rather than themselves. Well-being achievements, on the other hand, involve achieving those goals and objectives that increase a person’s wellness, advantage, or personal welfare. Well-being achievements are also called functionings. Functionings are described as beings and doings, such as being adequately nourished, being in good health, being happy, or taking part in community life (Sen 1992). By placing emphasis on functionings, the CA resonates with empowering rather than top-down standardized approach to poverty reduction (Hämäläinen, forthcoming).

This study suggests that functionings can be studied empirically as practices. Practices theory understands the social through studying established ways of doing or saying, such as cooking practices, industry practices, and recreational practices (Schatzki 1996). Practices involve the integration of various elements, such as forms of bodily activities, forms of mental activities, “things” and their use, background knowledge in the form of understanding, know-how, states of emotion, and motivational knowledge”(Reckwitz 2002: 250). While practices are conceptualized as neutral to the aim of the activity, the concept of functionings captures those practices that increase a person’s well-being.

In addition to functionings, capability is central concept in the CA. The CA uses the term capability in a rather different sense than most business discourses. In business discourses capability is often associated with skills, however in the CA capabilities refer to “the real opportunities to function in ways that increase one’s well-being”. In particular Sen argues for the importance of focusing policies of poverty reduction and development on capabilities rather than only functionings. The CA thus calls for policies that provide equal opportunities as well as for personal responsibility to act on available opportunities (Hämäläinen, forthcoming). As reflected by the emphasis on capabilities, the CA is underpinned by liberal values suggesting that people should be given the chance to freely live the kinds of lives they have reason to value (Alkire, 2010).

Agency in the process of marketization in urban slums

This paper combines the Capability Approach with Market Studies in order to arrive at a framework for understanding how the marketization process relates to poverty reduction. The common denominator between the two theories is the central role of agency. The combination of the theories results in five insights that appear relevant for an increased understanding of agency in urban slums.

The first insight, derived from the CA, is the link between agency and well-being as described in the previous section. In the CA, agency is understood in a human-centered way, as “someone who acts and brings about change and whose achievements can be judged in terms of their own values and objectives” (Sen 1999:19). As this quote shows, the CA is explicitly a normative theory that provides conceptualizations for evaluation.

The second insight, from the CA, is that there are differences in personal abilities to convert income and other resources to subjective well-being. For example, in the case of business in urban slums, the availability of affordable clean water services does not per se mean an increase in human well-being (see Simanis 2010). If people don’t see the need for clean water, they will not convert that resource into their practices. The CA captures this with the term conversion factors, and suggests that there are personal, social and environmental conversion factors that influence whether a resource is converted into a functioning. A similar conceptualization is not present in the market studies literature.

The third insight, derived from the market studies literature, is the need to focus on understanding market agency (Hagberg and Kjellberg, 2010). Market agency is defined as the ability to act in and shape markets (Araujo et al 2010). The focus on market agency is actually what distinguished the market studies body of literature. In the dominant neo-classical view on markets very little attention was given to agency. In fact, the classical metaphors of markets such as Adam Smiths invisible hand have served to de-emphasize the role of human agency (Kjellberg and Helgesson 2006).

The essence of the market studies research is to develop an alternative and empirical derived conceptualization of markets. Thus, markets are studied as the outcome of an ongoing process of economic organizing, which can be conceptualized and studied using practice theory (Schatzki 1996, Reckwitz 2002). A practice-theoretical approach allows for an analysis that is contextual and empirically embedded, studying the practices of individuals or communities, while also lending itself to systemic understanding. For example, part of the analysis in this study focuses on the housing sector in Tanzania. In this study, the market is thus understood as the current arrangements between the various involved actors such as authorities, companies, house owners, banks, interest organizations etc. The market is not defined by a product, for example “the market for construction materials”, or by a potential customer segments, such as “the market of low-income people”. Naturally, with this systemic perspective an empirical study will have to set the limits as to which part of the system is studied. (see Lindeman 2012)

The fourth insight is that market agency is collective. This is a different view on agency than the predominantly individual view on agency in the CA. A market actor is understood as a network of people, devices, and practices. The notion of market actor thus incorporates many types of organizations, including companies, NGO’s, interest organizations and governments. The collective nature of market agency implies that market agents have to organize internally. To maintain collective coherence, the internal organization of is typically based on particular shared values (Ostrom 2000). The values are reflected in the practices of

the organization. Market studies research shows that also the efforts by market actors to influence market arrangements are guided by their internal values. Consequently, market actors with more influence and agency are able to establish market practices which reflect the values they internally hold as important (Kjellberg and Helgesson 2010).

The fifth insight is that market agency is distributed (Hutchins 1995, MacKenzie et al. 2007, (Callon 1998, Callon, Muniesa 2005). Distributed agency means that the ability to act in and shape markets does not depend solely on the individual, but is also determined by the devices the person can access. In this context, ‘device’ refers to any tool or resource—physical or methodological—that can be used to achieve a practice. For example, increased access to mobile phones has reportedly improved the productivity of many subsistence market actors. Therefore, to understand agency it is important to pay particular attention to the enabling devices. Callon and Muniesa (2005) point out that market devices are likely to be unevenly distributed, thus, asymmetry in power between agencies is commonplace. The situation of the poorest population segments in many developing countries is a case in point.

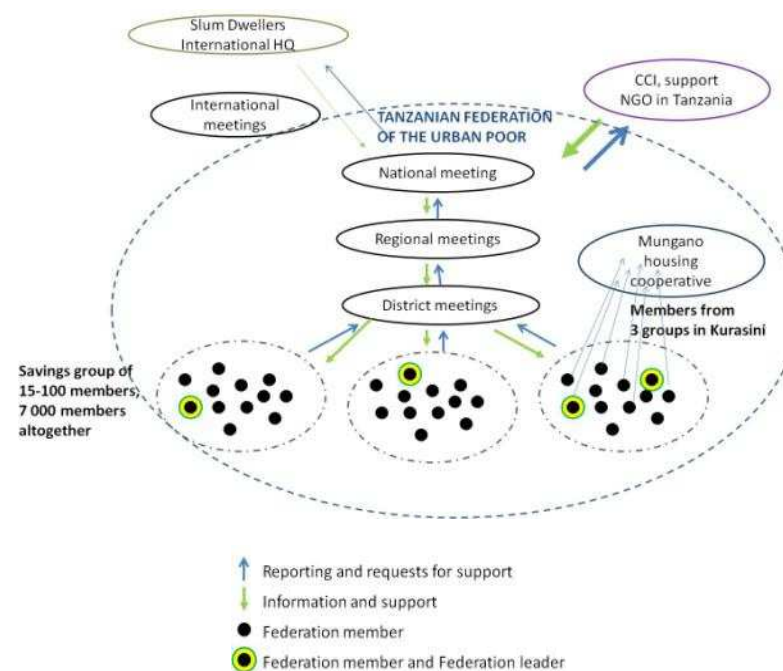
Moreover, research has found that economic organizing into markets involves three broad types of practices (Kjellberg, Helgesson 2006, Kjellberg, Helgesson 2007a). The first and most obvious category is exchange practices, which include buying, selling, and related activities. The second category involves normalizing practices, which concern rule formation and results in rules or law that discipline exchanges. The third category highlights representational practices, which are practices by which market actors depict or show what the market is or should be. The representational practices often form the basis of decision-making inside market actors. In working markets there is thus some form of arrangement between market actors concerning exchanges, rules and representations. Differences between markets can be understood by studying the differences in dynamics between these three market practices areas.

Case and research method

Qualitative case studies are suitable methods for increasing understanding of unclear phenomena (Marshall and Rossman 1995). An in-depth single case study allows for the exploration of the meanings of potential concepts and ideas. In this study, I explore the potential of the concept of market agency, functionings, capabilities, devices and conversion factors in providing a deeper understanding of the relationship between poverty reduction and marketization in urban slums.

Presenting the case and arriving at the research question

This is a case study of economic organizing in informal settlements in Tanzania. The organizing is structured as a collaboration between different organisations as illustrated in figure 1. There is the network of savings groups or community based organisation called Tanzanian Federation of the Urban Poor (later referred to as TFUP or the Federation), the International NGO Slum Dwellers International (SDI), the national support NGO Center for Community Initiative (CCI) and The Mungano Housing Cooperative.



TFUP is a network of savings groups in the informal settlements of five cities in Tanzania. Each group has 20-50 members, with the exception of some groups with up to 100 members. All in all, TFUP has 7 000 members the majority of which are women. The Federation is organized through meetings at different levels. The groups are the fundamental unit with weekly meetings. All groups have a leader, who represents them in monthly district and regional meetings, and biannual national meetings.

TFUP is a member of the international network of Slum Dwellers International (SDI), which includes 34 national federations. Of these, 14 federations including Tanzania are considered mature, meaning they have reached a national or citywide scale. SDI has a small headquarters in South Africa that supports the national federations by arranging annual international meetings for sharing and learning as well as by providing small grants for exchange visits within or across federations. The national federations can look rather different, but the common denominator is that they follow the basic methodologies of savings in small daily installments in self organized groups promoted by SDI. This methodology is developed by Jockin Arputham in India and has gradually been picked up in different countries (Arputham 2008). Jockin Founded India's National Slum Dwellers Federation and is also the president of Slum Dwellers International

The savings activities in Tanzania were initiated in 2004 by Dr. Tim Ndezi, then the head of operations in Dar es Salaam for the UK based NGO WaterAid. Ndezi was increasingly frustrated with the limits of sectoral development initiatives and saw the potential for a holistic community driven approach in the SDI methods. Thus, he encouraged women in the Kurasini informal settlement in Dar es Salaam to form savings groups. Gradually he saw the need for active support for the savings groups and thus founded the support NGO Center for Community Initiatives. After finding a temporary director for CCI, Ndezi resigned from Water Aid to pursue a PhD in the UK focusing on community engagement and participation in development. Once he returned to work full time with CCI and TFUP, they started developing many generic practices and the Federation reached the national scale rapidly. This makes the Tanzanian federation a particularly interesting case.

One such generic initiative is the Chamazi housing project. In 2007, three large federation groups in the Kurasini neighbourhood faced absolute eviction due to the expansion

of the Dar es Salaam port. Their response has resulted in the Chamazi housing project, administrated by the Mungano Housing Cooperative. The Cooperative has bought 30 ha of land in the outskirts of Dar es Salaam where it is now constructing affordable housing for the 300 households in the federation groups.

The Chamazi housing project is a remarkable expression of agency. It bears witness of a transformation through which very poor slum dwellers go from being tenants subsidizing on microenterprises, to becoming house owners and members of a cooperative that collectively owns, constructs and manages a residential area with 300 houses. Hence, the question that inspired this study is what enabled the urban poor to gain market agency, and how is this economic organizing related to increasing their well-being?

Data generation

This study generated data in two rounds. A pre-study was conducted in late 2009 and the main study was conducted in 2011. In both field research sessions, the unit of empirical study is practices. A mix of qualitative methods for market-oriented ethnography (Arnould 2006, 1994, Sunderland and Denny 2007) is used. The principal method of data generation is semi structured in-depth interviews, 1,5 to 4 hours, conducted with the help of a translator. The interviews are done in familiar places for the respondents, and interviews are accompanied with on-site observations, such as spending a day with a family, as well as go-along observations (Kusenbach 2003). The observations include shorter interviews and documenting practices through photos and videos. Table 2 shows an overview of the data.

Table 2. Overview of the data

Method	Pre-study in 2009	Main study in 2011
In- depth interviews	10	15
Shorter interviews	20	20
Observation sites	8: (2)homes, (2)market places, (2)schools, (2)waste dumps	6: (3)communities, (1)Chamazi building site, (1) CCI office, (1)municipalities
Photos	3 500	1500
Video	App. 4 hours	App. 2 hours
Filed notes	30 pages	40 pages
Memos	10 pages	20 pages

The pre-study aimed at understanding everyday practices in low-income communities with a focus on household economics and micro entrepreneurship. The respondents included federation members, which introduced me to the activities of the TFUP. I also learned about the Chamazi project, which was in its early stages. The pre-study gave an important pre-understanding of life in the informal settlements of Dar es Salaam. During the field research in 2011, the focus was on the practices of the TFUP and CCI.

Between the data generation rounds, I kept in contact with CCI and followed the developments of the Chamazi project. I contemplated which theoretical frameworks would allow me to consider the apparent increase in influence and ability that the Chamazi project represented. Thus the study became abductive by nature (Dubois and Gadde, 2002). I found that the concepts of market agency in markets-as-practices literature, as well as the elaborations on agency and well-being in the capability approach addressed relevant aspects of the phenomenon at hand. I decided to examine if these insights from different theories could be combined to provide a better understanding of how market formation relates to poverty reduction.

Data analysis

The analysis builds mainly on the interviews conducted in the main field study in August 2011. All interviews are translated from Swahili to English and transcribed by the local research assistants who acted as translators during the interviews. The interviews are analyzed and coded in the Nvivo software. The first round of analysis is open-ended without predetermined categories. The purpose is to let the data speak, and this generated some 180 codes, many of which are similar or overlapping but with nuance differences. When analyzing and structuring these codes, I could see that the data provides insight in three areas: First, concerning the many practices of TFUP and CCI, second concerning the relationships to other actors and finally concerning outcomes. The outcomes can further be distinguished as individual, group and system level outcomes.

I then proceeded to deepen the analysis in each of these areas. At this stage, the theoretical frameworks that I had initially been drawn to prove to be useful for structuring and deepening the analysis. The analysis of the many practices of the Federation and CCI as well as the individual and groups level outcomes are analyzed through the concepts of devises, functionings and conversion factors. The relations to other actors and the system level outcomes are analyzed through the concepts of market practices and market agency. Hence, the presentation of the analysis in the next section follows this logic.

Introducing new practices: The emergence of a community based organization

The emergence of TFUP and CCI involves a gradual increase of many new practices. This section will analyze these practices based on the ethnographic data. The analysis is structure around three themes: (1) How the new practices relate to increased agency and well-being among federation members, (2) how different forms of support practices are provided to overcome personal, sothis section these practices will be discussed. The analysis identifies devises, which are tools, methods or things without which the practices could not be realized. The devises, together with the personal motivations and abilities, form agency. The analysis also identifies functionings that spring from the practice.

Group formation and savings practices: Becoming noted, and keeping track of ones assets

Savings practices are at the core of the TFUP activities. From a practices perspective, several enabling devices can be identified in the savings practices. First, and most important are the groups. Forming groups is the first step of organizing within TFUP, and the groups serve many purposes as we will see throughout the analysis. The groups are first started in order to enable the urban poor to do savings. The majority of residents in the informal settlements do not have bank accounts. Since streets and houses are unrecorded, residents tend

to lack information which is needed to establish bank accounts. The groups, however, will be registered as part of the federation, and with CCI as a guarantee, collective bank accounts can be opened. The bank account is an important device that facilitates transparency and management of the savings of the group.

The initiation and registration of groups and group memberships results in the functioning of being noted in the prevailing system. This is reflected e.g. in ability to open bank accounts. It is important in other context, providing a social address and point of reference.

In the everyday savings practices, important devices can be identified. Each federation member is given an individual savings book with pre-printed columns. New members are taught how to fill in the savings book and thereby keep track of their savings in a systematic manner, noting the daily sum as well as the aggregated sum.

Each day, a group member goes around the neighborhood and collects the group savings, the transaction being marked and approved by two signatures in both individual and group savings books. At the end of the week, the money is taken to the bank by a group member (a rotating responsibility) and the money is deposited in the group's bank account. The person brings back the receipt of deposit and shows to the groups. All movements of money are documented and traceable, to ensure that nothing is lost along the way.



Picture 1 – Individual savings book, weekly federation meeting in Amkenya Group, Kurasini

These practices introduce basic bookkeeping. The functioning is the ability to take better control of one's assets and financial situation. With the same principle of book keeping applied for managing individual and group assets, this creates ability on both individual and group level. Records are also kept of attendance and contributions.

Small loans: Managing life situations

The Federation started with savings, however gradually the practices of granting small loans started. This practice builds on the accumulated group savings, thus the bank account is again an important device. Another device is the basic rules formed by the groups themselves: A member that has been attending meetings regularly and that has contributed with savings can apply for a small loan from the group. The loan amount cannot exceed the amount that this person has saved. These basic rules started as a practice but have now been enshrined in the federation constitution which was written down in 2010. All loan applications are assessed by the group's loan committees, and applicability is determined based on the records of

attendance and savings regularity. Such records are thus also important for maintaining a fair and functioning system of loans.

The findings suggest that the way TFUP provides loans is rather different to how other microcredit institutions in Dar es Salaam work

“We used to look for loans in other institutions like Pride, Finca. However the results are tragic when you fail to pay-back the loan in time because they come and confiscate everything you have. Therefore, frankly the Federation has been a great support, joining the Federation has benefitted us more compared to where we were before. Even when you encounter problems in repaying the loan and you explain it to them, they understand as long as you truthful and repay. If it weren't for that, I wouldn't have gone far. (Federation member, Kurasini)”

A theme that emerged from the data is the emphasis on rules and practices that are designed by the slum dwellers themselves, based on their lives and realities.

“when you take loans from relatives or NGOs you cannot pay on a daily basis. If they decide you have to pay 40,000/= per month, you have to pay 40,000/= per month. And if you do not deliver the amount they come and confiscate your things. What we have is truly different, we decide ourselves basing on our kind of lives and businesses.” (National Coordinator, Federation member)

There are several ways in which the small loans activity of TFUP appear to differ from other microcredits. Interests are kept very low, and loans are not given only for developing microenterprises but can address any kind of urgent need.

“..we have loans with low interests. You can take a loan and send your child to school, and every day you may return in small installments. There is no bank that would agree to that, understand? “(Federation member, Kurasini)

“We can even loan each other products like rice, sugar, soap; things that we always use in our households, they ensure you don't go hungry. When I go to my group and I need rice, I'll be given rice to go and eat with my family. And then I get to repay in very small installments every week. You will not lack anything, even sugar. So you see, there are so many things to do within the Federation when we meet in our groups, it's different from anywhere else. Do you really think elsewhere they'll think of loaning you sugar or rice? That they'd consider the problems in your home? No, they wouldn't! but when I go there (the Federation) I'll tell them my problems and they'll listen to me and I'll get what is available on that day.” (Federation member, Kurasini)

A constant juggling of very scarce resources is the everyday reality of these women. The flexibility and creativity in how small loans are used within the federation groups provides a safety network and the functioning of being able to manage sudden or challenging life situations.

Numeration practices: Becoming visible, these are our facts

A central practice in TFUP and CCI is numerations. These are socio-economic studies conducted by the federation members to gain reliable information about their communities. Numeration teams are trained by CCI and standard numeration methods are used. These practices are very important for identifying and making visible problems and realities in the communities. It provides a functioning on the group level of rendering their reality visible.

Discussion practices: Understanding

A central theme in the data is the increase of discussion on all levels. The primary device for facilitating this increase in discussion is the meetings. Groups meet every week, committee members inside groups meet in between the weekly meetings, regional meeting are held every month, national meetings biannually and international meetings annually. The increased discussion is not just about talk, it is a purposeful transfer of understanding. Importantly, mastering a method of engagement that does not dictate but rather facilitates realization through asking questions appears to be a central device in this chain of facilitating understanding.

“in the meetings, you sit down with leaders, you facilitate understanding to the leaders. Once the leaders have understood, they become agents of change to others as well” (Ndezi, Founder of CCI)

This culture is reflected on many levels

“Part of my responsibilities in the meetings is to educate and to give room for other members to speak, to understand.” (Federation member, federation leader, Chamazi, man)

Groups are thus not only about savings or loans, but about learning.

“Well the meetings build a lot of support for the women, you become more knowledgeable, you open up yourself to possibilities. Even when you don’t understand something, when you meet up with your fellow women and discuss about it, you get something out of it and you move forward.” (Federation member)

The facilitation of understanding is a time-consuming effort that transcends the organizing. It appears to be central for the entire organization to function

“if they understand well then there are no problems at all. However, if you are unclear about things, they can be very difficult. For instance, the Urban Poor Fund. One of the criteria to be a member of the Federation is to contribute to the Urban Poor Fund with Tshs 500 per month....the money cannot be loaned it, it cannot be touched..... now, to convince the groups to deposit their savings into that account. And then explain to them the use and importance of that fund to them. They cannot give you their savings without understanding the use and importance of it to them. So we have to go directly to the groups that do not understand and explain to them what the funds mean, why the decision for the joint account; once they understand they don’t have any problems “ (National coordinator, Federation leader and member)

The functioning of understanding is closely related to learning and developing. It seems many of the federation members regret that they were not able to get an education, and their desire for learning is activated through the federation discussions.

“What I have enjoyed by working inside the federation I have learnt a lot, I have been trained by the federation, I have learnt something that is very constructive in my life. Working in the group and working as a team has been very advantageous to me. (member of Tumami group)

Project Initiation: Gaining legitimacy, identifying problems and solutions

A few years after the savings had started, practices to encourage community initiated project were introduced to TFUP.

“We said no, no, no, this is not the way how we should do. Because if people are doing saving, saving, they don’t see anything happening, they will get tired of saving. You have to do saving with a purpose. So you save, you use your savings to do some developments. Either you improve your toilet, you improve your water system or your housing or you take small loans, do businesses and all those kind of things. So, we eventually initiated some project developments for water.” (Ndezi, founder of CCI)

The findings suggest that a key enabler of the community initiatives is the division of responsibility among federation members.

“the group has 53 people so we wanted everyone to be responsible in the group. And also to give them confidence that they can contribute. Everybody is in a committee” (interview with Tumami group, Temeke)

Groups can form committee according to the needs. Most groups have for example a creative committee that focuses on new business ideas, an environment committee that is concerned with improving the environment in their neighborhood and a loan committee. The committees are responsible for identifying problems and coming up with solutions in their area of responsibility. They assess what is needed to realize a solution, and ask for additional resources whether in terms of tools or knowledge from CCI.

“And they have a budget they take to CCI, for instance if they need tools to work with they give the budget to the chairperson and he takes it to CCI. And CCI provides the tools they need to work with. Sometimes they do it themselves to avoid costs. For instance, they have a water project which is not aid from the government, so they thought there is a way of supplying the water to the nearest household so there was a need to build barrows so instead of hiring people to do it they did it on their own. That’s how they operationalize within the departments.” (CCI staff member)

These committees serve to provide individuals with a legitimacy to speak and act on behalf of an issue. The roles of e.g. chair person of the local environmental committee is thus an important device for enabling initiative and responsibility. A reoccurring structure of responsibility titles can be found starting from within the savings groups and continuing in regional, city and national level.

“Every committee has 5 members as in the chairperson, secretary, and three other members. They have their own meetings; they organize themselves in how to go about their activities. For instance the environment department they meet up on a day to be able to see when they will do the cleanliness and how they can look after the environment.” (interview with Tumami Group, Dar es Salaam)

Practices	Devices	Functionings
Group formation and savings	Savings book, group bank account, groups assets control books	Keeping track of one's assets
Small loans	Records of attendance and contributions	Managing sudden life situations, illness, school
Numeration		
Discussion	Meetings Responsibility titles in committees Reporting framework	Voicing opinions, problems and questions as well as suggesting solutions
Project initiating	Reporting framework Provided tools Exchange visits	Identifying existing resources as well as lacking resources
Reporting practices		

Table 3 – to be completed

Support practices and conversion factors

A theme that emerged from the data on TFUP and CCI practices was the importance of how things are done rather than what is done. A network of support practices that cut across other practices, such as savings and loan practices, became evident.

Individual and contextual conversion factors

The capability approach emphasizes that measuring merely the increase of resources is not sufficient for evaluating poverty reduction. What really counts is whether a person is effectively able to convert a resource into a functioning in her life. The CA suggests that there can be personal differences in such abilities, as well as social and environmental aspects that affect the conversion ability.

The lives of the urban poor are full of challenges that easily become obstacles for engaging in any form of additional activities. The analysis suggests that the organizing in TFUP and CCI is continuously developed to provide improved support for enabling the federation members to overcome conversion factors. The first challenge is motivating people to join groups. The Federation spreads through mobilizing practices, first mobilizing the mobilizers that can reach out to people. This practice relies on strong and capable individuals, who typically already enjoy a certain social status in the informal settlements and a genuine desire to see improvements in the communities.

“I advise the people and the society especially the poor and those who their lives are not good that they should join the fede so that they can change their lives..... The government will not help; the government is not there to support you, to give you money or to give you land.” (Group and regional federation leader).

A first conversion factor may be that it is difficult to start making changes in your life without external support and encouragement. In particular in the resources scarce contexts of informal settlements, it would be very difficult for one community member to start the organizing into groups without various forms of support.

A second challenges relates to repayment, contributions and attendance in meetings, which are commonly observed challenges in collective action situations (Ostrom 2000). The interesting aspect here is the way in which the Federation deals with these challenges.

“Do they really attend the meeting or they are not attending the meeting. And if the attendance is not really good, the regional committee they need to discuss maybe, “This group they are not attending. This group maybe we have fifty members but the weekly meeting maybe they are two or five. Do we consider that this is an active group?” So they need to plan the visit. In each month we have five visits, but they can be more but those are fixed ones, they...for each region they have five exchange visits from one group to another. So from the information which are being brought up by the groups, we have this information; these groups are not repaying, these groups are not participating in the community So in our exchange visit, we take the group which s really good in repaying the loan, some members, maybe two representatives, and one regional leader, they’ll go to visit this group. To see what are the problems, to learn from those who are doing well. So in each, in every month there are five exchange visits.” (interview with CCI staff)

A finding in this study is that the efforts to provide support to overcome conversion factors appear to be based on strong values.

“another kind of love is when a person who takes a loan and has to make returns every day doesn’t do so or even attend meetings, the loans committee will have to make a follow up on him/her. If the committee fails it leaves it to the leaders. The leaders will also make a follow up and if they also fail they will send the report to the Board of Dar committee. Dar committee will also make a follow up. We will go to the person, talk to them amicably and ask them what the problem is; eventually they will talk. Maybe ‘I’m embarrassed I don’t have a 100 shillings, I only have 10 shillings’ ‘even 10 shillings is money, come and pay’. You do it with love, not forcefully taking their things. You do it pleasantly and persistently in finding solutions. Even if they have 20 shillings they should just pay and come to the meetings, we will understand. We do it with love and patience. That is also love.” (National coordinator of TFUP)

Love was repeatedly referred to by Federation leaders as the receipt for their success. It is reflected in many practices that they try to provide each other support in challenging situations

Collective and organizational conversion factors

This analysis also indicates that the framework of personal, social and environmental conversion factors is insufficient in analyzing the present data. Many of the support practices are actually concerned with improving the ability of slum dwellers to work together, since working together is a necessity for improving their lives and well-being. Organizational conversion factors are thus key obstacles for achieving well-being. This is linked to the next section that addresses how the practices of TFUP and CCI are based on values that differ from the surroundings.

See Appendix 1 for a draft outline of individual and collective conversion factors

Creating a different social environment

The third strong theme in the analysis of the practices of TFUP and CCI is how they gradually created a social environment that is even radically different from the surroundings.

They have built an environment that fosters other values, such as inclusion and involvement, love, unity and togetherness and equality.

The value of inclusion is reflected in the basic savings methodology.

“it cultivates the culture of enabling the majority of people to do savings, however poor they are but they can still save. Second thing is that it mobilizes; it acts as a vehicle to mobilize a community towards a common goal.” (interview with Ndezi, head of CCI)

The practices made to support the poorest show real effort made to enable inclusion. It should be noted that such efforts take time and resources.

Another very present value in the work of TFUP and CCI is unity and togetherness. These values serve many purposes. It is a noted fact that in urban slums versus rural poor areas there is often a lack of community spirit. Through the federation such elements have been brought back into people's lives.

“The fact that it is a union encouraged me to join in the group, we save we help and support each other that is the greatest thing about Fede.” (Federation member)

The urban settlements tend to host people from many different areas, and the group activities are thus at the same time a platform for finding common ground and understanding.

“the group has been able to bring together people of different backgrounds, tribes, religion, cultures and they have been able to live together and depend on each other as well as they have been able to learn different things inside the federation and get training inside the federation. We also have a address by being in the federation, for instance if one goes to kurasini and says that he/she is from fede its easy to recognize him/her.(Interview with tunami group)”

A finding from the pre study was that microenterprises tended to remain one person businesses. One reason behind this appeared to be that when money was involved, there seemed to be a general practice of “cheating”. This cheating means small scale stealing: employees stealing from employers, and even family members stealing from each other. The system that the Federation has built up, on the other hand, involves strict bookkeeping of all assets, and transparency and trust are highly valued. The practices and rules set up in the Federation ensures transparency. The Federation member Elisabeth says learning the bookkeeping method was not all easy, but nonetheless very important.

“Yes it was difficult to learn but it is a system that everybody has to follow. And it helps because money cannot get lost. If one signed and the money is not seen then he/she has to answer to that.” (Federation member)

The notion of unity which is emphasized in the Federation also reflects values of equality with respect to rules.

“It's not like because I'm a leader and I've taken a loan then I don't pay the interest. That is not allowed. Everything is “uniform”. I will take a loan and pay the interest rate of 5% like everyone else. I apply for a loan, I'll be scrutinized if I fit the criteria like any other member. Do I save every day? Do I contribute to Jenga saving fund? Do I attend the meetings? No one is favored no matter what rank in leadership you have, as long as you are a member of the Federation you sing one song. That is the meaning of oneness in my perspective.” (National Coordinator of TFUP)

This idea of answering to the same rules although having reached higher positions of leadership stands in great contrast with the style of leadership that is dominant in Tanzania as a country. The political system is highly corrupted, with minister reaping great personal benefits.

The ability of the Federation to formulate their own rules, and also to enshrine them in more formal ways also contributes to their ability to create a social environment that is different from what surrounds them. When reflecting on the difference between loans within the federation and loans from relatives or NGOs, the national coordinator states the following:

“you know with blood relatives, every family has its own regulations. But with the relations in the Federation we have the same regulations. If it is to sing we all sing, if it is dancing we all dance. But in our real families can’t tell my brother do this or do that as I’m doing. That will be very difficult. However in the Federation we do the same things since we are bounded by a constitution but with the blood relations we do not have a constitution, right?” (National Coordinator of TFUP)

Becoming a market actor

This section analyses how the TFUP started acting in the national housing sector. First, the Chamazi story is presented in more detail and thereafter the increase in market agency is analyzed.

The Chamazi story

In late 2007, the government announced that it would expand the Dar es Salaam port and that the Kurasini informal settlement would have to be demolished. Three large federation groups were located in Kurasini.

“Kurasini was my hub, because that’s where I had started everything. And the groups there were strong. So, I said to myself this is a great opportunity actually, to really do something. Although we had really no experience of land and housing and all of that” (Ndezi, founder of CCI).

With the support of CCI, the first thing that was done was a enumerating the inhabitants of Kurasini, which was conducted by the Federation members themselves. This study showed that 70% of the inhabitants were tenants and 30 % house owners. According to Tanzanian law, house owners will be compensated in case of forced demolition. For the tenants, the eviction thus means losing their livelihoods and neighbor safety nets and without support for build up a new life elsewhere.

“we help them to analyze the data and then we help them to set up what we call Advocacy Committee. Advocacy Committee was initiated in Kurasini when we heard about the government was trying to evict the people. So, I empowered the Advocacy Committee with the knowledge to understand the key issues. We mapped out the key issues that we wanted to do. One of it was trying to develop a protocol of engagement with government.” (interview with Ndezi)

Dr. Ndezi arranged an audience for the Federation members with the municipality authorities.

“The government is not used to seeing the community gather in their offices. I said Your Excellence, these are poor people from eviction areas and our enumeration shows that

70 % of people are tenants and the government, you are only giving compensation to the landowners, 30%. So what do you think about the 70%? ...if you evict these people they will go and squat in another area and that will be really difficult” (Ndezi head of CCI).

The results of the enumeration provided a powerful re-presentation of the situation, which initiated discussions between the authorities and the community. Since the government is committed to reducing poverty and informal settlements, the problem of large groups of squatters could not be easily dismissed. At first, the two parties diverged in their positions, but the discussions continued with monthly meetings. The Federation tried to suggest possible alternative relocation solutions and actively chose to maintain a constructive attitude as opposed to protesting.

“There was pressure from other communities (SDI) to...to be activists, to protest. ... but we are gentle people, it’s in our culture, so we use our potential to negotiate with the government” (Ndezi, head of CCI).

However, the authorities did not respond well to the proposals of onsite relocation, or the granting of new land for settlement.

“So we went back to Federation groups and asked ourselves ‘what are we going to do?’ So we decided to take matters into our own hands. We all set out to look for land in our own way”(National coordinator of TFUP).

When potential land in the outskirts of Dar es Salaam was found, bus transportation was arranged for the group members to visit the site. The price for 30 acres of land in Chamazi was 24 million Tsh. By then, the Federation groups in Kurasini had been saving actively since 2004 and their collective savings was 21 million Tsh. They liked the site, and after Ndezi lent them the remaining 3 million, they were able to buy the land.

Once the land was purchased, there was a change in the municipality’s attitude. They realized the federation was serious and had the ability to act. Therefore, they granted them access to their experts who surveyed the land and provided a detailed plan for developing the area for habitation. The local authorities understanding of the situation is now much closer to that of the federation. The quote below shows how they have picked up on the enumeration of the Federation and how they see their role in this project.

“my contribution, it’s the technical advices, particularly in the human settlement development. For instance in Kurasini they have been undertaking the redevelopment plan as part and parcel of the port expansion which actually affected a big number of people in terms of displacement. So these people were supposed to look for other areas for settlement, but if they are not economically strong they need to be supported in terms of looking for areas, processing legal ownership of the land and as well mobilize their resources to support their housing development through organized groups as the federation which has the same motives as us. (Official at Temeke municipality)

After findings land, the next challenge in the Chamazi project was dividing the land into plots. According to Tanzanian law, house plots have to be 400m². Such large plot sizes were impossible for Chamazi, both in terms of keep costs down for house buyers, and in terms of fitting all housing units on the land.

“Okay, to get approval for this change [reduce plot sizes], you have to involve the Ministry of Housing, Lands and Human Settlement. And I went, but the minister, and the director for housing and those guys, they were really not understanding what I’m trying to

explain to them. Then I said, “Okay, hang on a minute, these guys, they need to learn by seeing. Seeing is believing.” (Ndezi, founder of CCI)

A very creative solution was found to resolve this problem. CCI invited the Minister to join the federation members on a study trip to Thailand and India to see how similar projects of affordable housing had been completed. With the support from SDI, this was possible.

“we saw the people working at the site, we saw the engineers of the government supporting the community....When we came back, now we are good friends. They said, “No, no, no, no. Our architect, our planner go and help these guys in Chamazi. Help them. ...So we were able to convince “These plots are very big no, no, no. instead of four hundred why don’t we make one hundred...Of cause, the level that we have done, we can still be able to negotiate, to reduce it again. At least we have a platform now for negotiations and discussions. I think you saw at Chamazi there was a plaque there that the Chamazi project was inaugurated by a minister. It’s just because of those kinds of collaboration and that kind of networking with the minister that’s why it was possible to engage them.”(Ndezi, founder of CCI)

Through the collaboration with local and national authorities, the Federation gained access to external expertise and devises.



Picture 2 - The architect model of Chamazi and the municipality grader preparing the ground for the next line of houses

Analyzing market agency

This section analyses the Chamazi story in terms of market agency. This analysis focuses on agency in representational market practices, normalizing market practices, exchange market practices as well as management practices.

Representational practices

Representational practices enable a market actor to depict what a market is or should be (Kjellberg and Helgesson 2006). Based on representations, market actors make decisions about what to do with respect to the market. Representations can thus inform decisions both within one’s own organization or be used to influence how other market actors understand a situation. In the Chamazi case, the numeration of the eviction area generated a new representation of the situation. The finding that 70% of Kurasini’s inhabitants are tenants was an effective tool to engage in discussion with the authorities.

As the previous analysis has shown, the ability to do numerations and to engage in discussion with the authorities was made possible through a range of empowering and supportive practices. These include the discussion practices, the numeration practices as well as the introduction to authorities and facilitation of understanding concerning housing issues. In this case the representational practices is collective in several senses, firstly it would not have been difficult to generate the new representation alone, and secondly, presenting the representation requires some mandate and legitimacy based on which to express this alternative point of view.

Normalizing practices

As the analysis has shown, rule formation in the TFUP has been inspired by the SDI methodologies but refined and determined through the practices in the groups. The Federation has, however, undergone a process that took several years by which the rules of the Federation has been enshrined in a constitution, which was completed in 2010.

In the Chamazi case, the engagement in housing issues put a lot of additional pressure on the TFUP for managing formalities. In order to collectively be able to buy and own land, to enter contracts of land purchase, the affected Federation groups were advised and supported in forming a cooperative, the Mungano Housing Cooperative. The cooperative is a registered legal entity under Tanzanian law, which in itself is an important step towards gaining agency to act in a formal market arrangement. Forming a cooperative in Tanzania is a time and resources consuming bureaucratic process, thus the support from CCI was critical.

Lindeman (2011) shows that in subsistence contexts, normalizing practices typically start with disciplining the practices over which an emerging market actor has influence. Thereafter, the standards set may spread to other initiatives through the power of example and standard setting. In the Chamazi case, the Mungano Housing Cooperative decided they need to discipline the buying and selling of the housing unit they are constructing.

” that house is for low income people, not for rich ones. If they provide maybe, incase if we provide loans for anyone maybe take it, get a house and then say “Oh, I get it with cheap price, let me sell with high price and then I’m leaving.” So that is what we want to avoid. that is why the loans must go to Housing Corporative and then they are manage all construction of the houses and the whatever, Yeah.” (interview with Theresa)

The Mungano housing cooperative is thereby protecting themselves from a situation of free markets, and taking control of market exchanges.

Exchange practices

The first market exchange in the Chamazi story is when the community bought their land. There, the collective savings were the instrumental in making it possible for the groups to engage in an exchange of land ownership.

Thereafter, one could say that the Federation has engages with some actors in the house constructing sector through a strategy of avoidance. Construction materials and construction professionals were too expensive for the Federation groups. Instead, they organized themselves to produce construction material themselves. Through their international network, they brought in new techniques for making durable building materials

from cheap raw materials to Tanzania. They make roof tiles and brick from construction on-site in Chamazi.



Picture 3 – Becoming producers of construction materials, roof tiles and sundried bricks

The federation members are given short trainings to become tile or brick makers, and they work against small daily allowances from the Mungano Housing Cooperative. This work opportunity provides income support in the transition from Kurasini. Most federation members will experience a economic low when they move to Chamazi as since they have to build up new businesses. However, already now, and in particular once the Chamazi construction is completed, the skills and tools from tile and brick making will be used by the Federation members to sell construction materials to others. They are thus gradually beginning to compete with other construction material vendors with these competitive products.

The loans granted for building a house is another area of exchanges that is intimately linked with the housing sector. In Tanzania, this has been a very underdeveloped sector that only provides very big and expensive loans to the few well-off.

“the system of the housing in Dar es Salaam, we have a problem with our ministry. You know now to get a plot for the normal people is very, very difficult. To get a plot now is very, very hard. That is why CCI came together and found a big area and divide it into small plots because they can’t afford to get a plot individually. So I think that is our big problem. And also to construct a house is very expensive and now the poor people cannot afford to construct a house. So our policy is...now we are struggling to make sure the people are having the capital to construct houses.” (Official at Temeke municipality)

The Mungano housing cooperative has built up a system, following the existing one within the groups, that provide federation members to take a low interest small loan for house construction that can be returned in a flexible way over a long period of time. While other small loans typically are returned within months, the housing loans are estimated to be returned within 10 years. These new types of housing loans are a new types of economical

expand horizontally rather than increasing density), the housing loan systems for the low-income majority as well as the current construction material vendors that do not provide affordable alternatives.

Empowerment of a previously neglected group – the urban poor

Through the empowerment of the urban poor, an alternative perspective as to how housing issues should be arranged is gaining voice and recognition.

“Working as an individual in matters of land is very difficult, but as we are joined in this one group we act as one voice that is now heard” (Federation member, chair of Mungano housing cooperative).

The support practices have been instrumental in this process.

“CCI has played a great role. First of all it has equipped us with knowledge and skills because previously we did not know where to go and demand our rights. CCI knocked on the doors that we could not. For example when we are starting groups under the federation in different areas, CCI proceeds to introduce us and our work to the local government in that area. After that we go ahead and do our work. There are things we did not know. Or when we go to the Ministry of Lands to follow up on land registration, CCI again proceeds to introduce us and asks them to listen to us. So CCI has woken our understanding of our rights and how to get them, “ (National Coordinator of TFUP)

The introduction of an alternative perspective starts a discussion about how, in this case, housing issues could be arranged differently

“the problem with the housing sector from my perspective, I can reflect it at the national level. We do not have specific housing sectors at the local authorities or even at the national level. Housing does not mean shelter only but also includes other functions like water sanitation which goes hand in hand with housing. So housing does not mean the structure alone but includes the related services to the housing shelter. And so we find that at our local level we don’t have specific departments or sections purely engaged in housing issues. That is the missing element that needs to be breeched. (Official at Temeke municipality)

Systems intelligence and spreading by example

A theme in the analysis was the finding working in a systems intelligent way, that is finding shared goals among various actors and facilitating cooperation in achieving those goals. This is something that the Federation and CCI has achieved already in the community groups. The same was then gradually achieved in the collaboration with the authorities, through series of discussion and facilitation of understanding.

“You know that is our role to make people live in comfortable living standards, to raise the standards of living, but our capability is very low. So when the CCI came in we said “Oh Allah! Somebody is coming to help us!” (Temeke municipality)

The literature on market as practices discusses how market practices spread by example. The case of Chamazi is well underway of becoming such an influential national example that sets the standards for a range of similar interventions.

“I see many people want to join CCI. Even us who work in the municipality.... perhaps 3 quarters of the people here are renters (tenants). So...our prosperity is to make sure that the program is growing. After Chamazi we want to build Kigamboni, after Kigamboni we want to build else-where, yeah..! (official at Temeke Municipality)

The federation has started a similar housing project in the City of Dodoma, and is preparing for a housing project for the federation members in the large neighbourhood of Kigamboni in Dar es Salaam.

The impact of the Chamazi housing project on the federation members

If poverty would be measured in terms of income, the federation members that are moving from Kurasini to Chamazi would be getting poorer. The participation in the housing project is highly challenging and tests their ability to manage their scarce resources. External factors such as rising food prices, places an extra burden on paying back the housing loan. Most of the new Chamazi residents will experience a period of lower income as they give up their old business in Kurasini and set up new ones in Chamazi. The Chamazi area is developing rapidly, but there is still much less density of people compared to Kurasini and thus fewer opportunities for business. Transportation to the city center is expensive, and the area is still lacking electricity.

However, through the housing project people that used to live as tenants in Kurasini are becoming house owners. This is a transition that many of them had never dreamt of in their lives. Becoming a house owner means owning property, the possibility of getting a private bank account and normal bank loans. It is a first step towards joining the formal economy and towards reaping the benefits of a gaining capital against collateral.

“By getting a house I have a better vision in life, I believe that I can do more with my life than what I could before. I can see the possibilities. (federation member, young man, Mikadadi)”

Despite the many challenges associated with moving to Chamazi, the federation members show strong belief in the ability of the federation to successfully complete the housing project.

“step by step, we will build this place until we live like they live in Europe”
(Federation member, building a house in Chamazi)



Picture 5 - Houses are built incrementally, allowing the new owner to move in when half built and then gradually complete the construction

Concluding discussion

This study aims at increasing the understanding of how the process of market formation relates to poverty reduction. In particular, the analysis of the empirical data aims to (1) understand what enables the urban poor to gain market agency to shape their economic environment, and (2) how does the economic organizing relate to the well-being of the urban poor dwellers. The analysis uses concepts derived from a sociological view of markets-as-practices as well as from the capability approach for evaluating poverty reduction.

The importance of support for achieving both well-being and market agency in subsistence contexts

A key findings from this study is that it shows the importance of support practices in order to achieve both well-being and market agency in subsistence contexts. The study shows how functionings can be studied as practices that enable wellbeing. Moreover, the notion of enabling devices was found to be useful for understanding elements of the functioning. In addition, the study shows how support practices are needed to overcome conversion factors. It is noted in the literature how subsistence consumer-merchants juggle resources across family and business networks in order to subsist in the resource scarce environment (Viswanathan et al 2010). This study extends on these findings by showing how support practices can be organized to support functionings despite harsh conditions. Furthermore, the study shows how functionings are not to be understood separately, but rather as sets of functionings that are interrelated and interdependent. The findings thus suggest that in order to improve well-being, it appears important to establish a set of functionings that are effective in the specific context. Hence, great familiarity and understanding of the local context is essential.

Moreover, the study shows how functionings, and effective sets of functionings, build capacity for market agency. In analyzing market agency, the importance of collective actions becomes evident. The study shows how collective action is needed when a new market actor emerges. This was evident in all market practices areas; exchange, representational, normalizing and management practices. An important distinction when studying market agency is the difference between acting in markets and shaping markets. The ability to shape market requires in particular agency with respect to representational and normalizing practices. This study emphasizes the importance of addressing collective abilities when discussing market formation in subsistence contexts.

In the above, this study has identified elements of an evaluative conceptual framework of how market formation relates to poverty reduction. The findings suggest that analysis on two interrelated levels is required: (1) well-being, including addressing functionings and capabilities, and (2) market agency, including addressing the ability to act in, and the ability to shape markets. In such analysis, emphasis has to be placed on practices that support overcoming both individual and collective conversion factors.

Contributions to Marketing

This study contributes both to the discussion of marketing in subsistence contexts and to the markets-as-practices discussion.

Contribution to the inclusive business debate

Much of the research on business for poverty reduction has focused on individual subsistence actors, whether as consumers, producers or entrepreneurs (London 2009). However, the findings of this study suggest that much broader analysis is needed. Firstly, when addressing well-being, it is important not to limit the perspective only to roles prescribed to individuals from an economic perspective. The case study shows the limits for poverty reduction by institutions that provide loans only for micro entrepreneurship, as compared to the flexible system in the Federation of small loans granted in support of all areas of life. An understanding of well-being and functionings needs to take a holistic view on the life situations as the starting point.

Secondly, the alternative perspective in this study highlights a paradox in the inclusive business literature. While it is recognized that a multitude of partners are needed to develop inclusive businesses, the aim is conceptualized as mutual value creation, which remains locked-in in a dyadic perspective. The theorizing around value creation is based on studies of western consumers, and it is based on the assumption of the empowered and active consumer (Prahalad and Ramaswamy 2004). The empowered consumer has access to information from e.g. the internet and exercises power through purchasing or not purchasing. The assumed endless variety and choice thus means that there is no conflict involved. However, in subsistence contexts access to information and choice is very limited and the general market literacy is low. (Viswanathan et al 2008).

The analysis in this study highlights the limits of value creation theories in addressing the realities in subsistence contexts. The findings show how market agency oftentimes is collective. Market agency includes both the ability to act in, and the ability to shape markets. Studies on inclusive business have addressed issues related to the ability to act in markets. Subsistence farmers who become equipped with mobile phones or internet kiosks with market prices gain market agency to better act in say the soya bean market. Micro entrepreneurs that take a loan and buy e.g. a sewing machine gain agency to better act in the clothes trade in their area. However, from the perspective of this study, this is only one aspect of market agency. The often neglected other aspect is the ability to shape markets. Shaping markets means that a market actor is effectively influencing the way in which the economic organizing into a market is realized. Lindeman (2012) has concluded that in subsistence contexts, shaping markets requires market agency in particular in representational and normalizing practices. Market agency in representational and normalizing practices is particularly collective.

The ability to shape markets is an expression of influence, power and ability. Gaining full market agency, i.e. both to act in and to shape markets, this means gaining power. Thus, initiatives that aim to increase the ability of urban dwellers to act in markets, may not necessarily increase their ability to influence economic arrangements. On the contrary, it may lead to situations of dependency, indebtedness and lack of alternatives. One could say, in critique of this argument, that consumers in the west don't have complete market agency. They don't have the possibility to influence the markets that they are engaged in. Precisely! This paper is not suggesting that emerging economies should follow the exact same path as the west has taken, in many respects.

Contribution to the Markets as Practices literature

This study contributes to the markets as practices literature by introducing an evaluative framework for the process of market formation. Hitherto, most of the literature has focused on explanatory analyses (Araujo et al 2010), which for example have shown that organizing depends on different values (Kjellberg and Helgesson 2010). However, by introducing the notion of functionings as practices that enable people to increase their well-being, this paper opens up for a more evaluative discussion of how economic organizing in markets relates to well-being.

This study also enriches the understanding of the emergence of market actors in subsistence contexts, and underlines the extent to which support is required for subsistence market actors to gain market agency.

Contribution to the Capability Approach

This study has combined the concepts in the CA with ethnographic studies of practices. The CA is often criticized for not being operational, however, this study shows the compatibility between the CA and qualitative methods that have practices as the unit of analyses.

The CA has also been criticized for being too individualist. This study shows how an individual, a groups and a systemic perspective can be analysed together through a practice-theoretical perspective. It also enriches the notion of functionings by highlighting the role of devices. The combination of increased access to devices as well as support practices provides empirical insight into the role of conversion factors. Finally, the study extends on the analysis of conversion factors by highlighting the organizational conversion factors in addition to individual conversion factors. This points towards the import of support in achieving effective management practices.

Limitations and future research

This is a single case study. The purpose has been to explore the notions of market agency in subsistence contexts and test the use of a possible multidisciplinary framework for analysis. The proposed evaluative framework that this study results in needs to be further tested in different types of economic organizing. This will be an important avenue for future research.

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Appendix 1

- Very much a draft -

Personal conversion factors	Practices to overcome them	Values
Lack of information and perspective	Discussing, understanding, participatory	Equality, empowerment
Shyness, lack of self confidence	Responsibility titles	Belief in ability
Illness, handicap	Flexibility	Caring

Social conversion factors	Practices to overcome them	Values
Irregular income - No food	Loans for commodities	Familiarity with life realities
Funerals, health problems, weddings	Ad hoc additional support	Cultural understanding
	Flexibility in loan repayment	caring

Environmental conversion factors	Practices to overcome them	Values
Housing problems		
Sanitary problems		
Safety problems		

Organizational, collective conversion factors	Practices to overcome them	Values
Mistrust in community		Openness, togetherness

Consumer Agency in China and India: An Empirical Validation Across Two Emerging Markets

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Extended Abstract

Over the past decade, marketers have begun to realize the role consumers play in the success of new product launches in emerging and developing markets. The traditional view, that marketers' strategic and operational decisions are responsible for the fate of a new product introduction, is being replaced by the "consumer agency" perspective which originated in the *Journal of Macromarketing* (Eckhardt and Mahi 2004). In a global context, consumer agency is concerned with consumers' active participation in the globalization process, rather than the conventional perspective of consumers as passive recipients of their new "globalized" lives.

The consumer agency framework was conceptually developed by Eckhardt and Mahi in 2004, and has since only found support in qualitative research (Grünhagen, Witte, and Pryor 2010). This study represents the first *quantitative* effort to (a) develop a survey instrument to test the consumer agency dimensions, including a comprehensive assessment of their psychometric properties, and (b) establish their existence in a comparative field study of consumer attitudes in the two largest emerging markets globally, China and India. The context for this study builds on Eckhardt and Mahi's (2004) original study, examining consumer agency with McDonald's as its focal company across both countries.

As the prototypical representative of the Western franchise industry, McDonald's is an appropriate focal firm for this investigation into the range of consumer reactions to the market presence of a foreign service offering, since it has established a prominent presence in both the markets of India (despite initial struggles) and China (Budhwar 2001; Dash 2005; Grünhagen, Dant and Zhu 2012; Jeon, Meiseberg, Dant and Grünhagen 2012). In both countries, Western fast-food concepts represent increasingly popular alternatives to traditional offerings, and have become part of a broader choice set for consumers who look for diversity in their local restaurant offerings. This study assesses consumers' *holistic* sentiments toward McDonald's as the protagonist of quintessential American franchised fast-food concepts. While previous studies have examined various aspects of the restaurant experience (e.g., Berry 2000; Bowman, Gortmaker, Ebbeling, Pereira and Ludwig 2004; Card and Krueger 1994; Eckhardt and Houston, 2002; French, Harnack and Jeffery 2000; Kaufmann and Lafontaine 1994; Pettijohn, Pettijohn and Luke 1997; Ritzer 2011; Schlosser 2005; Stank, Goldsby and Vickery 1999; Watson 1997), no study to date has taken the comprehensive approach of this research study in the two biggest emerging BRICS (Brazil, Russia, India, China, and South Africa) economies today. The insights gleaned from this study offer directions for the management of global franchisors' appeal not only from a branding perspective, but also from the perspective of future franchise owners in emerging markets.

Most recently, scholars have noted the virtual absence of research into the franchising phenomenon from the perspective of its customers (Dant 2008), particularly in a cross-cultural context (Dant, Grünhagen and Windsperger 2011). The bulk of the franchising literature has traditionally focused on the franchisor (e.g., Castrogiovanni, Bennett and Combs 1995; Combs and Castrogiovanni 1994; Falbe and Welsh 1998; Jambulingam and Nevin 1999; Kaufmann and Dant 2001; Lafontaine and Shaw 1998; Minkler 1990; Windsperger and Dant 2006), with more recent research that has also investigated the franchisee perspective (Dant, Weaven, Baker and Jeon 2012; Dant, Weaven and Baker 2012; Dickey 2003; Grünhagen and Dorsch 2003; Grünhagen and Mittelstaedt 2005; Weaven and Frazer 2003). However, investigations of consumer perspectives to franchising issues are virtually non-existent.

The franchising industry has been accused of fostering homogeneity (e.g., Luxenberg 1985) and curbing local cultural diversity in the process, a charge that is of particular relevance in a global macromarketing context where chains like McDonald's have been charged with proliferating American cultural imperialism. Simultaneously, emerging evidence suggests that brands like McDonald's are quickly getting assimilated in traditional societies like China (Grünhagen, Dant and Zhu 2012). Consequently, only limited evidence exists on how customers assess the value-added aspects of franchising overall, and the trade-offs involved between standardized offerings and erosion of local choices. Of particular interest in this context are the five big emerging markets of the BRICS economies. It has been shown that franchising only accounts for a small portion of the total retailing sector in these economies, and that China, India and Brazil represent the greatest under-tapped potential (Dant et al. 2011). The cases of India and China are particularly notable since both these countries only recently liberalized their economies (Khanna 2007), and thus provide a fitting context for this study. This paper is, thus, also a response to calls for research into the customer view of franchising in emerging markets from an emic perspective as much of the extant literature has been developed and tested within the North American context.

The empirical results are based on a survey of 653 Chinese consumers and 450 Indian consumers carried out in the capital cities of Beijing and Delhi, respectively. The surveys were conducted on an individual intercept basis at public places in both China and India and also by a snowball sampling approach in China. Most notably, the two key dimension established by Eckhardt and Mahi (2004) in their creation of the 2x2 consumer agency taxonomy based on cultural adaptability, namely cultural compatibility and transformability of meaning, made up the core of the data collection effort. The items for both constructs were developed anew for this research after five rounds of pretests using five-point Likert-type response anchors ranging from Strongly Disagree=1 to Strongly Agree=5. Each of the measures met or surpassed the psychometric yardsticks associated with standardized loadings, average variance extracted, composite reliability, CFI, NFI, and RMSEA. Further, all items loaded significantly on their respective constructs with large loadings, each significant at $p < 0.001$, showing satisfactory convergent validity (Anderson and Gerbing 1988). Convergent validity was also indicated by the large average variance extracted (AVE) for each construct which exceeded the suggested threshold of 0.50 (Fornell and Larcker 1981), and through a confirmatory single factor analysis (CFA). Discriminant validity of our measures, using methods prescribed by Fornell and Larcker (1981), was also supported. Common method bias was addressed in accordance with Podsakoff et al. (2003), and the results indicated that common method bias, if it does exist, is unlikely to confound the interpretation of these results.

The validation of the four-fold taxonomy was evaluated using hierarchical cluster analysis and the post-clustering internal validation procedures (using MANOVA, ANOVA and Tukey’s multiple range paired comparisons). Hierarchical cluster analysis, used to verify the emergence of the four internally homogeneous cells, employed the measures of cultural compatibility and transformability of meaning as the clustering variables. But since cluster solutions are not inferentially grounded per se, their subsequent internal and external validation using probabilistic statistics acquires critical significance (cf. Speece, McKinney and Appelbaum 1985). Consequently, both forms of validation were checked for for each country and found to hold. The findings of both cluster analyses validated the Consumer Agency framework. For illustration purposes, Table 1 below displays the cluster analysis results for China. The results for India mirrored those for China, creating one of the remarkable findings of this study.

This study, in a nutshell, lends credence to the consumer agency taxonomy developed conceptually in a macromarketing context by Eckhardt and Mahi (2004) almost a decade ago. A remarkable finding is that the cluster solution for both countries, China and India, produced almost identical results. Given the quite different historic, political, economic and social development of the two countries and the fact that the taxonomy was originally developed from an emic perspective in India, the findings indicate a particularly strong validation of the consumer agency framework’s validity across the two largest emerging economies. Further, the study provides findings that permit the triangulation of the consumer agency framework, as it has now been validated not only through qualitative work (in Egypt, Grünhagen et al. 2010), but also in a quantitative study. As previously noted, this study also represents the first quantitative assessment of the consumer perspective on franchising in a holistic way. From a macromarketing perspective, this study illustrates the steady advance of the “global consumer culture” (Alden, Steenkamp and Batra 1999) into emerging markets and the myriad implications for marketers in their efforts to reach local consumers.

Table 1: Cluster Analysis Results: China

Transformability of Meaning			
Cultural Compatibility		Low	High
	Low	Cell 1 N=132 CC Mean 1.98 TM Mean 2.22 <i>Rejection</i>	Cell 2 N=67 CC Mean 2.81 TM Mean 3.12 <i>Niche Acceptance</i>
	High	Cell 3 N=299 CC Mean 3.40 TM Mean 2.25 <i>Widespread Acceptance as Something Foreign</i>	Cell 4 N=149 CC Mean 3.99 TM Mean 3.52 <i>Assimilation & Eventual Widespread Acceptance</i>

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Consumer Vulnerability and Marketplace Inclusion: A Case of Chinese Rural Migrants

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The movement of migrants from rural to urban areas is a vital part of global urbanization. The marketplace becomes more diverse with mixed populations and emerging needs. Rural migrants become vulnerable consumers in a new and complex marketplace and face a variety of challenges. This study examines Chinese rural migrants, the so-called villagers in the city. We find that government policies and firm rules restrict rural migrants' participation in urban marketplace. These structural barriers make them difficult to acquire important products and services. Rural migrants react by using their social networks and community resources. Their sole reliance on thick social ties, however, limits their acculturation and adaptation in the city. We conclude with public policy suggestions that aim to improve rural migrants' consumption conditions and well-being.

The theory of brand relationships; lacking a broader perspective?

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This paper concerns the marketing system's interaction with society through brands. The marketing discipline has predominantly favoured a dyadic, micro view of consumer brand interactions. It is suggested that excessive importance is ascribed to this dyadic perspective of brand relationships, given it ignores the broader context in which brands operate. The paper concludes by encouraging reflection on the suitability of the current perspective on brand relationships.

Background

Marketing systems interact with society and social systems (Fisk 1981, Nason 2006, Wilkie & Moore 2006). A core aspect of the marketing system that is considered to be central to especially Western society are brands (MacInnis, Park, and Priester, 2009; Park, MacInnis, and Priester, 2009; Reimann and Aron, 2009). Brands as trademarks are created by organisations, but perceptions of their personality, behaviour and meaning are ascribed to brands by consumers and society (Aaker, 1997; Fournier, 1998).

It has been suggested, in marketing literature, that the interactions with brands should be viewed as a consumer brand relationship *dyad* (Blackston, 1995; Fournier, 1998; Smit, Bronner, and Tolboom, 2006). This view is deemed insufficient by some, as brands are part of a larger social system, and gain importance as facilitators for social identity development and for establishing connections between consumers, e.g. in brand communities (O'Guinn and Muniz, 2009). It is therefore suggested that a *triadic* view, which encapsulates this more complex dynamic system, may be more appropriate (O'Guinn and Muniz, 2009). It is, however, the dyadic view that has been emphasised in brand relationship literature.

Marketing scholars have in the process of accounting for the brand relationship concept sought inspiration from social psychology; a discipline that for decades has focused on the dyadic relationship perspective (O'Malley and Tynan, 1999; Bengtsson, 2003; Patterson and O'Malley, 2006). Despite the different context of brands, theory and concepts developed in social psychology have been applied with little or no modification to the new domain (e.g. Aggarwal, 2004; Patterson and O'Malley, 2006; Reimann and Aron, 2009; Aggarwal, 2009). Social psychology focuses on the close dyadic interpersonal relationship, essential to human well-being and quality of life; and related concepts such as love and intimacy (Duck and Perlman, 1985; Hendrick and Hendrick, 2000). The selection and application of social psychology theory and concepts to the study of brand relationships therefore confer much importance to the concept by default, and to the consumer brand dyad in isolation of external social forces. A micro rather than macro perspective has hence been embraced by utilising these frameworks. While the supreme importance of the brand relationship dyad, and micro perspective, is implied theoretically it must be considered

whether this perspective is the most adequate for understanding consumers' interactions with brands (Bengtsson, 2003; Fournier, 2005; Patterson and O'Malley, 2006).

Critics of the brand relationship literature warn that, along with the failure to consider external social influences, the application of social psychology theory and concepts is misguided as a theoretical base for the study of brand relationships (Bengtsson, 2003; Patterson and O'Malley, 2006, O'Guinn and Muniz, 2009). The reason being that the interactions, dynamics and importance of brand relationships bear little resemblance to interpersonal relationships (Bengtsson, 2003; Patterson and O'Malley, 2006). A particular caution concerns the differences between close interpersonal relationships and commercial relationships in regard to power dynamics, altruism and maintenance processes (Fournier, 2005). The above notions suggest that if brand and interpersonal relationships differ considerably, the application of dyadic based social psychology frameworks paint an inaccurate picture of the concept.

The comparison between brand and interpersonal relationships has not been the subject of thorough empirical investigation, despite considerable conceptual debate. Iacobucci and Ostrom (1996), for example, explored the comparison between commercial and private relationships, but only included relationships between people. Fournier (2009) did require respondents to evaluate some interpersonal relationships and specific brands as well. However, the particular brands specified by Fournier (2009) were the subjects of interest, not the perceptions of particular *brand relationship types*. Further, respondents in Fournier's (2009) study rated *either* interpersonal relationships *or* brands, which means that no comparative investigation was undertaken. The question of interest in this research is therefore whether consumers perceive brand and interpersonal relationship types, of a corresponding nature, e.g. interpersonal acquaintance and brand acquaintance, to be similar when a comparative investigation is undertaken?

Method

The research question was investigated by the use of a survey, which required respondents to rate corresponding interpersonal and brand relationships on the same 25 relationship characteristics. This approach was initially developed and utilised by Wish (1976) and Wish, Deutsch, and Kaplan (1976), who sought to provide a framework for relationship assessment, including negative relations. Iacobucci and Ostrom (1996) also utilised the framework of Wish, in their study for relationship comparison; demonstrating the approach's usefulness in a commercial context. Fournier (2009) adopted a similar approach, albeit utilising a greater number of relationship characteristics, derived from her previous research. The original set of relationship characteristics, specified by Wish (1976) and Wish, Deutsch, and Kaplan (1976), was utilised in this research.

Respondents rated ten relationships; the relationship to their best friend, acquaintance, a person with authority, a person disliked, and a person hated; and corresponding brand relationships. A sample of 130 students, 18-27 years old were utilised as respondents; firstly to investigate relationship comparison in a relatively homogeneous group. Second, younger consumers, of which the student population belongs, are characterised as being highly involved with consumption and brands (Eastman, Fredenberger, Campell, and Calvert, 1997; Goldsmith, Flynn, and Clark, 2011). If brand relationships should share characteristics with interpersonal relationships, this would be a likely group to discover this pattern in.

Results and Discussion

Data analysis consisted of Multidimensional scaling (MDS), Multivariate analysis of variance (MANOVA) and One-way ANOVA, of which results will be presented in more detail at the conference. In brief, results suggest that significant differences, for the multivariate, exist between all corresponding interpersonal and brand relationship types. Results further suggest that the closer and more positive in nature the relationship types are, the greater the difference between corresponding relationships in the two contexts. This finding is particularly interesting; firstly, given it is the close and positive brand relationships that focus is placed on in marketing literature (Patterson and O'Malley, 2006; Lee, Motion, and Conroy, 2009). Second, if brand and interpersonal relations, especially the positive relationship types, are significantly different in many aspects, the application of social psychology frameworks may have resulted in misleading conclusions.

Relationship characteristics used for assessment in this research, yielded further insights into the particular differences between relationships in an interpersonal and brand context; a widely debated topic that often cause reflection on the principles underlying the two contexts and perspectives associated with these. Social psychology theory and concepts are intended for close interpersonal relationship *dyads*, and essentially do not go "below" investigation of acquaintanceship (See e.g. Duck and Perlman, 1985; Hendrick and Hendrick, 2000). Given the type of relations of interest, equality is expected to exist in most aspects of the relationship, such as, shared power, trust and interest to maintain (Fournier, 2005). Relationships in a marketing context, including those to brands, have been suggested to be driven mostly by the opposite dynamics - and greatly influenced by external forces to the relationship (Bengtsson, 2003; Fournier, 2005; Patterson and O'Malley, 2006). It has therefore been assumed that marketing relationships will be perceived less positively than interpersonal relationships. This research found support for this. Through investigation of the individual characteristics, brand relationships were, for example, perceived as more unequal in power than the corresponding interpersonal relationships.

The issue explored in this research, in relation to the suitability of the current perspective applied to brand relationships, was whether consumers perceive brand and interpersonal relationship types of a corresponding nature, e.g. interpersonal acquaintance and brand acquaintance, to be similar when a comparative investigation is undertaken? This research was conducted with a group of consumers suggested to be highly materialistic and involved with consumption. However, even the perceptions of this population did not suggest that consumers perceive equivalence between corresponding interpersonal and brand relationship dyads.

Reflection on the adequacy of the current perspective on brand relationships is needed. Brands are a central part of consumer culture and society and take on their meaning in a social context. Yet the investigation of brand relationships has focused on a dyadic micro focused view, through the application of social psychology frameworks and concepts. Given different underlying dynamics were found to apply for corresponding relationships in the two contexts, further consideration of the perspective applied to brand relationships is encouraged. It appears that the brand relationship phenomenon needs to be explored from additional perspectives; a broader framework that acknowledges the social context in which brands operate appear a likely starting point.

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Marketing and the production of disability

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Introduction

In this paper, we: a) provide an introduction to disability studies via one of its key models, the UK social model of disability, b) review work in disability studies relevant to marketing and consumption, for example with regard to the nature and effect of social, attitudinal and physical barriers and work in marketing and consumption studies relevant to disability studies and these concerns, c) present examples of techniques that, we argue, have the unintended consequence of segmenting physically impaired and non-physically impaired consumers, in many cases excluding the former from the consumption situation and producing the disabled identity as an outsider identity, and d) suggest some ways of reconsidering disability and marketing to avoid these problems.

Literature review

This paper reviews the development of the influential UK social model of disability, which proposes that disability is not an inherent functional fault in an individual, but actually a social process imposed on top of impairments by a disabling society (UPIAS 1975). This understanding facilitated the study of disability as a social and political process, rather than a medical problem to be rectified, or personal misfortune to be overcome by an affected individual (Oliver 1981, Barnes 2008). Critical modifications, amendments and alternatives to it that have developed in the disability studies field, for example, the added complexity of the social-relational understanding proposed by Thomas (2004), which takes into account ‘restrictions of activity that result from the exercise of the power to exclude’, the phenomenological examination of social scripts which reveals time as a barrier (Paterson and Hughes 1999), and Marks’s consideration of the oppressive power of pain, and the consequences of unconscious, internalised oppression that comes when disabled people absorb negative social identities ascribed to them (1999). There have also been significant moves away from the social model, such as Swain and French’s (2000) exploration of a positive disability identity that frees disabled people from oppressive social norms, and Söder’s (2009) questioning of who, exactly, this oppressor is.

The paper draws upon this earlier work to construct a notion of disability as a social process brought about through physical and attitudinal barriers, and then applies this concept to marketing by examining the physical and attitudinal barriers that marketing can create. The paper also takes into account the work on outsider identity by Fullerton and Punj (2004) and the small body of work already conducted in the area of disability and marketing, such as studies of retailer response to disability legislation in the US (Kaufman 1995, Kaufman-Scarborough 1999, Kaufman-Scarborough and Menzel Baker 2005) and the contribution of branding to the oppressive labelling of disability (DePoy and Gibson 2012). In addition, this paper utilises pre-existing work on the physical process of shopping which can arguably be applied to a study of disabling barriers such as Prus and Dawson’s (1991) study of shopping as a physical activity bound up with positive and negative experiences of identity, and Underhill’s (1999) consideration of ergonomics and the exclusion of the shopping body. In combining this material, the paper examines the intellectual, social and commercial costs of

disabling marketing, and goes on to suggest ways in which these barriers might be eliminated. In turn, through a consideration of the consumer, it then seeks to examine what marketing can tell disability studies about disability and ability as embodied experiences.

Proposed methodology

As a theoretical paper, the primary methodology of this paper is a comparison and combination of theoretical models from different disciplinary background, and an application of ideas offered in explanation and exploration of immediately available materials (e.g. HSE documents) The authors' intention is that the ideas sketched out and assembled in this paper will form the basis of a small-scale practical study into the shopping experiences of disabled shoppers.

Importance of the paper for macromarketing

Disability Studies is a rapidly growing area, and as a discipline with an interest in society, it is to be expected that macromarketing scholars can learn from, and contribute to, the study of the way in which disability functions within, affects, and is affected by society, markets and marketing (Hunt 1981; Fisk 1981). With a greying population of shoppers (Janger 2012) and greater social integration of people with disabilities, disability presents both a social concern and a marketing opportunity. In addition this paper will offer a new perspective on issues of wider concern to marketing, such as consumer identity, consumer experience, the social and commercial consequences of intentional and unintentional marketing processes, and the interaction between marketing and other social processes, such as the implementation of government policy and law.

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Critical Discourse Analysis (CDA) for Marketing and Consumer Research

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The main objective of our paper is to review and promote the application of Critical Discourse Analysis (CDA) in marketing and consumer research. To achieve this we provide an overview of the nature and development of discourse analysis and other types of text based research. We suggest that while discourse analytical approaches gained a degree of popularity in certain streams of consumer research during the 1990s they did not achieve the degree of visibility and application seen in other areas of management studies. Furthermore, as well as having a relatively limited presence in the field, the types of discourse analysis applied continue to be relatively limited. More recently some researchers have expanded the scope and disciplinary space for discourse studies in marketing, reinforcing the potential value and benefits of discourse analysis beyond functional concerns with text and text-use. For Skalen et al (2008) marketing is discourse, to the extent that marketing is treated as the object of scrutiny - a discourse or set of discourses to be subject to analysis. More recently B2B, Relationship Marketing and network approaches have also advanced a more developed and broader use for discourse analysis in marketing (e.g. Araujo 2007; Ellis and Higgins 2006) and student texts taking a discourse informed approach are now available (Ellis et al 2011). One common feature of these approaches is to conceptualise discourse performatively, i.e. that language and text is simultaneously representative and constitutive. Here discourse is as much about ontology as it is about methodology.

Within discourse research however there are empirical questions concerning how discourse analysis is 'done', that is, how discourse(s) and discourse effects is/are identified and scrutinised. Discourse research is extremely diverse, and in order to contextualize CDA it is useful to contrast it against 'non-critical' traditions (Fairclough, 1992). In the paper we show, how discourse analysis can be classified into three groupings that are contingent upon the technical, constitutive and the political, with CDA entangled in all three but with emphasis on the political. For example, as Caruana et al., (2008) demonstrate, the texts that help consumers adopt an 'independent' position in the tourism market (primarily 'independent' guidebooks), linguistically constitute social practices in a way that enables and constrains, empowers and disempowers the consumer. CDA can be used to explore how linguistic features make certain categories of self available and others not, or how certain categories become 'natural' and others 'unnatural'. Crucially, power is (re)organised through the social practices of consumption and marketing, and the texts that shape and reform them.

In CDA a key concern is how relationships of power are arranged in discourse to the favour and/or disadvantage of the subjects employing those discourses. Topics of interest range from explicitly power-oriented studies of race, gender and discrimination to examinations of "unremarkable and everyday" (Kress, 1990) social practices. One important aspect of CDA is that it does not prioritise a close scrutiny and dissection of the linguistic structure of particular words, phrases and grammar. It is far more focussed on the play of language and texts more generally, both in terms of their local use and appearance as well as

in terms of their wider social consequences and practices. Fairclough (1992: 40) discusses this aspect of CDA when examining the contribution of Foucault to theories of discourse.

A key aspect of CDA is the idea that discourses organise, and thus influence, how social practices such as marketing and consumption are known and practiced, implying interpretable inter-linkages between language, knowledge and power. However, CDA does not imply a deterministic or structuralist view of the world (that somehow the 'discourse of the market' causes people, institutions and organisations to conform and behave in predetermined ways). This is probably one of the most exciting and transformative aspects of CDA for marketing because it opens up the possibility of examining marketing ideology and discourse through analysis of everyday, common-place activities and processes – circulating in texts (as data). Analysis of marketing produced literature and initiatives, textbooks, marketing management practices, consumer policies and products, for example, can all be seen as much more than simply indicative of a 'wider' ideology, but rather as part of the constitution of this discourse – i.e. about how marketing/consumption is known and practiced.

In the final part of the paper we discuss what is perhaps the most difficult aspect of discourse analysis for marketing and consumer researchers to embrace - the lack of emphasis on the individual *subject*. In some approaches to CDA active social agency is effectively excluded in any meaningful sense. The self, identity, and questions of subjectivity are constructed through and circulated in *discourse* rather than the agent. As such the self as agent should not be afforded a privileged position in analysis and should be treated as much as an object produced through discourse. Our primary argument here is that one of the reasons why marketing studies, and particularly consumer research, has a less developed tradition of discourse analysis than other areas (such as organisation studies for example) is because of the special definition and status of the active consumer subject within Marketing Management discourse. This is not only a limitation for micro and functional orientated marketing discourse but also for progressive and radical proposals such as Consumer Culture Theory (Arnould and Thompson 2005). Although CCT has achieved much in terms of opening up disciplinary space in marketing it has also enhanced and promoted an experiential, cultural and phenomenological bias (see Zwick and Cayla 2011). As a result the consumer as represented in both mainstream marketing and movements such as CCT is not always easily compatible with discourse studies. The approach adopted by Thompson and Haytko (1997) suggests one way to bring the experiential consumer into a more discourse centred view by sensitively promoting the 'production side of consumer culture' (Thompson and Tian 2008: 610). CDA has the potential to achieve a similar outcome but from an alternative and contrasting position. Fairclough's (1992: 45) approach to CDA does not require a completely de-centred view of the subject. Rather CDA advocates a position which sees social subjects as shaped by discursive practices yet also capable of reshaping and restructuring those practices. An important contribution from CDA is the idea of the consumer and the marketer as subject positions derived from and produced through discourse. This provokes tantalising empirical questions of what kinds of subject positions are made available (and which are hidden), how are these positions created and maintained (and undermined) and what are the opportunities and limiting effects for constituents of marketing/consumer discourse. While the consumer only becomes an agent through marketplace practices and through activities such as surveillance and monitoring by marketing, this consumer is also active and constitutive within these broader discourses.

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Introduction

This paper argues that emergent concepts of marketing system are oriented with structural approach appropriate to examine community development. Structured marketing system, in purpose, emerges from isolated individual transactions, develops into clusters or groups with increasing complexities embodied in multi-level exchanges between individuals and groups. Such complexities in turn create new knowledge and skills that offer trade opportunities, and at one stage present socio-economic benefits to individual, group and the community at large. Ethnographic research applied in this study examines the influence of marketing system, as an emergent concept, and delves into the multi-facet approach of community development.

Research background and framework

A single transaction of an actor can be a powerful source of innovation and change. Isolated independent transactions of individuals in different points of time can prompt evolution of trade networks. Such trade networks (based on individual knowledge and skills) conceptualised as group/cluster form complex shapes as exchange between actors generate new level of knowledge and skills. Complexity in exchanges, manifested here by flows (possession, ownership, risk, money, information), incites more actors with similar goals to attain socio-economic gains, and consequently innovation sparks and spreads in small groups. Over a period of time, these groups emerge as trade networks, and become venturesome and spread new ideas to nearby villages. The newly emergent clusters engage in new level of flows through which groups command greater socio-economic benefits for respective communities. This study primarily focuses on emergent and structured evolution of individual-cluster-community connected by flows as configured in the following framework:

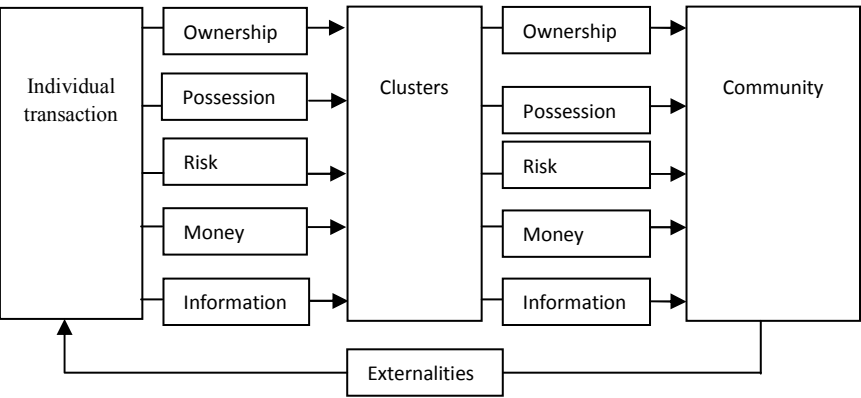


Figure 1: Framework of the study

Research

Evolving (Gudeman, 2001) marketing system (Layton, 2011; 2009; 2008; 2007, 1985) functions in different levels (Layton, 2011; Wilkie and Moore, 1999). It begins with individual transactions, emerges as complex exchanges of knowledge between groups, which links communities through introducing cultural change and diversity (Layton, 2011; 2009). Emergent and structured (Layton, 2011) in nature it creates links or collaboration (Granovetter, 1985; Normann and Ramirez, 1998; Wilkinson, 2001, 2008), which identify patterns of trade involving individuals, as well as communities, interacting in space and time to create diversity and depth in traded goods, and services (Layton, 2011). This study examines such evolution of links or collaboration emerging over time and place. It is observed that linkages changes over time due to changing nature of flows. Layton (2007), referring to Fisk (1967) elaborates flows as elements of economic, social, cultural, and physical infrastructure as focus of operation in marketing. With flows in focus, this study examines the changing pattern of elements in flows along with evolution of linkages and collaborations, as shown in figure 1. In context of developing world, such evolution is fundamental to socio-economic development.

Research method

Ethnography is used to collect native data to explain native context. Field data was collected over 16 months (October, 2007-January, 2009) of stay in research location. Based on the review of journal recorded each day, constructs are generated and then verified through routine informal personal interviews. Transactions between individuals are recorded through active participation. The major spots of interviews were selected in which villagers gather for socializing such as tea stalls. Focus group discussions took place in tea stalls replicating naturalistic settings of agricultural field when farmers have lunch. Researcher travelled miles on foot to explore social networks such as key trading locations and informal trading spots.

Results

The innovator of maize (in studied community) is said to have once visited his uncle in a distant village and was fascinated with the shiny gold look of maize cobs being dried under scorching sun on the rooftop. He planted maize out of curiosity in his land located in Gangkanda village of Daudkandi in 2001. Apparently the whole community was amazed observing such tall plants with the golden cob crowning it. So he distributed maize cobs to his neighbours, mostly kin and they burned the cobs, ate it, and appreciated it as a good snack with afternoon tea. In 2002, five of his cousins planted maize using same seeds he had sown the previous year. The innovator taught them techniques of soil preparation, sowing, and weeding. Highlights of these transactions are demonstrated in figure 2, the left column shows transactions, and flows are shown in right column.

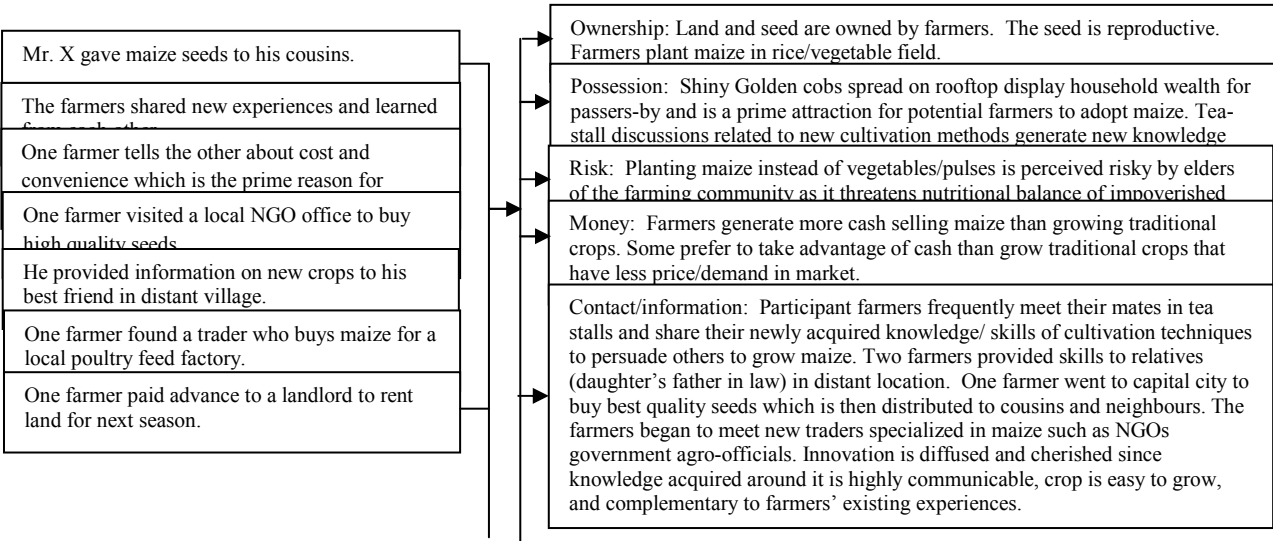


Figure 2: Transactions creating flows

Transactions pertaining to knowledge, skills, goods and money are shown in left column marking sporadic and isolated events. These transactions increase skill and knowledge as farmers interact with new agents (seed, new cultivation techniques, NGO, diffusion of ideas etc.). Based on such transactions flows emerge and defines specifications. Emergent flows manifest extension of existing systems evolving into a new system in which individual see greater rationale to increase intensity of transactions. In response individual form group or clusters aim to capitalize the best possible individual gain. Group level exchanges emerge since specialization of one group (i.e. growers) complements specialization acquired by the other (i.e. petty wholesaler). In the next emerging level, (group) transactions emerge as exchange whereby many farmers participate actively by renting land, cultivating maize, buying-selling maize promoting maize by nearby villages, increasing borrowing/credits etc. Figure 3 explains group level exchanges which create new dynamics of flows.

Complexities intertwined with cluster formation require elaborate cooperation and collaboration between actors as is observed at this level of system operation. Young community members are more positive about high trade potential of maize and this motivation inspires them to form active groups. They began to introduce supporting technology such as renting grinding machine, buying mini tractor, and then renting these out to kin. One group went as far as developing a wholesale market for the members in their own community. With the establishment of new infrastructure, landless farmers were inspired to borrow extensively and initiate maize cultivation which previously was not their core profession. A group of such landless farmers began to negotiate with landlords and sell the crop which in the hope of earning respect and cash for their family. Experienced farmers also began to collaborate with landless farmers in other villages as adoption of innovation peaked full capacity in their own community. Consequently, ownership of land was reformed with entrepreneurship from lower income groups taking up temporary ownership that challenged traditional trade culture. It needs to be noted that introduction of supportive new infrastructure (new seeds, grinding machine, tractor etc.) enhanced the overall distribution network of maize since post-harvest cost were significantly reduced, and thus the new crop was now much more

lucrative. However, risk associated with adoption also increased as demand for arable land hiked resulting in extra cost for lease. To compensate this sudden rise in land rent farmers started to borrow heavily from other agents in the community including usury and NGOs.

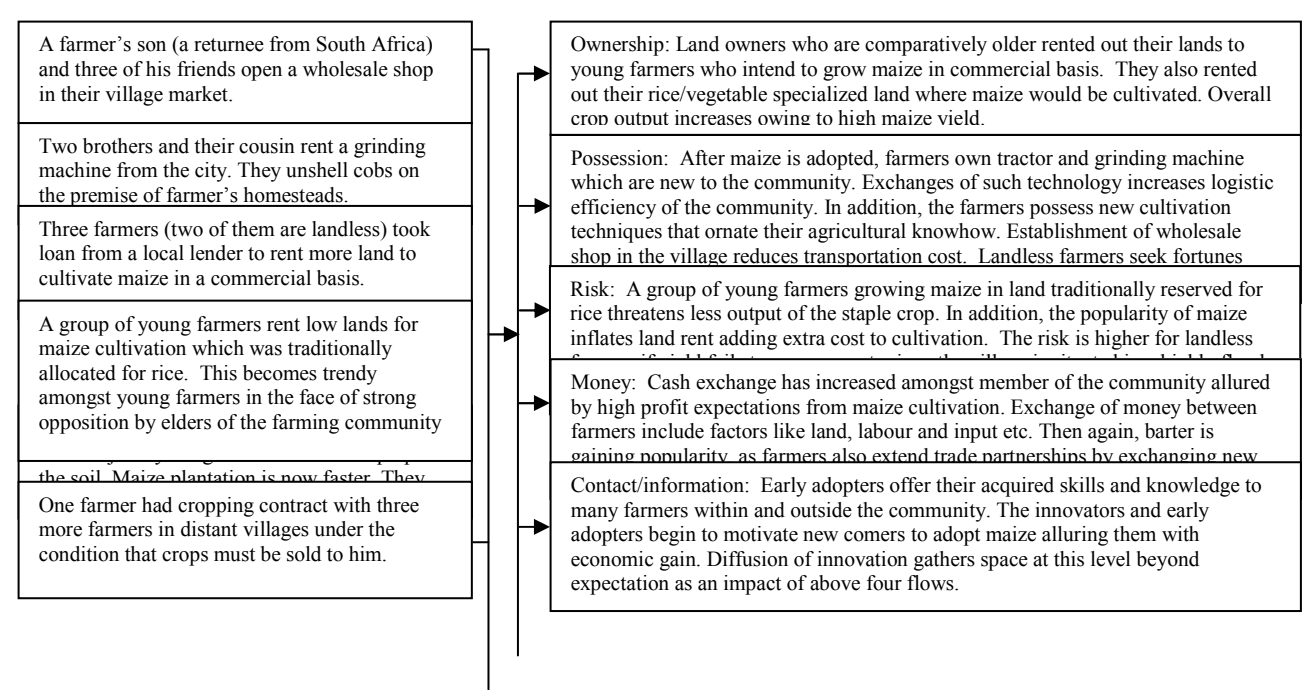


Figure 3: Emergence of clusters and complexities.

Investors too were apt to offer new credit packages that allured impoverished farmers to borrow more than they needed, an extravagance that heightened potential risk of failure in repayment. Exchange of information regarding new ideas intensified as innovators engaged in exchanging information with early and late adopters, the majority. Consequently, innovators became opinion leaders in the community, a status highly aspired in village living. Once a community is convinced of potential gain from maize cultivation, farmers spread the word and expand their ventures to nearby and distant villages ushering a new level of system as configured below:

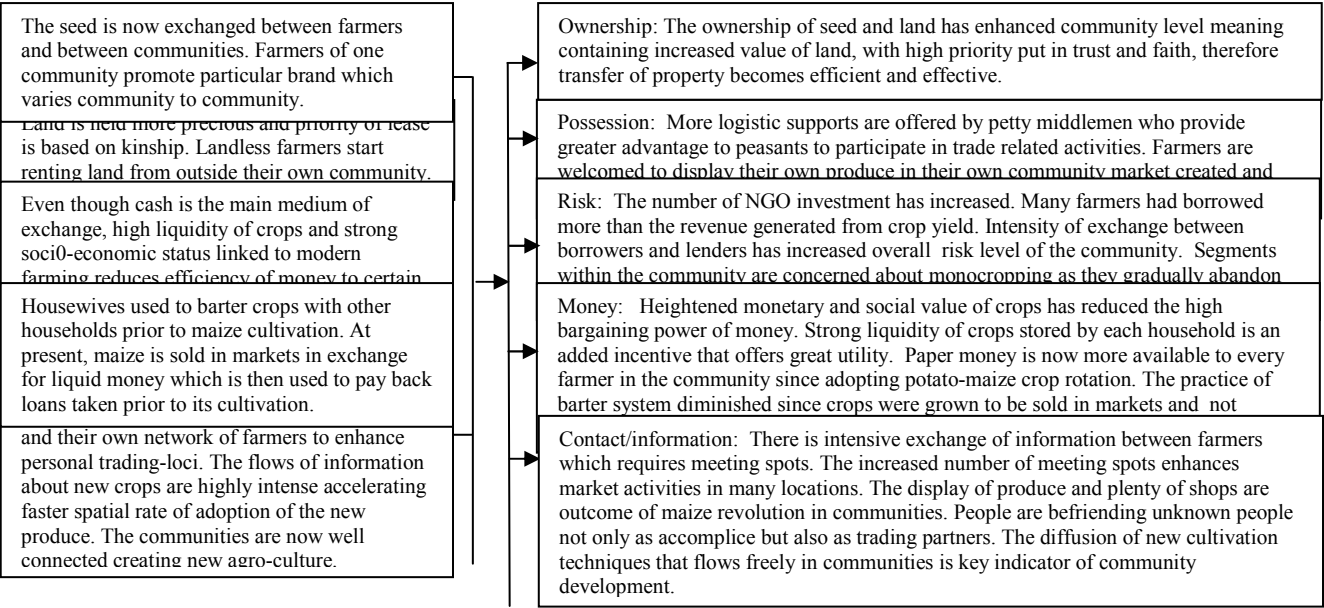


Figure 4: Emergence of community development.

At this phase, landless farmers are the new entries in maize cultivation who readily negotiate collaboration with farmers in other villages forming new trade partnerships. Such active participation alters the nature of ‘ownership’ is now more fairly distributed amongst people who were once discriminated as low-income members of the community. Post harvest functions of storage and distribution infrastructure improved overall reducing costs since farmers now share common premise for drying and storage for periods of unexpected rain or hail. Local petty traders display produces in community-shops where large traders from metropolises visit, this has enhanced formation of community market. Business in local community market is relatively fair since young petty traders are accountable to elderly members, a practice ensuring best price for all. Farmers are taking extensive financial risk to gain social status in the hope of high yield. They have borrowed in higher quantities than they can make a profit from selling crops. The community as a whole is embracing absolute monocropping by abandoning its tradition of multicropping. At the same time landless farmers were yet more allured by potential enhancement of social status and had borrowed extensively. Most of them failed to pay back debt on time which resulted in bad credits. Paper money is now available to all levels and members of the community. Such condition is propagated through cash injection from NGOs who lend cash to landless farmers. Farmers sell crops to petty traders and no longer engage in barter trade. In the past, they would rent land to grow different crops and barter surplus with neighbours.

After adopting maize, farmers continue to travel to nearby and distant communities spreading new ideas. A prime destination is villages where their daughters have been married off to and villagers are yet to cultivate maize. Social status is pivotal in diffusion of new ideas, and thus they become opinion leaders providing new cultivation techniques and free seeds. They often sit in tea stalls surrounded by potential farmers who curiously ask questions about maize. Information is diffused effectively when more and more spots are created for gossiping. Adopters encourage other farmers to sell crops in their own community market. As

a consequence, the local market studied here became a major trading hub in the whole subdistrict.

However, in the next year of cropping, farmers were confronted with the externalities of monocropping and felt the need to revert back to multicropping. In spite, none of the farmers reverted back in the hope of higher potential yield and profit from maize. Landless and marginal farmers borrowed extensively in advance to rent more land and expand cultivation even though some of the borrowings were spent for personal accounts. Farmers intend to become qualified entrepreneur trusting that more and more farmers in other villages will adopt maize and so more trade can be made in their community. Young farmers have plans to expand wholesale trade linking big traders (Poultry feed suppliers) from the city supplying substantial crops next season. The whole community is proud to be the pioneer and perceive their cultivation techniques as revolutionary in eradicating poverty from the community.

Implications

From a perspective of multilevel marketing systems, perhaps the most important implication of this study its ethnographic approach to explore evolution of social relationship flow that forms structures and emerge as change agents in the context of social, economic, cultural and physical infrastructures. Dynamics of these flows reiterated in change patterns emerge as an integral part of the economic development for impoverished communities. The proposed theoretical framework/model of this study manifests emergence of trade, entrepreneurship, sophisticated intermediaries, and marketplace. Development of social capital based on emergent and structured marketing system can be considered an effective policy tool for governance in developing countries.

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Charity Market-Making: The Case Of Microlending On Kiva

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Marketing has been “extended” to the realm of charity decades ago. In the 1960s Kotler and Levy (1969) suggested that like other market goods, charitable causes too are marketed. In the years to come, their vision was espoused, extended and refined by a variety of authors (e.g., Shapiro 1973; Andreasen 1982; Sargeant, 1999). Yet, while the marketing literature offers abundant metaphors and metonymies (e.g., causes are products, donors are consumers, fundraising/charitable giving are market exchange), it seldom considers to what degree and how precisely charity might be(come) enveloped in existent or emergent marketing systems. We address this gap by applying socio-economic theory of “market-making” (Araujo 2007) to the context of an emergent charity-marketing system.

Theoretical Background

The suggested gap becomes particularly acute in light of the recently intensified debates regarding the so called “marketization” of the nonprofit sector (Eikenberry 2009). Examples of marketization in the realm of charity include the partnering of charities with corporations in cause-related marketing and “charitainment” endeavors (Nickel, Eikenberry 2009), or applying capital investment approaches to charitable giving – the so called “venture philanthropy” (Moody 2008). We explore Kiva, a notable representative of the sprouting breed of social enterprises competing in the emergent “markets for philanthropic capital” (Watson 2009). Rather than lauding the “heroes” of entrepreneurial charity (Bishop and Green 2008, Watson 2009), or lamenting the perils of marketization (Edwards 2010; Nickel and Eikenberry 2009), we investigate *how* charity might actually become enveloped in a specific marketing system. We argue that such explication calls for a non-essentialist perspective, which approaches the market as a fluid and polyvalent “cultural artefact with an uncertain relationship to what people and firms do and think about their economic lives” (Carrier 1997, 24). In other words, there is no self-evident, stand-alone *Market*, there are only fluid marketing systems that need to be constantly (re)constructed and maintained through a complex interplay of social and technical devices, discourses and practices (DDP) (Callon, Millo & Muniesa 2007). Accordingly, we adopt a “performative” conception (Araujo 2007) of marketing systems as fluid networks constructed and maintained through market *and* non-market DDP.

We follow Layton’s (2007) suggestion that transactions represent the core of a marketing system. As argued by Slater (2002), market transactions are characterized by the kind of limits they set on social relationship formed between transactors. These limits are owed to capacities of: 1) materially and conceptually disentangling objects of exchange from their context as discrete and transactable items that can be passed from one context to another

as property, 2) conceiving of transactors (i.e., buyers and sellers) as autonomous socio-legal entities so that property can have a clear initial and final owner, 3) conceiving of transactions as being separate and bounded in the sense of effectively evening out the obligations between the transactors. Marketing systems thus rely on specific DDP that frame subjects, objects and transactions in particular ways. For example, items involved in exchange need to be configured as tradable goods (i.e., stabilizing and singularizing their properties through processes of (re)qualification) and subjects as autonomous agents of exchange (e.g., calculative sellers and buyers) (Araujo 2007).

The outlined market(ing) capacities and configurations are often taken to be foreign to gift giving and sharing systems (Gregory 1982). The abundant anthropological and sociological literature on gift giving argues that rather than entailing alienable objects and discrete transactions, gift exchange entails (or aims to entail) inalienable objects and transactions that strengthen relationships by increasing, rather than resolving, the imbalance in the transactors' mutual obligations (Mauss 1990; Berking 1999). The denunciation of object alienability, usufruct rights, and direct/instant reciprocity have been found to play an even more pronounced role in sharing practices (Belk 2010).

In sum, the capacities fundamental to market exchange are not simply guaranteed by an ex-ante marketing system configuration, but rather have to be accomplished and maintained through effective (and at times innovative) use of social and material technologies. This becomes all the more apparent in the context of "marketized" charity, where the commingling of market(ing) and gift/sharing systems still causes considerable friction and stable charity-marketing systems need yet to be fully configured. The emergent entrepreneurial-charity hybrids thus represent a viable setting to explore to how charitable giving might become enveloped by marketing systems.

Method

Our contextualized study focuses on Kiva, a micro-finance nonprofit, renowned for its innovative application of internet technology and entrepreneurial principles to charity (Watson 2009). Kiva functions as online charity platform (Kiva.org), enabling internet users (i.e., lenders) to "browse" among poverty-afflicted entrepreneurs seeking loans (i.e., borrowers) and grant interest-free micro-loans (from 25\$ upwards) administrated with the help of local microfinance institutions (MFIs). Our case study combines the analysis of naturally occurred discourse in the KivaFriends online community, participant observation conducted on Kiva.org, and an examination of a series of Kiva-related textual and video documents published throughout Kiva's 7-year history. The diverse data were analyzed by adopting an iterative interpretative approach.

Findings and Discussion

Kiva presents itself as "a non-profit organization with a mission to connect people through lending to alleviate poverty". Rather than relying on unilateral donations, its mission rests upon soliciting *loans* earmarked for impoverished *entrepreneurs*. Kiva's intention is to resolve socio-economic failures (poverty, access to capital) by marrying philanthropy (connecting distant others, alleviating poverty) with micro-finance (mass micro-lending). Rather than eroding the meaning of charitable giving, contractual lending is presented as being superior to "traditional" charity inasmuch as it "*validates a partnership relationship*", "*empower[ing] the poor by making them business partners*" (quotes from Kiva founders). In support of and in addition to such ideological reworking of lending into a superiorly

pragmatic and dignified form of charity, the organization and its supporters rely on a set of social and technical devices in configuring and implementing Kiva's "market for philanthropic capital".

Kiva functions as an "eBay for micro-lending" (quote from Kiva's president, formerly of PayPal), a site where borrowers are showcased in a manner that constitutes a hybrid of investment marketplace (e.g., financial specifications of loans/MFIs) and online store (e.g., vivid images and alluring descriptions of borrowers). While charity marketing regularly transforms generalized social problems (e.g., poverty) into singularized philanthropic pleas (e.g., sponsor a child), with Kiva, the process of transforming poverty into discrete objects of exchange and potential donors into exchange agents goes much further. First, in Kiva's case transactions are formally bounded and reciprocal (i.e., the obligations between the transactors are formally evened out after the loan transpires). This significantly limits the economic costs and risk on the lender's side and increases (at least in appearance) transparency and mutuality. Accordingly, lenders typically experience their loans as direct bilateral exchanges with individual borrowers and the "loan contract" (i.e., insistence on repayment) is construed as the foundation (rather than an obstacle to) "good giving" (i.e., effective giving leading to sustainable progress and deeper connections with the poor). Such interpretations disguise the complex "generalized exchange structures and processes" (Cadeaux 2000, 6) at play, and tend to gloss over the power imbalances between the multiple parties involved (e.g., many borrowers know nothing of Kiva and its "lenders").

Second, as is typical of marketing systems (Carrier 1997), Kiva and its supporters construe individual choice (consumer/lenders' choice in particular) as the ultimate condition for the system's effectiveness and efficiency. Whereas gift/sharing systems – traditional charity systems included – impose various restrictions and taboos on individual choices and preferences (Belk 2005), Kiva's charity-marketing system celebrates unfettered lender choice. Choice-making is configured and facilitated not only by the structuring of Kiva.org as a space for browsing, but also by an array of additional choice facilitating devices (filtering tools, web/e-mail feeds, choice aggregation tools, visualization tools) and choice commemorating devices ("lender portfolio" pages on Kiva.org, lender forums). These devices configure lending as a (principally) choice-making activity and significantly shape how choices are made. Third, micro-lending attains powerful consumptive meanings transcending the narrow economic/contractual aspect of lending: meanings associated with play (e.g., collecting loans from different countries), competition (e.g., snatching rare loans, showing off one's "portfolio"), learning and voyeurism ("meeting" exotic cultures and individuals), expressions of personal values, reenactments of past experiences/relationships, etc.

There are no inherently or purely economic or philanthropic transactions taking place at Kiva. Rather transactions are simultaneously made economic *and* philanthropic through DDP that frame the relationships and transactions between borrowers, MFIs, Kiva and lenders by configuring and facilitating particular networks and flows of information, financial resources and cultural meaning. Thus, a complex charity-marketing system emerges, a system that makes charity and the poor (more) marketable and consumable.

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Symbiotic market systems and the coordination of long-term evolution

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This contribution discusses an alternative modus of coordination of the evolution of market systems that lies midway between the stark alternates of strictly internal versus strictly external selection: system symbiosis. Moving beyond a binary view that distinguishes solemnly between ‘the’ system and ‘the’ environment, and supplementing perspectives that treat market systems as necessarily antagonistic, it is proposed that systems can form symbiotic relationships. Building on an understanding of market systems as systems of meaningful practices, it is observed how they can be co-dependent in that they orient one another in terms of meanings, status, and trends. Re-addressing the marketing literature on subcultures and consumer resistance and creativity, I will discuss the empirical case of the symbiotic relationship between the ski market system and subsystems like race skiing or freeskiing.

Open and closed systems

Each market system must strike a balance between innovation and stability: it must on the one hand be able to draw new customers, enter new markets or segments, and motivate repurchases; but on the other it must likewise allow for relatively reliable long-term planning or investment and offer predictable consumer experiences and identities. One basic tenet of the system perspective on markets and macromarketing is the postulate that a market’s development is neither the outcome of some unilateral top-down control or steering nor a direct function of dyadic buyer-seller relationships. Accordingly, explaining other forms of coordination of market evolution and co-alignment of different actors’ trajectories has since long been a core topic of debate (Kadirov and Varey 2011; Layton 2007; Layton 2011; Meade and Nason 1991; Mittelstaedt, Kilbourne, and Mittelstaedt 2006). In my view, the different explanations that have thus far been proposed can be assorted into two broad categories adhering to two different strands of systems theory: the open and the closed system perspective. The open systems perspective follows the ‘classic’ cybernetic view that systems as a whole are periodically being subjected to impacts or intervention from their environment (e.g. technological innovation or government regulation) and subsequently tend to ‘automatically’ return to a new homeostasis or equilibrium (Bateson 1972; Bertalanffy 1968). In this view, the direction and moment of change thus originate independently from the market system; the system is open to outside influences and shocks. In contrast, the closed system perspective argues that every system’s environment is so complex that it consistently produces potential new impulses or re-directions; and thus the non-randomness of system dynamics cannot be accounted for by pointing to the evolution of the environment, but must originate within the internal selection mechanisms of the system itself (Luhmann 1995; von Foerster 2003). One suitable way to conceive of such closed systems is to understand them as meaning systems (Kadirov and Varey 2011): While material goods or actors might flow in and out of a market system; its relevance or meaning structures are exclusive to itself, e.g. in that what counts as fashionable or price-worthy is determined exclusively by and within the system itself.

Both the open and the closed systems perspective, I argue, make it difficult to explain evolutionary change occurring within a market: in the closed perspective, it is never quite clear why a system should unsettle itself and how it can become different from its former self on the basis of nothing but itself. The open perspective, in contrast, is prone to treat ‘the’ environment as one homogenous and non-responsive realm, and one might wonder whether a systems approach that identifies the environment as the key driver of change is not actually an ‘environment approach.’ A viable theoretical alternative, I propose, is to consider the driver or impulse generator of systemic change as itself being a system so that evolution is seen as emanating from the relation between two systems rather than one system and its underspecified environment.

Symbiotic systems

In the literature, inter-system relationships have received relatively little attention since most authors focus on the flow of goods, meaning, and capital within a market system and address a system’s environment mainly in terms of general social or economic conditions (Kadirov and Varey 2011; Layton 2007; Meade and Nason 1991). In a somewhat binary view, actors or factors are thus considered as either belonging to the (one single) system or the environment, which – following the tradition of ecology – is seen as either homogenous or over-complex (Luhmann 1995). Important exceptions are discussions of parallel market systems (Layton 2007, 234) or systems in conflict (Burkink and Marquardt 2009), but these treat the system’s relationship as antagonistic rather than co-dependent. In contrast, the concept of symbiotic systems borrows a term from systems biology to describe two market systems which are distinct from one another in that they are constituted by different elements or are sustained by different constitutive processes but are nevertheless linked in symbiotic co-existence, that is, require one another in order to endure. One possible use of the concept of symbiosis for macromarketing which I will put forward in this contribution is conceptualizing the relationship between a market system and a specialized sub-system which is distinct from, yet embedded in and dependent on the former system. The key proposition of the symbiosis thesis in this case is that the ‘host’ system, as well, is dependent on its subsystem in regard to a specific function, such as the coordination of innovation.

Notably, this specific use of the concept addresses primarily one particular dimension of marketing systems, the meaning dimension. In doing so, it follows Kadirov and Varey’s (2011, 161) understanding of marketing systems as “flows of interpretive action” or “interpretive practices.” From my perspective, their definition carries two key features: First, meaning is not treated as something occurring only in the realms of communication, language, or the superficial (e.g. packaging) and virtual, but rather as a universal dimension of all practical conduct which ultimately comprises a marketing system (e.g. developing, producing, buying, and using products).¹ Second, following Layton’s (2007, 253) emphasis of the importance of boundaries for defining systems, Kadirov and Varey (2011, 162) show that “marketing systems create a particular meaning space” by separating and aggregating certain elements while rejecting others, a notion matching Luhmann’s (1995) conceptualization of the autopoiesis of systems as the process of variation and selection towards maintaining the boundary between system and environment. Something is rendered an element of a marketing system, in other words, by virtue of an ‘interpretive practice’ embracing it as belonging to said market, e.g. by advertising, paying for, or using it in a way that amounts to consuming it.

¹In particular, by talking about interpretive practices, we can link their work directly to the ongoing discussion in the wider marketing literature about consumption practices as value creating (Schau, Muniz, and Arnould 2009).

While I deem it possible to apply this notion to national marketing systems as well, I will use it to explore a different example: a consumer good markets, in this case the global ski market. According to the position just outline, the ski market system comprises as a set of meaning-producing practices of developing, branding, marketing and selling skiing gear; building, maintaining and offering infrastructure such as pistes and lifts; normalizing, teaching and policing ‘correct’ bodily techniques of sliding on snow, and so on. All these different practices form a system because their particular meaning, relevance, and economic value derive from their being a part of skiing. Such a use of the systems trope allows me to reconceptualize as systems phenomena number of phenomena that have received much attention in the marketing literature over the last two decades; namely subcultures of consumption, consumer resistance and creativity, consumer tribes, and the increasing segmentation of many consumer markets (Cova, Kozinets, and Shankar 2007; McAlexander, Schouten, and Koenig 2002; Schau, Muniz, and Arnould 2009; Schouten and McAlexander 1995). From a meaning systems perspective, they could be characterized as the emergence of antagonistic subsystems which aim to symbolically distance themselves from the (perceived) mainstream in a process which Kadirov and Varney (2011) call symbolic unfolding. At the same time, however, this perspective also makes clear their systemic dependence on the very ‘ecosystem’ of mainstream meanings, economic resources, and material infrastructure that is supposedly rejected.² What is more, the notion of symbiosis adds the insight that such alternate subsystems are not only dependent on, but eventually beneficial for the sustained profitable operation of the main system because they fulfill a crucial function: The subsystem coordinates the mainstream in that it continuously produces non-random, evolutionary ‘fit’ innovations which might or might not be subsequently adapted or imitated. Examples include product innovations, new brands or symbols, and consumption styles.

As I noted, it is assumed that the meanings on offer in a marketing system need to undergo a continuous evolution or up-dating (e.g. in the form of trends, fashions, and innovations), but that said evolution also exposes its actors to the risk of embracing novel but eventually unsuccessful variations. I suggest that symbiotic systems are an especially effective means to achieve a sustainable coordination of the evolution of meanings within market systems by forming a kind of ‘testing ground.’ They ‘offer’ re-vitalizing new meaning orientations, but they do so without potentially de-stabilizing the whole system of traditional and well-established meaning at once, because just like companies might offer innovations, fail, and vanish without harming the stability of the market per se, subsystems might emerge and collapse without fundamentally harming the main system. Instead, a market system can sustain and profit from several alternative symbiotic systems, and it can shift interest and support from one to the other without risking its overall stability – effectively, the task of variation and selection is being ‘outsourced.’ An illustrative case study is provided by the particularly rich and well-documented history of the global market system of modern skiing.

The case of skiing.

The sustained success and attractiveness of skiing and ski products, I want to argue, is to a great extent due to the continuous evolution of the sport. The practice of skiing must re-attract participants from the cities back to the mountains after every summer anew (lately, indoor ski halls help this task), and the ski industry needs to collect relatively high and recurrent spending from consumers to make the necessary investments. Arguably, an eventual

² For example, the Harley-Davidson subculture (Schouten and McAlexander 1995) depends on the existence of highways, motorcycle technology, gasoline markets, and especially mainstream and Japanese brands as the rejected other from which its own deviant identity can be derived.

evolution of style is crucial for this and similar (consumption) market systems not to lose its attractiveness: A stagnation of style causes an absence of exciting novelty and thus few chances for aspiring newcomers to gain success and status relatively easy (Woermann 2012). After initially being a ‘deviant’ new form of skiing (now understood as a high-performance sport) contrasting with mainstream leisure skiing, ski racing has functioned as a mechanism of coordination and variation that provided legitimation for many key innovations in terms of equipment, bodily techniques, and brand meanings (Allen 2008; Fry 2006, 77–80; Masia 2005). In doing so, it has fulfilled a role very similar to more recent trends such as snowboarding or freeskiing. More specifically, across several decades the success of new ski equipment technologies depended on their adaption in race skiing – only after certain innovations had proven to make sense in the meaning space of racing, they became relevant forces in the world of leisure skiing. For example, skiers were initially reluctant to switch to breakthrough novelties such as the metal or fibreglass ski, plastic ski boots, or alloy ski poles – instruction bodies, racing teams, and mainstream consumers united in conservatism. Only after top athletes succeeded in international competitions when using the new equipment, the innovations’ positive effects became a ‘fact’ one could barely ignore (Fry 2006, 77–80; Masia 2005): Adaption trickled down from competing racers trying to stay level in the technological arms race to instruction bodies bowing to the professional expertise of racers and their coaches’ quasi-scientific knowledge, and further to the eager ‘power-users’ among skiers seeking to profit from state-of-the-art equipment both practically and symbolically. The special importance of ski racing, in other words, yielded from a) its international visibility enabling global coordination and b) its apparent ability to provide non-ambiguous ‘hard facts’ produced by a purified, almost scientific rationale: the authority of winning (Fry 2006, 116). It is important to note that this rationale does not per se organize the exchanges within mainstream skiing, where understandings of price, safety, comfort, or brand dominate sensemaking. The variation and selection of elements (in this case material elements) in ski racing, however, is not organized via orientation to any of these categories, but instead to the idiosyncratic principle of enabling winning formalized competitions. Thus both systems are independent at least in the meaning dimension (e.g. the very definition of racing equipment being not for mere leisure practice), each following a distinct evolution shaped by different actors and institutions. Yet they share a symbiotic relationship in that the symbiotic system offers alternative products, meanings, and practices, some of which can then circulate into the mainstream; but this does not mean that the styles of the two systems become synchronized. Quite to the contrary, it seems that mismatches frequently occur when mainstream customers strive to simply copy symbols, techniques, or products from specialized subsystems although their skill and equipment do not match (see Wheaton 2000). Although skiing has seen a new ‘revolution’ about every two decades since over a century (from Telemark to Alpine skiing to racing to freestyle skiing to snowboarding and finally to today’s freeskiing), none of them has actually overturned the basic structure of practices of consumers, equipment manufacturers, ski resorts, and instruction bodies (Fry 2006).

Implications and outlook

The theoretical notion of symbiotic systems might offer a viable path to overcome the (alleged) challenges of explaining ‘smart’ long-term evolution from either a strict open or closed systems perspective, and it can help to enrich our understanding of system cooperation and co-dependency. While my empirical example focussed on the role of technological change in products, similar discussions of the evolution of symbols and meanings (Kadirov and Varey 2011), brands and brand systems (Luedicke, Thompson, and Giesler 2010), or consumption practices (Giesler 2004; Giesler 2008; Shove and Pantzar 2005; Shove and

Pantzar 2007) seem promising. Likewise, one might explore further forms of systemic symbiosis other than those based on innovation in consumer market systems.

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Interactive Panel on Uncalculated Exchange Consequences: Extending the Discussion of Exchange and Externalities

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Marketers often focus on the intended outcomes of the exchanges they help create. In contrast, this panel is designed to discuss the costs/benefits outside exchange equations as related to their particular areas of study (also called uncalculated exchange outcomes). In short, these are the error terms of cost/benefit equations. Our current tumultuous competitive, economic, natural, technological, cultural, legal/political and social environments are replete with uncalculated costs and benefits, and entire industries are springing up, or crashing down, due to these.

While some people confine the term ‘externalities’ to only social costs/benefits, we loosely refer to any costs/benefits outside the exchange calculation as ‘externalities.’ Those who have semantics issues with using the term ‘externalities’ in this way can think of them as ‘positive extras’ or ‘negative extras.’ (Published research deals with definitional issues related to ‘externalities’; this panel is not designed to argue that point.)

Panel members will:

- Shine light on the importance of studying *uncalculated* costs/benefits of exchange as related to their particular areas of study.
- Offer insights and content, substantively, on how uncalculated exchange outcomes have effect in their particular areas of interest.
- Offer insights into where these uncalculated costs/benefits fit into existing literatures in their particular areas of interest.
- Offer insights into other needed research as related to uncalculated exchange outcomes in their areas of interest.
- Address the issue of the current fragmentation of marketing literature as related to the study of uncalculated exchange outcomes.
- Provide insights into how this research could be structured under an overarching umbrella of exchange research and perhaps externalities research.

Topic and Definitional Details

This section is not a complete explanation, but will provide the Special Session decision-makers some insight into current conceptualizations of uncalculated exchange outcomes, also called ‘externalities’ for our purposes here. Hopefully it will clarify the benefits of focus on *uncalculated* exchange outcomes, as well as the opportunities that exist to organize our literatures to propel its study forward in a more systematic way.

The work of Mundt, Garrett, and Houston evolved the work of externalities (historically thought of as costs/benefits accruing to society, and for many years confined to the purview of economics literature) toward exchange theory. Summarizing:

- Exchange occurs between Producers, Consumers, and Society.
- Exchange is based on calculation of costs/benefits.
- Exchange also creates uncalculated costs/benefits.
- These costs/benefits might be foreseen or not, intended or not. Regardless, they are not calculated into the exchange equation, for myriad reasons.
- These uncalculated costs/benefits can accrue to: (a) exchange actors; (b) third parties; and (3) society at large.
- These ‘extras’ can be costs or benefits; thus, positives or negatives.
-

Most recently, Mundt and Houston (2010) proposed that:

- These ‘extras’ have characteristics related to their degree of tangibility, separability, perishability, marketability, desirability, and other characteristics.
- Negatives are often thrown off to distant third parties (i.e., social distance theory); markets can be found for them; they can be converted to create value (e.g., recycled materials); or various other options exist for their management.
- Positive extras are often saved for future use (e.g., if tangible, nonperishable, etc.); may be redirected to one’s entity or community; help create what are described as ‘network externalities’; and have various other values and attributes that lend themselves to management.
-

While much externalities literature is confined to macromarketing publications, this panel discussion will serve to highlight the importance to marketing theory of a more systematic and less fragmented approach to the study of uncalculated exchange outcomes. Myriad seemingly disparate marketing topic areas relate to uncalculated exchange outcomes, such as public policy (often in response to negative outcomes), social costs, social goods, regulation, insurance, risk assessment, prediction, forecasting, communities and group behaviors, social distance, systems theory, networks, network externalities, complaining behavior, product performance, product or service failure, and even ‘delight.’

The goal of this session is to tie together some of these disparate topics under the rubric of externalities and exchange, and to shed further light on the important topic of externalities.

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**Externalities as Social Traps:
The Commons Dilemma – Still Tragic, yet still a Constructive Role for Marketing**
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Externalities in the forms of commons dilemmas are ubiquitous. They also are an insidious form of social trap, whereby individuals seeking to optimize selfish short-term gain do so at the long-term peril of larger groups, and, eventually and tragically, at their own peril. Commons dilemmas and other forms of social traps have been with us for millennia. Aristotle (4th C. BC / 1976), for example, understood them in principle and encouraged temperance – the golden mean -- in personal behavior and implicitly the use of resources. Nevertheless, from the ravaged cedars of ancient Babylon to the mismanagement of today's rain forests, this age-old problem was and remains vexing.

Building on a stream of literature (e.g., Lloyd 1833; Hardin 1968; Fisk 1973; Dawes 1980; Messick and Brewer 1983; Shultz and Holbrook 1999; McPherson in press), the purpose of this presentation is to revisit some core ideas regarding the tragedy of the commons, to frame many of our current challenges as social traps, and to introduce key components of solutions to those traps. It is hoped that this brief introduction and overview will stimulate discussion and rekindle interest in market(ing) research to ameliorate the tragedy of the commons and an array of other social traps.

In summary, this presentation is intended to draw attention to externalities, resulting in social traps that in turn result in deleterious outcomes for potentially billions of stakeholders, now and well into the future. However, rather than castigate marketing as an inherent moral hazard, which is a popular pastime among some observers, this presentation argues for marketing as a possible catalyst to steer business practice and government policy toward commons friendly activities; that is, we should – and perhaps we must -- embrace a vision of marketing as “provisioning technology” (Fisk 1981) and form of “constructive engagement” (Shultz 2007). Failure by marketers to consider numerous externalities -- from environmental sustainability to wellness for the large number of consumers not enjoying the fruits of the global marketing grid – as social traps inevitably would force us to ask tough questions about marketing's contributions and the extent to which it is constructively engaged in the biggest challenges confronting humanity.

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**Uncalculated Exchange Consequences:
Links to Marketing Ethics and Corporate Social Responsibility**
Gene R. Laczniak, Marquette University, USA

Uncalculated Exchange Consequences (UCEs) can be negative or positive. However, the most direct link of UCEs to marketing ethics and CSR comes when negative externalities ("Neg-ex's" as some researchers call them) are generated that have not been paid for by the parties to the exchange. Often such UCEs create "costs" that must be absorbed by the local community or larger society. When Neg-ex's are foreseen and intended, they are clearly "unethical" by almost any moral standard. The intellectually challenging questions arise in the case of unintended and/or unforeseen consequences of exchange. This presentation begins the exploration of the ethical dimensions of such knotty issues.

Global Sustainable Consumption
Raymond Benton, Jr., Loyola University Chicago, USA

Most often, in economics and in marketing, uncalculated consequences of exchange are framed as externalities. In the economists' lexicon, externalities are costs and benefits not reflected in the market price. That is why they are *external*. Benefits are external economies and represent a gain in the welfare of one party resulting from the activity of another party. Costs are external diseconomies; they are losses to one party resulting from an activity of another party. They are external because they are not reflected in the price.

A typical example of an external economy is a car purchase. If one party purchases a car, it increases demand for that car, which increases the availability of mechanics that know that kind of car, and improves the situation for others that own that car. A typical example of external diseconomies is the way in which productive enterprise results in pollution, which affects others that had no choice and were not taken into account.

Macromarketers might do better, so I argue, to use a sociological approach to this issue rather than that of the economist. I suggest we revisit the appropriateness, for

macromarketing, of Robert K. Merton's classic article, "The Unanticipated Consequences of Purposive Social Action," which appeared in the *American Sociological Review* in 1936.

Merton was exclusively concerned with human action that involves *motives* (and, consequently, a choice between alternatives), not with human behavior, which is *sans* motives. And all human actions have at least one *unintended* consequence. They are unintended consequences because they are un contemplated, unforeseen, and unintended. This way of thinking about uncalculated consequences of exchange, for macromarketers, is superior to that of the economist because it provides direction for human action where the externalities framework provides, primarily if not exclusively, direction for government policy only. The *direction* to which I refer is to include, in our analyses and in our teaching of marketing, the skill of contemplating and foreseeing the consequences of the marketing choices we make.

Merton grouped unintended consequences into three types: positive, negative and perverse. **Positive** unintended consequences are benefits, *in addition to the desired effect*, that result from the action. People have long referred positive unintended consequences as luck, serendipity, or windfall. **Negative** unintended consequences involve an unexpected detriment *in addition to the desired effect of the action*. We have long referred to these as being the will of God, Providence, Fate, and Natural Disaster. **Perverse** unintended consequences are those where the effect of human action is actually contrary to what was originally intended, as when an intended solution makes a problem worse.

Merton had five possible causes of unintended consequences: 1) **Ignorance** – it is impossible to anticipate everything; 2) **Error** – Incomplete analysis of the problem, or following habits that worked in the past but may not apply to the current situation; 3) **Immediate interest** – short term interest may override long-term interests; 4) **Basic values** – they may require or prohibit certain actions, even if the long-term result might be unfavorable and even if these long-term consequences may eventually cause changes in basic values; 5) **Self-defeating prophecy** – the fear of some consequence drives people to find solutions before the problem occurs, thus the non-occurrence of the problem is unanticipated.

To tie this into my title, "Global Sustainable Consumption," I make reference to "The World Behind the Product," "Live Better by Consuming Less," "Is it Too Late for Sustainable Development," and *The Cultural Contradictions of Capitalism*. Each makes reference to un contemplated, unforeseen, and unintended consequences of marketing activity. The first exposes the fact that we don't think about, and therefore don't foresee, the consequence of what we do and what we teach (ignorance). The second discusses the possibility that there may be positive consequences in sustainable levels of consumption (overcoming immediate interest and/or basic values). The third is an example of the self-defeating prophecy *not* working. The fourth, to stay with clandestine theme of invoking classic analyses, is an example of how basic values (in the United States, at least) resulted in long-term consequences that eventually caused changes to those basic values, and may be doing the same again.

Each cause, except for ignorance – because we cannot, as much as we may try, anticipate everything – is something macromarketers can address, if not in our analyses at least in what we teach and discuss in our classrooms.

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Quality of Life: Goals, Fields of Action and Effects

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Although the concept of “Quality of Life (QoL)” isn’t new, we can see that it is becoming a more prominent topic in various areas and domains. This development is reflected in the increasing number of rankings and studies e.g. on the QoL-factor of cities and countries conducted either through non-governmental institutions like the United Nations and OECD or through corporates like Mercer and The Economist. Even governments discovered the concept of QoL and see the need to rethink the calculation of the gross national product and how growth can be measured. Besides this, also many companies already use the concept of QoL for their communication. In academia there has already been done some fundamental work on well-being, happiness and also on QoL-Marketing. However, it would be interesting to see how managers and politicians approach this topic. Panelists: Gerd Müller, Parliamentary State Secretary (Federal Ministry of Food, Agriculture and Consumer Protection), Germany (QoL and consumer protection as goals and important fields of action – A short introduction from the perspective of the German government); Gerhard Huber, Ruprecht-Karls-University Heidelberg, Germany (Effects of health and prevention initiatives and implications to increase QoL); Helmut Fleischer, Co-Creator of the campaign „Deutschland Bewegt Sich“ (QoL as central value for strategic leadership and marketing Manager of Barmer GEK).

How Do Availability and Affordability of Basic, Leisure, and Status Goods and Services in the Local Community Influence Consumers' Subjective Well-Being?

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Abstract

The objective of this study is to demonstrate that the impact of availability and affordability of three types of consumer goods and services in the local area (basic, leisure, and status goods and services) on Subjective Well Being (SWB) is mediated through satisfaction of different categories of needs (basic, social, esteem, and actualization needs). Specifically, we hypothesized that the impact of availability and affordability of basic goods and services on SWB is mediated through satisfaction of basic needs; the impact of leisure goods and services on SWB is mediated through social and actualization needs; and the impact of status goods and services on SWB is mediated through satisfaction of esteem needs. We also hypothesized that income moderates these relationships. Data collected on a representative sample of the French population (n=800) and structural equations modeling provide good support for our model.

Introduction and Conceptual Development

This study explores the relationships between consumption and subjective well-being (SWB). Previous studies in this vein have focused on specific aspects of consumption such as conspicuous consumption (e.g., Linsen, Van Kempen, et al. 2011) or consumption of leisure activities (e.g., Brajša-Žganec, Merkaš et al. 2011), which seem to be related *directly* to SWB. Researchers have also considered need satisfaction as a determinant of SWB (e.g., Ryff and Keyes 1995; Ryan and Deci 2000). It is well known that fulfillment of basic and psychological human needs improves psychological health and well-being (e.g. Betz, 1984; Costanza et al., 2007; Diener & Lucas, 2000; Diener, Ng, Harter, & Arora, 2010; Milyavskaya et al., 2009; Reis et al., 2000). Consider the following study. Across a sample of 123 countries, Tay and Diener (2011) were able to demonstrate that fulfillment of a variety of needs (basic needs for food and shelter, safety, social, respect, mastery, and autonomy needs) are predictors of SWB, and that income (which is traditionally linked to SWB) adds no additional explanatory power to SWB once need fulfillment was taken into account. This finding highlights the importance of the role of need fulfillment in predicting SWB.

Based on this stream of research, we hypothesize that consumption activities do contribute indirectly to SWB through the mediation effect of need fulfillment. Specifically, we make a distinction among three types of consumption activities, namely consumption of basic goods and services (utilitarian or functional consumption), consumption of leisure goods and services (hedonic consumption), and consumption of luxury goods and services (conspicuous consumption). Functional goods and services are essential and useful for most peoples' lives. These include food, water, shelter, kitchenware, detergents, furniture, clothes, medical care, public or private transportation, personal computers, etc. Hedonic goods and services provide

people fun, excitement, sensations, positive emotions or pleasurable experiences. These include restaurants, movies, playing sports and sport equipment, vacations, leisure activities, sport cars, social outings, etc. Finally, luxury goods and services involve the consumption of status goods such as designer clothes, luxury cars, luxury watches, membership in upscale clubs, upscale homes, expensive jewelry, etc. We hypothesized that the impact of the availability and affordability of basic goods and services in the local area on SWB is mediated through satisfaction of basic needs; the impact of availability and affordability of leisure goods and services on SWB is mediated through social and actualization needs; and the impact of availability and affordability status goods and services conspicuous consumption on SWB is mediated through satisfaction of esteem needs. And satisfaction of basic, social, esteem, and actualization needs are strong predictors of SWB. We also hypothesized that income moderates these relationships such as the consumption of basic goods and services is likely to play a greater role in SWB in low and middle income consumers; and conversely, status consumption would play a major role in SWB for high-income consumers. Hedonic consumption would play a major role among all three income groups.

Method

All measures (SWB, satisfaction with life domains, need fulfillment) are adapted from the literature (Deci & Ryan, 2000; Diener et al., 1985; Johnston & Finney, 2010; Leelanuithanit et al., 1991; Lyubomirsky et al., 2006; Tay & Diener, 2011; Johnston & Finney, 2010; Zhong & Mitchell, 2010). Concerning the measurement of consumption activities, we captured basic consumption in terms of an index of availability and affordability of basic goods and services found in the local area (electricity, water/sewage and refuse services, gas/oil services, petrol stations, etc.). Hedonic consumption was measured using an index of availability and affordability of leisure goods and services in the local area (restaurants, theaters and cinemas, recreational and sports facilities, etc.). Similarly, conspicuous consumption was captured through items measuring availability and affordability of luxury goods and services in the local area (e.g., fashionable clothes, luxury automobiles, luxury furniture, and expensive jewelry).

Data were collected in France using a national panel of French households that are representative of the French population in terms of income, ages and geographic regions. The survey was administered online resulting in 800 usable questionnaires. Reliability analysis and tests of convergent and discriminant were conducted resulting in further refinement of the measures.

Results

Figure 2 shows the results of the structural model. This results show good fit (RMSEA=.09; CFI=.86 and $\chi^2/df=7.3$, $df=154$). Satisfaction of the four types of needs explain 61% of the variance in SWB. Consumption of utilitarian goods/services explain satisfaction of basic needs (path coefficient = .15) and of social needs (.12), consumption of leisure goods/services influence satisfaction of esteem needs (.15) and actualization needs (.11) and consumption of conspicuous goods/services only explain satisfaction of esteem needs (.08) (all coefficients significant at $p<.05$).

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Analyzing the Construct Operationalizations of Subjective Well-being and Customer Well-being for Developing a CSR Metric in Marketing

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Corporate social responsibility (CSR) has frequently been proclaimed as the new management strate. Current research on CSR metrics, especially in the marketing field, however, offers little guidance. This study contributes to the important but limited body of research on marketing relevant CSR metrics by enriching the literature with the holistic CSR metric: Consumer Well-being. Consistent with recent measurement development literature, I analyzed recent SWB and CWB measures regarding their nature of conceptualization, measurement characteristics, and psychometric properties. Interestingly, some misspecifications could be identified because the formative conceptualization and its psychometric properties were disregarded. Moreover, the analysis shows that, due to a comparison of SWB and CWB measures, the definitions and, as result, also the dimensions of the constructs are different and therefore not reproducible.

To Have Been, or Not to Have Been: New Zealand's Nationalparks and their Impact on Subjective Well-Being

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With the realization that the wellbeing of people is not solely based on their economic wealth, Quality of Live (QOL) and particularly one of its subjective components, Subjective Well-Being (SWB), have received considerable attention by researchers and policy makers over the last decades (Burroughs and Rindfleisch, 2002; Cummins et al., 2003b; Wilkie and Moore, 1999). SWB investigates how and why people experience life in positive ways (Diener, 1984).

The state of the environment and related leisure opportunities are frequently regarded as contributors to SWB (Baker and Palmer, 2006; Neal et al., 2007; Sirgy et al., 2011). However, little is known about how nature experiences affect perceived well-being (Rodriguez et al., 2008). This paper presents preliminary results of a study comparing New Zealanders who have visited a NZ Nationalpark (NP), with those who have not visited, exploring people's characteristics and general attitudes towards NPs and how these are related to SWB.

Traditionally, leisure research focused on objective indicators, as interested public bodies provide the infrastructure to enable leisure and outdoor activities (Kyle et al., 2004; Williams and Vaske, 2003; Williams et al., 1992). However, recent SWB as well as leisure research stresses the importance of subjective indicators as attitudes towards leisure and knowledge about possible benefits appear to be more important than the available infrastructure when exploring satisfaction with leisure (Baker and Palmer, 2006; Lloyd and Auld, 2002; Marans, 2003). Research specifically into outdoor- and wilderness areas, traditionally also focused on tangible resource and related direct on-site experiences (Kyle et al., 2004; Roggenbuck and Driver, 2000; Williams and Vaske, 2003; Williams et al., 1992). However, intangible benefits like National Parks' recreational value, self- and skill-development through undertaken activities, health benefits and identity- and existence-values have also received attention (Harmon, 2004; Manzo, 2003; Roggenbuck and Driver, 2000).

The current paper presents preliminary results comparing New Zealanders who have visited a Nationalpark with those who have never visited. The current results are descriptive with further analysis presented at the conference. The research is part of a bigger project investigating the impact of NPs – their active and passive, on-site and off-site usage, different types of experiences, resulting benefits and the degree to which NPs are central to New Zealanders' identity – on various facets of SWB of New Zealanders.

Methodology

In order to investigate the impact of Nationalpark visits on the SWB of New Zealanders, a variety of questions relating to whether or not respondents have visited a NP,

different values associated with NPs (adapted from Roggenbuck and Driver, 2002) and benefits experienced through NPs (adapted from Johnson et al., 2004) were included in the questionnaire. Subjective Wellbeing was captured by including questions related to Satisfaction with Life as a Whole, Satisfaction with Leisure Life as well as dimensions of life as included in the International Wellbeing Index (Cummins et al., 2003).

The research is based on an online survey conducted by a commercial company and includes 403 responses. It can be regarded representative in terms of gender and age (for 18 years and older), except for a slight over-representation of New Zealanders 55 years plus). In terms of ethnicity, 73% of respondents consider themselves primarily as New Zealanders, 11% as Europeans and 9% as Asians (2% belong to various other ethnicities). Five percent consider themselves primarily as Maori or Pacific Islanders – an underrepresentation of this group is unfortunately very common in NZ survey research.

Preliminary Results and Discussion

Sixty-eight percent of the respondents have visited a NZ Nationalpark at some point in their life (hereafter referred to as NP-visitors), with almost half (49%) of those people having visited within the last year. A further quarter of NP-visitors have visited within the last four years and the remaining quarter state that their visit was up to 20 years ago.

The time spent in a NP also varies considerably with almost half of NP-visitors spending less than 6 hours, and a further 20% spending up to one full day in a NP. (Future research will have to provide further information why many people only spent a short time at NPs and how this is linked to other person characteristics). Another 20% of NP visitors spent between one and four days, and ten percent of NP visitors spent up to 10 days in the NP.

NP visitors are on average slightly older than non-visitors (48 years versus 44 years; t-test, $p < 0.05$). There is no significant association between whether people have lived in New Zealand all their life or not (Chi Square, $p > 0.05$) or whether they live in a urban or rural area of NZ (Chi Square, $p > 0.05$). Results relating to the ethnicity of respondents have to be interpreted carefully due to the very different group sizes. However, it appears that New Zealanders (71%), Europeans (66%) and Maori & Pacific Islanders (61%) have visited NPs more often than Asian respondents (47%).

As a next step, Satisfaction with Life as a Whole, Satisfaction with Leisure Life, the Personal Wellbeing Index (PWI) and National Wellbeing Index (NWI) (both part of the IWI, (Cummins et al., 2003)) are compared for NP-visitors and non-visitors. As can be seen in Table 1, respondents who have visited a Nationalpark at some stage in their life are significantly more satisfied with their Life as a Whole, their Leisure Life and their PWI (Cummins, et al., 2003) than those who have not. No significant difference has been found for NWI.

As discussed above, people who have ever visited a Nationalpark report significantly higher SWB values. As a next step, it has been investigated whether the elapsed time since the last visit influences the reported level of SWB – time since the last visit ranges from within the last month to 20 years ago. Interestingly, no significant correlation is found with either variable. A created intensity factor (inverse of time elapsed since the last visit x length of the visit) also showed no significant correlation to the level of reported SWB.

	<i>Overall: Mean</i>	NP visitors: Mean	NP non-visitors: Mean
Satisfaction with Life as a Whole	67.4	69.3	63.4
Satisfaction with Leisure Life	62.7	64.8	58.3
Personal Wellbeing Index	66.3	68.2	62.3
National Wellbeing Index	53.0	n.s.	n.s.

Table 1: Mean values for SWB dimensions (*Scale = %SM; t-test; $p < 0.05$*)

When the focus shifted to other indirect uses and benefits of Nationalparks, NP visitors also report significantly different mean values than non-visitors (see Table 2). As expected, the strongest difference between NP-visitors and non-visitors is found with regards to enjoying NPs with family and friends. However, it is interesting to see that New Zealanders who have physically visited NPs at some point in their lives also enjoy reading about and seeing reports on them. Items that relate to existence values of NPs (NPs are places of beauty, are important as they protect flora and fauna etc.) have the highest average agreement for both groups and the observed difference in means between visitors and non-visitors is considerably smaller (see Table 2), suggesting that these benefits are strongly felt by all respondents.

Usage types and Benefits	Mean NP Visitors	Mean NP Non- visitors
NP are a place I enjoy with friends or family	4.53	3.53
I enjoy reading about and viewing pictures, videos, TV shows and movies featuring NP	4.48	3.56
NP are important for my general wellbeing	4.43	3.57
NP are places where I appreciate nature	5.01	4.18
NP are a place where I can use my abilities	3.86	3.07
NP contribute to my physical health	4.09	3.34
NP are a place where I learn new things	4.17	3.44
The existence of NP is important	5.33	4.65
NPs are important to protect because they contribute to better local, national and global air and water quality	5.27	4.63
NP are important because they help to preserve plant and animal species	5.48	4.85
I enjoy knowing that other people are currently able to visit NP	5.08	4.49
NP are places of beauty	5.46	4.87
I enjoy knowing that future generations will be able to visit NP	5.26	4.74
I believe that trees, wildlife, free flowing water, rock formations and meadows that NP protect have values themselves	5.13	4.61
NP are a place of great significance to NZ culture	5.08	4.61
I support protecting NP just so they will always exist in their natural conditions - even if no one were ever to visit	4.94	4.5

Table 2: Usage types and Benefits for NP-Visitors and Non-visitors
(*sorted by mean difference Visitors/Non-Visitors; all results: t-test; $p < 0.01$*)

Looking at the relationship between these usage types, benefits and SWB for all respondents, intergenerational and intragenerational use, and the value of NPs as places of beauty, that contribute to people's general wellbeing and health and as places where people can use their abilities show significant, yet relatively weak correlations with Satisfaction with Life as a Whole, Leisure Life and PWI ($p < 0.01$), relationships that will be investigated further.

Conclusion

The current paper presents preliminary results of a representative survey of New Zealanders suggesting that visiting Nationalparks is important for people's perceived wellbeing. Nationalpark visits further appear to have long-lasting effects. While people who have ever visited a Nationalpark in their life report a significantly higher level of Satisfaction with Leisure Life or Life as a Whole than people who have never visited, there is no correlation between time elapsed since the last visit and reported SWB. This information is important for policy makers enabling Nationalpark visits for example through school visits. However, the results also confirm the importance of benefits other than from current active use.

The presented preliminary results are part of a larger research project investigating the effects of direct and indirect uses on New Zealanders perceived wellbeing and more detailed results will be presented at the conference.

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Feasibility of Implementing a Sustainable Marketing Orientation: An Empirical Investigation in the NZ Tourism Sector

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Abstract

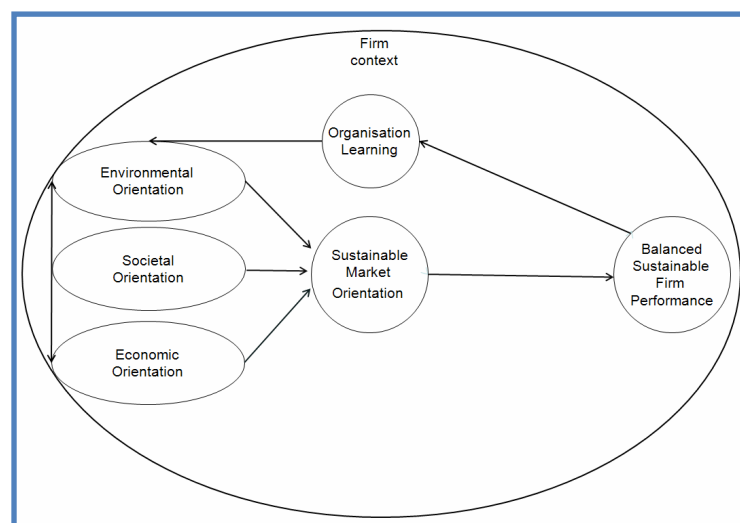
The New Zealand (NZ) tourism industry is responsible for half of the nation's export earnings and the industry strategy promotes sustainability based management. This paper summarises findings from the first empirical research into the feasibility of Sustainable Market Orientation (SMO) in strategy management. SMO is the conceptual integration of Market Orientation (MO) and Sustainable Development (SD) theory. SMO is investigated in two NZ tourism firms and in a government conservation agency. The research identified considerable alignment of organisational strategic management with the SMO conceptual model and demonstrates that SMO could be a useful tool for businesses and government agencies.

Introduction: Research Problem

Over the past four decades, the adequacy of the Dominant Social Paradigm with its expectation of continuing economic growth from finite global resources has been challenged (Dunlap, 1983; Ehrlich, 1972; Holling, 1973; Meadows, Meadows, Randers, & Behrens, 1972). Leading academics have argued persuasively for a paradigm shift in business management to adopting a sustainability paradigm giving greater weight to social and environmental factors (Ehrenfeld, 2000; Elkington, 1994; Gladwin, Kennelly, & Krause, 1995; Hart, 1995; Jackson, 2009; Shrivastava, 1995). One strategy option for corporate managers is to integrate the economic focus of market orientation (MO) with sustainability based management (SD). Since the 1950s, MO had become a core concept in marketing and corporate strategy, with its constructs confirmed in the 1990s (Baker & Sinkula, 1999; Gray & Matear, 1998; Jaworski & Kohli, 1993; Narver & Slater, 1990). In contrast, application of sustainable development theory in business and organisation management has been largely conceptual, and requires more empirical investigation (Gladwin, et al., 1995; Hart, 1995; Jennings & Zandbergen, 1995). Studies on sustainability oriented operational management are emerging slowly; for example, the work of Brent and Labuschagne (2005) in manufacturing and the work of Pavlovich (2001) in cooperative tourism management and Collins Roper and Lawrence (2010) analysing sustainability practices in New Zealand (NZ) businesses. Progress in sustainability performance reporting has been slow and marked by a diversity of views on government and commercial criteria (Goldberg, 2001; G. Mitchell, 1996; Parris & Kates, 2003; Wight, 2007). In the domain of marketing, literature provided the stimulus to explore the theoretical convergence of MO and SD in strategic management (Belz & Peattie, 2009; Sheth & Parvatiyar, 1995; van Dam & Apeldoorn, 1996). This resulted in the conceptualisation of sustainable market orientation as a tool for strategic management (SMO) (R. Mitchell, Wooliscroft, & Higham, 2010).

Figure 1. Conceptual Model of Sustainable Market Orientation (SMO)

Adapted from Figure 1 in Mitchell, Wooliscroft, Higham (2010).



Since this conceptualisation was proposed, there has been increased academic interest in addressing this challenge marketing based strategy management (Crittenden, Crittenden, Ferrell, Ferrell, & Pinney, 2011; Hult, 2011; Hunt, 2011; Kotler, 2011).

The first empirical investigation into the usefulness of SMO is the basis for this paper. The research purpose was to examine the relevance of the SMO model to organisation strategy management.

Research Methodology

Management of commercial tourism in a New Zealand national park environment provides the bounded context for the research investigating SMO relevance in three organisations; one public service agency (Department of Conservation) responsible for regulating and providing infrastructure and services for national park tourism and two firms involved in providing government sanctioned tourism services in New Zealand's Fiordland National Park (FNP) ([Department of Conservation, 2007](#); [New Zealand Parliament, 1980, 1987](#)). Tourism is one of the nation's leading industries and the FNP is one of the most popular destinations.

A case study approach was used to compare alignment of strategy in each of the three organisations with the SMO model ([Eisenhardt, 1989](#); [Stake, 1978](#)). Data for inductive and deductive analysis was generated from semi-structured interviews of 43 internal and external NZ stakeholders associated with the three organisations. Stakeholder groups included shareholders, management, customers, the tourism industry sector, elected political representatives, government regulators, the local community, an indigenous tribe and conservation and recreational non-government organisations. Interviews were recorded and transcribed. Reference notes were taken by the interviewer. The data was analysed to identify commonalities and differences in strategy management of the three organisations and their alignment with the SMO model. Validity of interview data was strengthened by checking against secondary sources such as marketing material, government planning and management documents and legislation.

Findings

There is a variable alignment of sustainability and market oriented strategy management in the case organisations. The government department has a sustainability orientation in tourism concession management and in improving departmental efficiency. The first commercial company has an objective of embedding sustainability in strategic management but no formal sustainability management framework. The second firm is aware of customer and government expectations of sustainability management, but has no sustainability objectives or management systems.

Economic strategy drivers are dominant. Both public and private sector organisations demonstrate a strong economic orientation, necessary for organisation survival and continuity and asset growth. In the public service, the aim is efficiency and effectiveness in delivering largely government funded services, prescribed by legislation. By contrast, the private sector companies focussed on market based competitiveness, profit and continuing growth. The two other key elements in sustainability management, environmental and social factors, are relevant to corporate strategy and marketing in all organisations. Skilfully managed environmental and social orientations are critical for the public sector agency to win the confidence of New Zealand residents (and voters) and government, to satisfy expectations of tourism industry concession holders and international visitors. For the commercial tourism operators, quality environmental orientation is necessary to win and retain valuable tourism concessions. Firm environmental philanthropy is used to simultaneously demonstrate environmental responsibility and build relationships with national park regulators, local communities and conservationists. Sponsorships are also used in marketing.

Firms build trust based relationships with key government agencies to assure long term tourism resource access. Community trust helps staff recruitment and retention; and employee loyalty boosts organisation performance. Commercially, a sustainability based reputation together with well structured social relationship management provides more holistic commercial intelligence to boost competitiveness. Stakeholder trust supports marketing campaigns and opens up new sustainability based business opportunities.

Each case was classified as being at a different stage of applying SMO. The government agency (the Department of Conservation, or DoC), has the most structured sustainability management. DoC broadly follows sustainability management theory relevant to its mandated area - conservation management - as promulgated in UN and New Zealand government policy (Department of Conservation, 2011; Ministry for the Environment, 2003; World Commission on Environment and Development, 1987). It concentrates on delivering eco efficient service excellence for all members of the public and increasing revenue for government to offset administrative costs. The relevance of SMO to the privately owned commercial organisations is quite different. Primacy is given to achievement of profit and growth. Real Journeys, a long established regional firm, has an environment management system and a long term objective to embed sustainability in all aspects of corporate activity. The other commercial firm, Southern Discoveries, has an environmental management system, a limited strategic alignment of strategy with the social element, and no formal alignment of strategy with sustainability management. The public agency was the only case organisation that reports publicly on its performance including sustainability management, the other cases are private companies not listed on the NZ stock exchange and not issue public performance reports.

Theoretical and Management Implications

The study demonstrated the relevance, and potentially, the usefulness of the SMO strategy management model. Adopting a resource based lens for organisation strategy management, the balanced application of SMO, offers a practical framework to manage organisational viability and long run survival. The exploratory study identified possible directions in which SMO based management could be advanced in both the public and private sectors. Further it suggested that different SMO frameworks could be appropriate for effective management of profit and non-profit or public sector organisations.

Data analysis provided useful insights for managers seeking to apply sustainability in organisational management. These will be discussed at the conference.

Replication studies of SMO management are recommended in tourism and other industrial sectors; in private sector companies and government agencies; other government jurisdictions and geographic contexts. Evolving global public and consumer support for sustainability-based management, suggest the need for governments and businesses to progress development of practical managerial systems such as SMO.

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Sustainability in Clothing Supply Chain – Implications for Marketing

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Abstract:

This paper investigates the potential development of a sustainable clothing supply chain model, aiming to raise public awareness in sustainability for UK mainstream fashion retailers. A sustainable supply chain model can be defined as a successful long term profit-making scheme that allows companies to be environmentally responsible, ensuring the welfare of those affected by its operations. Many issues have been raised through the tension between current practices in the clothing industry and the goal of global sustainability. Previous studies have shown initial innovations and development in the industry towards global sustainability, however, there is still insufficient demand for sustainable clothing from the consumer side.

Public understanding is important to enable potential strategies to help the industry evolve further and faster in this direction. There have been some initiatives from government, industry and non-government organisations to educate consumers on sustainable clothing practices, but to date they have proven to need on-going improvement.

This paper argues that marketing can be used as a tool to raise public awareness of clothing-related sustainability issues and encourage society to be more concerned, thus creating pressure to drive companies to practice more sustainably. The paper reports on preliminary research that suggests reluctance among clothing retailers to engage with consumers with regard to sustainability. This is a result of the nature of fast changing fashion industry. Macromarketing with sustainability theory and practice is considered for possible application to the clothing industry. This paper concludes that substantive marketing concepts need to be used within the fashion industry to drive forward the use of sustainable business models.

Introduction

This paper is part of a research programme to develop a sustainable clothing supply chain model. The aim is to develop a viable business model that allows mainstream fashion supply chains to consistently make long term profit in a highly competitive market while being environmentally and socially responsible. A complete model requires covering the sustainability of the fashion supply chain throughout the clothing life cycle, from upstream sourcing of raw materials down to end-of-life disposal.

Within the clothing and textile industry, concerns have been raised throughout several environmental and ethical areas in the supply chain. This starts from the excessive use of water, pesticides and land for growing natural fibres, especially cotton (Draper, Murray and Weissbrod 2007); it then extends to excessive water and chemicals used and discharge from fabric production, particularly in the dyeing and finishing processes (Anyangwe 2010). Research has also shown that the clothing usage phase is more energy intensive than production processes, in particular laundering and tumble drying (Allwood, et al. 2007). With regards to ethical concerns, the deflation of garment prices since the 1990s of import clothing from developing countries (Ayling 2010) has raised the issue of unfair labour sourcing in

clothing suppliers and manufacturers overseas (Joergens 2006). This globalisation has increased the overall carbon footprint as a result of import logistics (Department for Environment Food and Rural Affairs 2008) and created a cheap disposable clothing culture that generates more waste, much of which ends up in landfill and overseas (Morley, Barlett and McGill 2009). Such problems have created a growing interest in this subject.

Globally, there has been the development of many textile standards to promote the production of materials that meet social and environmental requirements (Sanfilippo 2007). The UK Department of Environment Food and Rural Affairs (Defra) launched a roadmap on sustainable clothing before 2007. Its objective was to improve performance across the clothing supply chain from design through to end-of-life management by enforcing guidelines (Department for Environment Food and Rural Affairs 2011). Meanwhile in order for the industry to ensure that the supply chain is more transparent and easier to monitor by all stakeholders, there have been also developments of several international third-party standards for business practices (Eco Index 2011).

However, there is a requirement for further investigation into the sustainability of complex clothing supply chains in what is considered to be a ‘demand pull’ industry (Nordås 2004). This demand force is not only driven by consumers but also retailers as buyers from the supply chain. This means that changes will only occur if only majority of both consumers and retailers are willing to integrate sustainability into their purchases or their business practices (Şen 2008). Thus, the first part of this research has used a study of the downstream end of the supply chain, adopting a grounded theory approach (Strauss and Corbin 1998) to develop an alternative business model for the way forward. The preliminary findings of this research have shown that there have been many developments in the fashion industry to move this industry towards sustainability. Nevertheless, there is still little awareness or action taken towards clothing sustainability from the consumer side. This was found to be due to the fast-changing fashion culture and the lack of understanding in clothing supply chain. Hence, this paper will cover a marketing contribution to sustainability aspects of the main research. This paper aims to fill the gap between fashion industry sustainability initiatives and the consumer, with a marketing framework for both communication and building pressure. Here, the sustainability problems in fashion industry will be addressed and a realistic transition to a more sustainable future path will be proposed.

Literature Review

This section will use secondary research to illustrate how the fashion industry is currently considered ethically compromised and environmentally unsustainable, and discuss public awareness of sustainability issues in the fashion supply chain thus far.

Clothing Supply Chain Unsustainability

It is necessary to consider the overall scope of sustainability issues and criticisms raised throughout the clothing industry. Sustainability study requires a broad scope to ensure that problems are reduced throughout, not reducing one problem while creating another. Thus the scope stretches from fibre production (natural and synthetic), knitting and weaving, dyeing and finishing, garment manufacturing, global transportation, retailing and the usage phase, through to end-of-life disposal. The fashion supply chain can be divided into four standard impact areas: raw material impacts; processing impacts; usage impacts; and end-of-life impacts.

Dominating 80% of the global textile market, the most commonly used fibres are cotton (natural) and polyester (synthetic) (Fletcher 2008). Both these major fibres have different environmental impacts. Cotton accounts for 43% of the UK textile consumption (Waste and Resources Action Programme 2011) and nearly 40% of world textiles demand (Ferrigno 2010). Though only 3% of the globe's farmland is used to grow cotton (Organic Exchange 2009), cotton accounts for 16% of pesticide usage (Environment Justice Foundation 2007). To produce one kilogram of cotton lint takes an average of 5.44 g of pesticide (Organic Exchange 2009) and an average of 13.5 cubic metres of water (Environmental Justice Foundation 2010). From this number, it is estimated that for total cotton production from 2007 to 2011, around 97m tons, (Cotton Incorporated 2012), 529 million kilograms of pesticide and 1,312 trillion cubic metres of water were used (Table 1, author's calculation). Pesticide use can contribute to biodiversity loss, soil erosion and chemical waste, while half of the water used in growing cotton is from irrigation (the other half being from rainfall) which can have a negative impact (Cotton Incorporated 2009). A prime example of excessive irrigation is thought to be the shrinking of the Aral Sea (Allwood, et al. 2007), shown in figure 1 (NASA 2011).

Year	Cotton production in million tons	Pesticide use in million kgs	Water usage in trillion cubic metres
2007/2008	26.06	141.78	351.83
2008/2009	23.41	127.33	315.97
2009/2010	22.34	121.52	301.57
2010/2011	25.39	138.10	342.72
Total	97.19	528.73	1,312.09

Table 1: Environmental impact of growing cotton

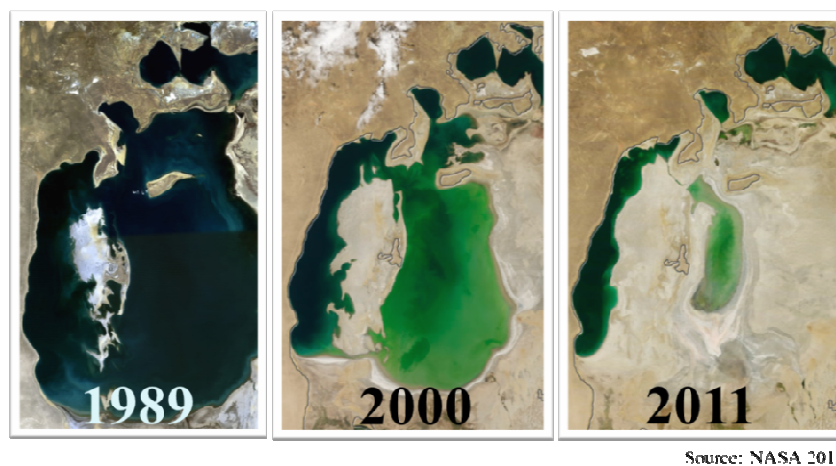


Figure 1: the shrinking of Aral Sea from 1989 to 2011

In contrast with cotton, a “cradle to factory gate” study showed that PET (polyethylene terephthalate) polyester fibre requires less water and land to produce but has much higher impacts on CO₂ emissions, living and non-living (abiotic) natural resource depletion and non-renewable energy use (Shen and Patel 2010). This is due to the fact that polyester production is petrochemical based, which not only uses petroleum products as a feedstock but also in generating energy for the manufacturing process (Fletcher 2008). In addition, because there has been a trend of rising cotton prices in recent years, consumption of other synthetic fibres such as other types of polyester, polypropylene, nylon and acrylic has increased. These

materials also contribute to air pollution as their production generates significant amounts of greenhouse gas and may emit harmful heavy metal substances in poorly regulated regions (Laursen, et al. 2007).

Processing Impacts

There are many sustainability concerns in the processing stages from fibre to fabric and garment production. Firstly, the dying process can be water and chemical intensive. To dye a kilogram of fibre, it takes approximately 80 to 100 litres of water (Anyangwe 2010). Also, there are various chemicals discharged with water from the dye house that, if untreated, can endanger water-based biodiversity and enter the human food chain (Greenpeace International 2011). In addition, two commonly used toxic chemicals in dying process that may cause skin cancer and allergies are formaldehyde (New Zealand Dermatological Society Incorporated 2010) and aromatic amines from azo dyes (Sanfilippo 2007). Formaldehyde has a restricted use in the EU but is not banned in import or export goods (Formaldehyde 2009). Aromatic amines in textiles sold in Europe are banned by law and the new REACH legislation obliges much more strict chemical compliance generally. However, this law can be difficult to implement given the complexity and lack of transparency of the clothing supply chain processes outside Europe (Sanfilippo 2007). Furthermore, recent research has shown that it is possible for harmful chemicals banned in Europe to have residual nonylphenol ethoxylates (NEPs) embedded in imported clothes which may be released in washing and passed through to the water stream in the countries where clothes are purchased and used. NEPs break down in water treatment process to toxic nonylphenol (NPs), which acts as a hormone disruptor; it accumulates in the tissues of fish and tends to magnify through food chain (Greenpeace International 2011).

Secondly, issues of excessive energy usage and unethical labour arise in the knitting, weaving and manufacturing processes. In fibre and fabric production, processes are capital or machinery intensive, which tend to rely on non-renewable energy such as fossil fuel and nuclear power. The labour-intensive garment making process, to be more cost effective in highly competitive markets, may result in labour being sourced unethically (Bureau of Labor Statistics 2011).

Thirdly, the western 'fast fashion' culture has created higher levels of transportation through importing and exporting. The turnaround time demanded by fast fashion, often less than two weeks, will involve higher carbon emissions when airfreight is used. An additional consideration is that in sea and road containers clothes are often shipped as 'retail-ready', hanging on bars or strings in the container, thus only 30% of capacity is used by comparison with being shipped at full capacity in flat-packs (ASBCI 2009). Moreover, the packaging imported with the garments could end up in landfill.

Usage Impacts

Sustainability study extends beyond production and retailing as the impact of a product continues during consumer use. Research by the Carbon Trust (2008) has shown that the clothing usage phase can contribute more than 80% of energy used in its life cycle (Carbon Trust 2008). Changing the washing temperature from 30°C to 40°C can increase energy consumption by 30%, while one load of tumble drying can produce up to 2kg of CO₂ (Continental Clothing 2011). Even though usage phase has the highest environmental impact level, it does not mean that replacing washing with new clothes is preferable. Garment longevity reduces the environmental impact, as is shown in figure 2. If a person wears a 250g cotton t-shirt 50 times and the t-shirt lasts one year, production accounts for 40% of CO₂

emissions, the use phase 50% and distribution, retail and disposal the other 10%. The more often a particular t-shirt is worn, however, the lower the emissions per year (higher x-axis, Figure 2) or, to put it another way, the more t-shirts required for 50 wears, the higher emission per year released (lower x-axis) (Carbon Trust May 2011). Thus, the longevity of a garment plays important role in average emissions per year. However, for fashion goods, it seems unlikely that consumers will wear the same garment 50 times in one year. Nevertheless, purchasing fewer new items per year contributes to a lower environmental impact.

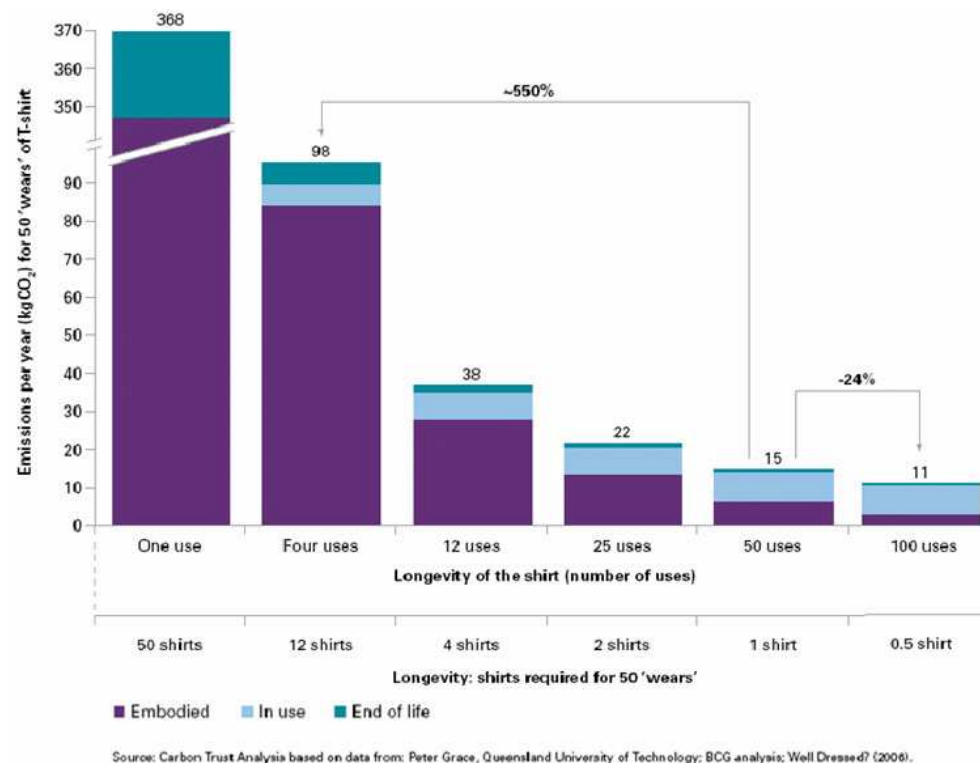


Figure 2: Emissions per year for 50 “wears” of T-shirt

End-of-life Impacts

At end-of-life, an estimated 50% of the 2m tonnes of mostly imported clothing discarded yearly ends up in landfill in the UK (Morley, Barlett and McGill 2009). Some is made from non-biodegradable synthetic fibre (Department for Environment Food and Rural Affairs 2011), while natural fibres such as wool create the greenhouse gas methane when they decompose (The Bureau of International Recycling 2011). Unlike other industries, a rapid changing in trends and fashion obsolescence can create further problematic impacts. Research done by the UK Waste and Resources Action Programme (WRAP), has shown that by extending 33% of average garment life time from 2.2 years to 2.96 years, up to 22.3% of carbon footprint impact is reduced (Waste and Resources Action Programme 2011). Also, in high fashion and cost-competitive markets, lowering the cost by poor quality of material or clothing construction technique, can reduce garment durability and potential to be reused. If a garment is bought inexpensively, it is more likely to be discarded as waste rather than be reused or recycled (Fisher, et al. 2008). It is clearly challenging to push consumers to trade up their clothing for better quality and longevity such that it would be valued enough to keep or recycle (ASBCI 2009).

Previous Consumer Research

Previous research into consumer attitudes to, and awareness of, sustainable clothing extends back over ten years (Table 2).

Author(s)	Title	Research Question	Method	Finding
Nakano 2001	Perceptions Towards Clothes with Recycled Content and Environmental Awareness	Whether people know that fleece jacket are made from recycled polyester	Questionnaire Newcastle-upon-Tyne, UK	<ul style="list-style-type: none">- Consumers will not pay over 10% more for sustainable clothes.- Environmental aspect should not be value added or more expensive.- Only 40% of people who own fleece jackets know that they made from rPET.- Major campaign needed to raise awareness of recycled materials.
Joergens 2006	Ethical fashion: Myth or Future Trend?	Whether consumers would sacrifice their own personal need to support ethically produced clothing	Focus group, Questionnaire UK and Germany	<ul style="list-style-type: none">- Little evidence that ethical issues have any effect on consumer purchasing behaviour
Fisher, et al. 2008	Public Understanding of Sustainable Clothing	Prior understanding, introduction to ‘sustainable clothing’ and opportunities for change	Focus groups, Diary task, Deliberative workshops, UK	<ul style="list-style-type: none">- Lack of knowledge of sustainability impacts of clothing production, use and disposal.- Third-party labelling and certification schemes across the European Union are unclear and inconsistent.
Author(s)	Title	Research Question	Method	Finding
Mintel 2009a	Ethical Clothing UK	How the sector is likely to develop both retailer and consumer, and whether it can move to the mainstream	Consumer, trade, desk research Statistical forecasting	<ul style="list-style-type: none">- Ethical fashion is not a priority when consumers buy clothes.- Some consumers do not trust that “ethical clothing” is genuine.
Mintel 2009b	Ethical and Green Retailing UK	How environmental issues are important for the consumer	Consumer, trade, desk research Statistical forecasting	<ul style="list-style-type: none">- Consumers do not want to pay “green” price premium.- Recession makes people want to cut costs and purchase fewer “green” products.- Consumers only take action if it is safe.
ComRes 2010	General Environment Survey	How concerned consumers are about environmental issue	Online questionnaire, UK	<ul style="list-style-type: none">- Many consumers concerned about environmental issues.- Concern about environmental issues the same as before the recession.
Bhaduri et al. 2011	Do Transparent Business Practices Pay?	Consumer attitudes and purchase intention in relation to transparent supply chain	In-depth semi-structured Interviews	<ul style="list-style-type: none">- Attitude and purchase intention.- Distrust of businesses’ transparency.- Power of price and/or quality.

Table 2: The awareness and attitude of “sustainable clothing” 10 years on

Despite this body of research and recent industry developments, a report commissioned by Defra on public understanding of sustainable clothing found that there is insufficient awareness of sustainability impacts of clothing. One reason may be that third-party labelling and certification schemes across the European Union are unclear and inconsistent (Fisher, et al. 2008). Due to the importance of price and quality in making buying decisions (Bhaduri and Ha-Brookeshire 2011), ethical issues appear to have little effect on consumer purchasing behaviours (Joergens 2006), and sustainability is not a priority when buying clothes (Mintel 2009, a). Sustainable garments currently appear to be more expensive due to the higher cost of organic raw materials and higher wages paid to a 'fair trade' labour force (Brito, Carbone and Blanquart 2008). However, consumers do not see an environmental aspect as a value added (Nakano 2007) and do not want to pay a "green" price premium; indeed consumers associate purchasing greener products with saving money as well as energy (Mintel 2009, b). Consequently, in a highly competitive market, ethical clothing retailers may lose market share to cheaper retailers that do not seek to source sustainably (Joergens 2006), especially during the recession (Mintel 2009, a).

It is problematic to communicate about environmental and ethical issues to consumers, as they have not expressed enough interest in prioritising sustainability or taken action to pressurise industry to become more responsible (ComRes 2010). This is seen in the example of their limited knowledge of recycled clothing such as fleece jackets made from post-consumer recycled materials, which were developed as long ago as 1993 (Nakano 2007).

Furthermore, there is also an issue of trust in business and retailers' claims of sustainability. There are consumers who do not trust those retailers' declarations of "ethical clothing" to be genuine (Mintel 2009, a) which may result from distrust due to businesses' lack of transparency (Bhaduri and Ha-Brookeshire 2011). Such factors suggest that it is challenging to promote sustainability in the fashion supply chain without threatening future sales.

In summary, a review of the literature suggests that the public still has little awareness of what is "sustainable clothing"; neither producers nor government have found a clear and consistent way to communicate to consumers why they should buy sustainable clothing. Consumers do not prioritise it enough to pay a green premium, and in any case some do not trust retailers' claims of sustainability.

Methodology

Macromarketing concepts mean that behaviour has to be change from consumer and producer. Also, it asks how marketing should be carried out to meet the goals of society and optimize social benefits, and is complementary to micromarketing (Belz and Peattie 2009). For this investigation, a study of a current state of both from industry and consumer was needed to understand how marketing can be used to benefit the society. In order to capture some understanding of the attitudes and awareness toward sustainability in the clothing supply chain from both consumers and industry experts, the literature review provided guidance for developing primary research. The primary research has two strands, as shown in Figure 3.

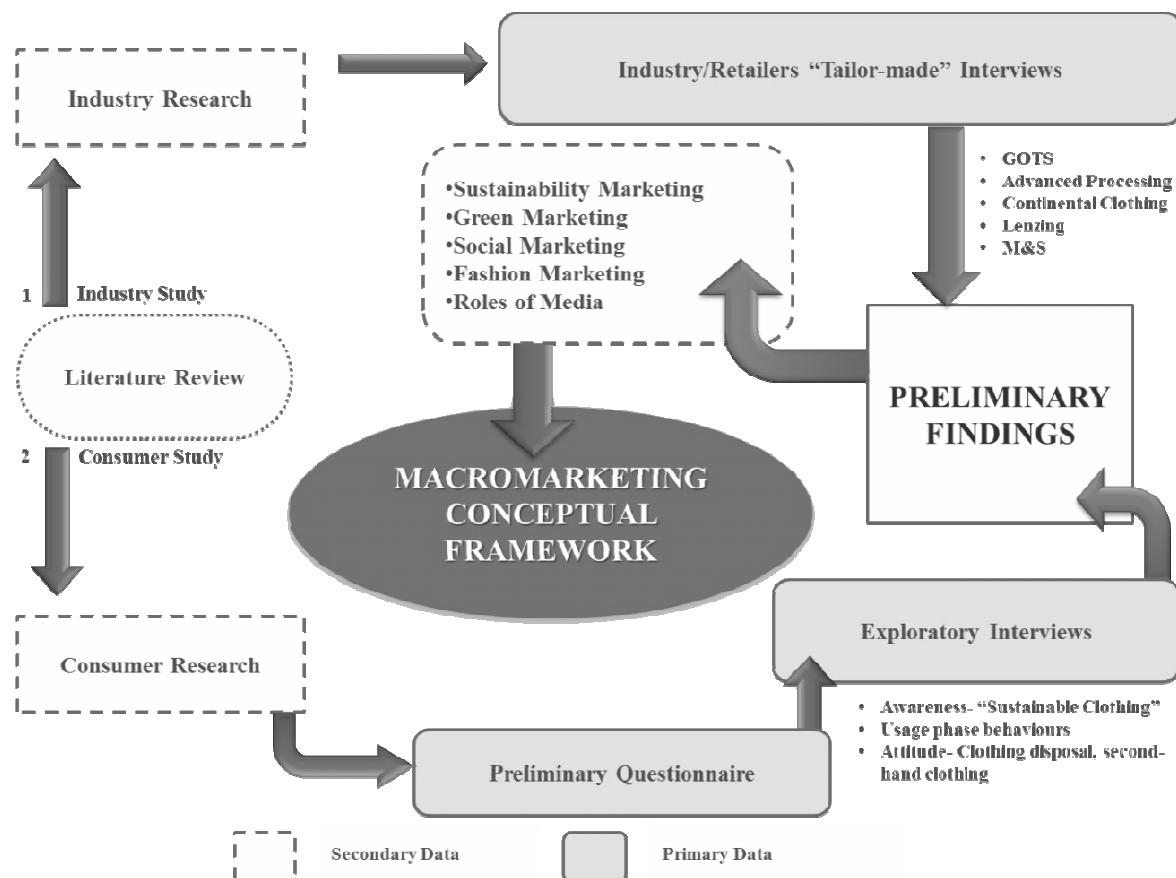


Figure 3: Methodology

Industry Research

In one strand, industry-orientated interviews have been carried out with a selection of companies representing global sustainability leaders and UK retailers. These interviews aimed to identify the key sustainability questions while drawing upon available secondary information.

The industry experts, selected for this first phase preliminary interviews on the basis of their sustainability initiatives and different roles in the clothing supply chain, were:

1. Global Organic Textile Standard (GOTS) – a collaborated international standard between USA, Japan, UK, Germany Organic textile standards as one ultimate international standard for organic clothing.
2. Advanced Processing – a company which works with many UK fashion retailers in order to help the supply chain become more efficient
3. Continental Clothing – a business-to-business (B2B) company that has developed the "Earth Positive" range, which is 100% organic cotton with a 90% carbon footprint reduction, and has worked closely with the Carbon Trust to develop the first carbon footprint label for clothing.
4. Lenzing AG – a world leader in man-made cellulose fibres (e.g. Tencel® and Lenzing Modal®).
5. Marks and Spencer – a major UK retailer and well-known for its sustainability initiative, Plan A.

sustainability-related communications with stakeholder groups, especially consumers, is essential (MIT Sloan Management Review 2009). It could also be said that consumers are underperforming in encouraging the industry to buy into sustainability, especially during recession (Mintel 2009, a). Clothing sustainability aspects are more difficult to market than other products. Unlike food, clothing is not to be “consumed” so there is no direct health benefit in paying price premium for the organic quality of a product (Verdict, Corporate Social Responsibility in UK Retail 2010). Moreover, trends and seasonal changing in product offering coupled with fast fashion culture encourages people to buy more clothes to update their looks more frequently at affordable price (Key Note 2011). As a result, the sustainable fashion product’s value-in-use is problematic to communicate to consumers (Macdonald, et al. 2011). In this section, the contribution of marketing theories will be considered as it has been seen to be a crucial factor towards sustainability in clothing industry. A conceptual framework, interlinked with the consumer, industry initiatives and media, can illustrate a path towards clothing supply chain sustainability.

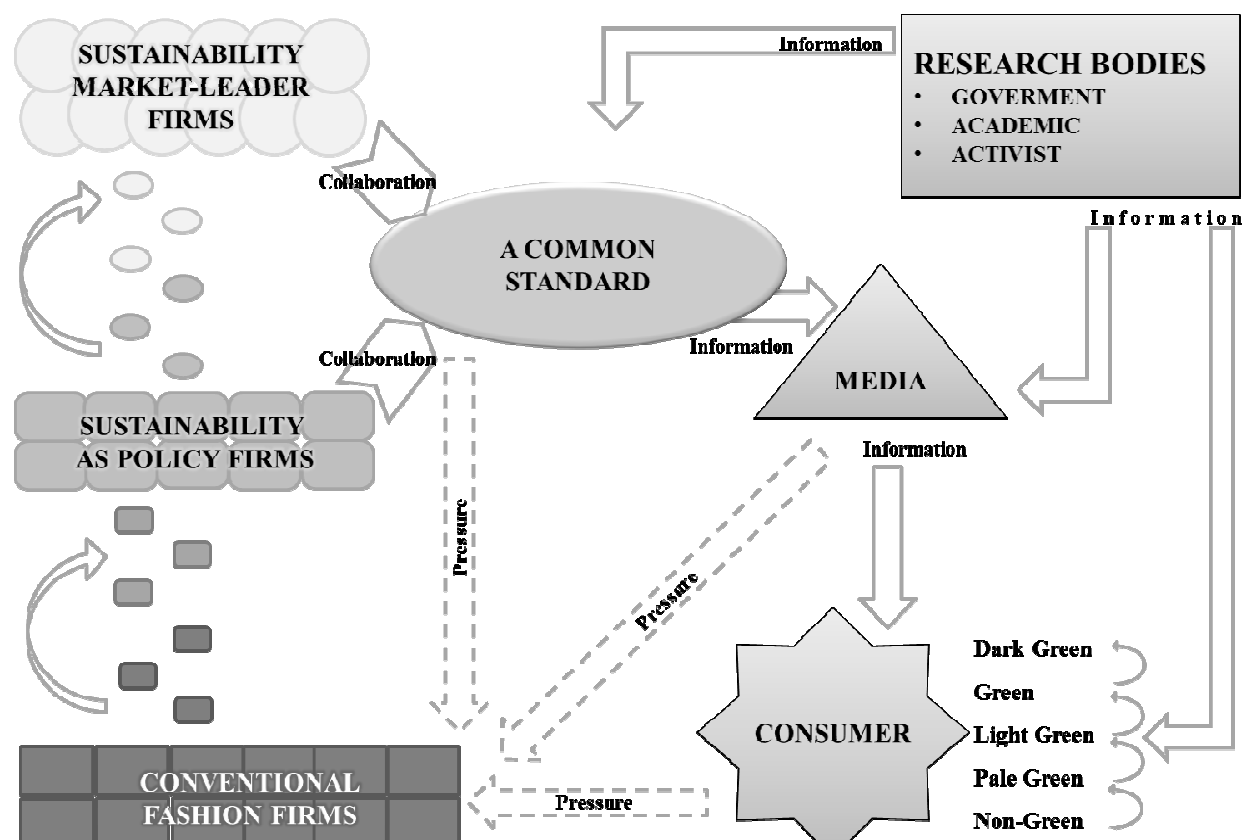


Figure 4: Conceptual framework towards sustainability in fashion supply chain

Firms

In this framework, firms are divided to three of levels of practices towards sustainability (on left side of figure 4), which are:

1. *Sustainability market-leader firms* – these firms have sustainability as a core of business e.g. Patagonia USA, Marks and Spencer UK and many small niche companies;
2. *Sustainability as policy firms* – these firms are sustainability leaders-in-making that have sustainability as a major part of their business practices, still getting media attention from time to time e.g. NIKE, Puma, Adidas, H&M;

3. *Conventional fashion firms* – these firms do not have sustainability as a core business strategy, operations mainly driven by design and price e.g. Next, Primark, New Look, Acadia group.

From a business-to-business customer (B2B) perspective, the degree of sustainability practiced by a fashion firm's suppliers is a reflection of its main business operations; therefore, sustainable brands will use or work closely with their suppliers to improve their supply chain standard (Sharma, et al. 2010).

In this framework, conventional fashion firms are focused upon as they are the main players of the market. Market shares of sustainability leaders Marks and Spencer and H&M account for only 13 percent of the UK market, shown in table 5 (Verdict, Womenswear Retailing in the UK 2012). For a drastic change in the industry, the majority of the market needs to be affected.

	2007	2008	2009	2010	2011	2012e
	%	%	%	%	%	%
Clothing specialists						
Marks & Spencer	10.9	10.2	10.5	10.5	10.5	10.4
Next	7.4	7.1	7.4	7.2	7.3	7.3
Arcadia	5.6	5.4	6.1	6.8	6.5	6.3
Primark	4.1	4.6	5.2	5.6	6	6.2
TK Maxx	2.6	2.7	2.8	2.8	2.8	2.8
Matalan	2.4	2.5	2.7	2.6	2.6	2.6
New Look	2.4	2.6	2.8	2.7	2.6	2.6
H&M	1.5	1.6	1.7	1.9	2.1	2.3
Other clothing specialists	31.7	31.4	28.7	27.6	27	26.6
Clothing Non-specialists						
Asda	3.5	3.6	3.9	3.9	3.9	3.9
Tesco	2.6	2.6	2.7	2.8	2.8	2.9
Other grocers	1.3	1.6	1.8	2	2.1	2.3
Debenhams	3.3	3.4	3.6	3.6	3.6	3.6
Other Dept. Stores	4.8	4.9	4.8	4.8	4.8	4.9
Mail Order	10.5	10.4	10.3	10.3	10.2	10.1
Other Clothing Non-specialist	5.3	5.4	5	5	5.1	5.2
Total	100	100	100	100	100	100

Source: Verdict Research

Table 5: Market Share in UK Clothing Market

Drivers for a change

In sustainability marketing study, besides the change within companies' corporate social responsibility (CSR) policies, external factors for the change are: consumers, the media, business-to-business (B2B) customers, regulation, and public opinion. (Charter, et al. 2006). In this paper, the drivers (on right side of figure 4) for fashion brands and retailing firms to shift towards sustainability are defined as:

1. *Research bodies* – to act as reliable information generators e.g. governments, academia, environmental activists;
2. *A common standard* – represents sustainability in fashion industry;
3. *Media* – operate as an honest and accurate hub of communications to consumer;
4. *Consumer* – with different level of sustainability awareness and action taken.

Research Bodies

For this model, the aim is to use market driven forces; hence, consumers and media are the key influences for the change, rather than regulation or taxation. In some industries, environmental tax has been a good way to reduce environmental impact. (Stern 2007) However, in environmental economics, this taxation can be seen as a Pigovian tax that intends to correct the market behaviour, but instead it creates negative externalities. (Owen 2004) In business terms, environmental impact can remain unchanged if it is less risky for a business to pay environment tax each year than plan a long term break-even on an environmental investment project. Fashion companies in particular can easily make a loss as they frequently hit or miss the mark on product offering each season. Hence, firms may prefer to pay occasional taxation rather than invest hugely to change their core business practices. Thus in this framework, governments only operate, along with academia and environmental activists, as information and knowledge providers for public communications instead of regulators.

A Common Standard

Preliminary results have shown that there is diversity in fashion supply chain management and consumer attitudes. A standard way of monitoring supply chains and an efficient way to communicate with the market has not yet been achieved. In the financial field, there is the Dow Jones Sustainability Index (DJSI) that acts as creditable third-party standard for companies to know which areas will be measured or scored; therefore, those areas will be changed. There is a standard communication tool to its consumers (investors) (SAM Indexes GmbH 2012).

In the fashion industry, CSR tends to be combinations of sustainability, organic farming (for natural fibres); and ethical labour practices. Thus far, the fashion industry has several organic standards, which are costly and complicated since most parts of the supply chain need to be certified organic. Such complications cause some brands to be discouraged from getting their products certified due to real business cost and impracticality. For example, some of the standards have a requirement that conventional clothing cannot be stored with organics; making retailing more complex to run (Global Organic Textile Standard 2011), e.g. separate warehouses. In addition, these organic standards are limited to organic products but not for other sustainable materials.

Hence, there is a need for ideally international third-party certification that is covers sustainability and can be easily grasped by consumer when communicated. This should make a bigger impact than any individual firm marketing their own scheme. This should not only be encouraging the purchase of more sustainable raw materials, but also about keeping the clothes longer.

In clothing and textiles industry, there has been some development to detangle the issue. An early initiative has been the development of the “Eco index” by the Eco Working Group

(EWG) formed by the Outdoor Industry Association and European Outdoor Group. This aims to remove any “black box” industry practice and promote supply chain transparency. The Eco index is a data capturing tool that enables industry to be able to score and identify where companies can improve within their supply chain.

Eco index: Product life cycle stages	Eco index: Area covered
materials	land use intensity
packaging	water
product manufacturing/assemble	waste
transport and distribution	biodiversity
use and service	chemistry/toxic-people
end of life	chemistry/toxic-environment
	energy use/greenhouse gas emissions

Table 6: Eco index Criteria

Because of supply chain complexity and the range of stakeholders, it is still at the piloting stage (Eco Index 2011). The latest version (Beta phase 2), was launched early in 2011, and it is an internal supply chain tool rather than a consumer-facing label (Eco Index 2011).

The extension of the eco index was developed by the Sustainable Apparel Coalition (SAC), formed in March 2011 for firms beyond the Outdoor Industry. This evolved from the EWG Eco index combined with the Nike Apparel Design Tool for material assessments. The Pilot test was launched in early 2012 (Ecotextile 2012). SAC aims to be used widely throughout the fashion industry, not limited to the outdoor industry range of products, as it evaluates both individual product and firm. Not only does it cover supply chain sustainability as in eco index, but it also extends to the use, service and end-of-life (EOL) programmes.

In the use and service programme, it shows that there will be an attempt at consumer communication through low impact laundering, caring clothes for longevity, and repair information. In order to design for longevity, agenda items include infrastructures for taking clothes back to repair plus repair services.

In the end-of-life (EOL) programme, communication on their end-of-life streams needs to be on product-permanent labels. This label is to inform what the recommended method for a product’s end-of-life, such as where to donate or re-use. This shows that there is an intention in the industry to be responsible towards their post first use unwanted clothes. At this pilot stage, scoring from an SAC assessment is only for internal use and as yet cannot be used as marketing tool. Nevertheless, if this initiative is further developed, this scoring can become useful for consumer purchasing decisions.

Media

The second factor in this framework is the media. In some respects, fashion industry practice was known as a “black-box” industry (not knowing what was going on behind factory doors), which made the clothing supply chain prone to public attention. Not only has research contributed to cast light on unsustainable practices, but also media has been playing a significant role. There have been several media backlashes in pushing international firms into a sustainable path. Some examples are: Nike Vietnam sweatshop scandal 1997 (O’Rourke 1997); Gap India Child labour 2007 (The Observer 2007); H&M shredding unused clothes in New York 2010 (The Guardian 2010). These brands now have sustainability as a major corporate policy, and are part of the SAC initiative. This shows that media pressure has had an impact on business practices, although, it has not yet affected the majority of consumer clothing purchasing (Mintel 2009), because these aspects do not affect directly to their everyday lives (Joergens 2006).

Nevertheless, there has been significant media interest in the past few years and there are growing numbers of researchers suggesting that problems are closer to consumers than they might have foreseen. In 2011 Greenpeace International released the Detox campaign comprising two reports on nonylphenol ethoxylates (NPs) found in two dyeing complexes in China and garments manufactured elsewhere. First, in the Dirty Laundry 1 report, they found that leading fashion companies such as Abercrombie and Fitch, Adidas, Calvin Klein, Converse, H&M, Lacoste, Li Ning, Nike, PVH Corp, and Puma have sourced their products from Chinese suppliers responsible for water pollution by discharging toxic substances such as hormone disruptors into natural streams. Greenpeace has requested firms to adopt “zero discharge” commitments that require companies to increase their supply chain transparency and have zero discharge of hazardous chemicals by 2020 (Greenpeace International 2011). This was followed by the Dirty Laundry 2, which revealed that not only has the clothing industry been polluting China but also the rest of the world. Greenpeace tested 52 clothing items, which had been manufactured in 13 countries and purchased in 18 countries. The toxic NPs were found in “Made in China” garments, and then found in garments from 12 of the 13 other manufacturing countries, and 17 out of 18 countries where the items were purchased. Even though NPs are banned in Western countries, it can be released through washing into the water supply and, through fish, into the human food chain (Figure 5). It also warned: “These findings presented within this study are likely to be just the tip of the iceberg...not only limited to NPEs and NPs but a great number of hazardous substances currently used by the textile industry” (Greenpeace International 2011). The campaign was launched at a major European football event and a subsequent video on the Internet attracted international media attention. Competition grew among leading brands to become more sustainable. Some of the listed brands have pledged to the “zero discharge” commitment by 2020 (Greenpeace International 2011). This shows that there is an increasing pressure for the industry to become more responsible. On one hand, such campaigning may encourage the public to become more involved in demanding sustainability in the fashion supply chain as this will affect them directly in their food supply chain. On the other hand, this report was perceived as an attack to make “the best” key players in sustainability to do better, rather than encouraging other less concerned companies to enter this route.

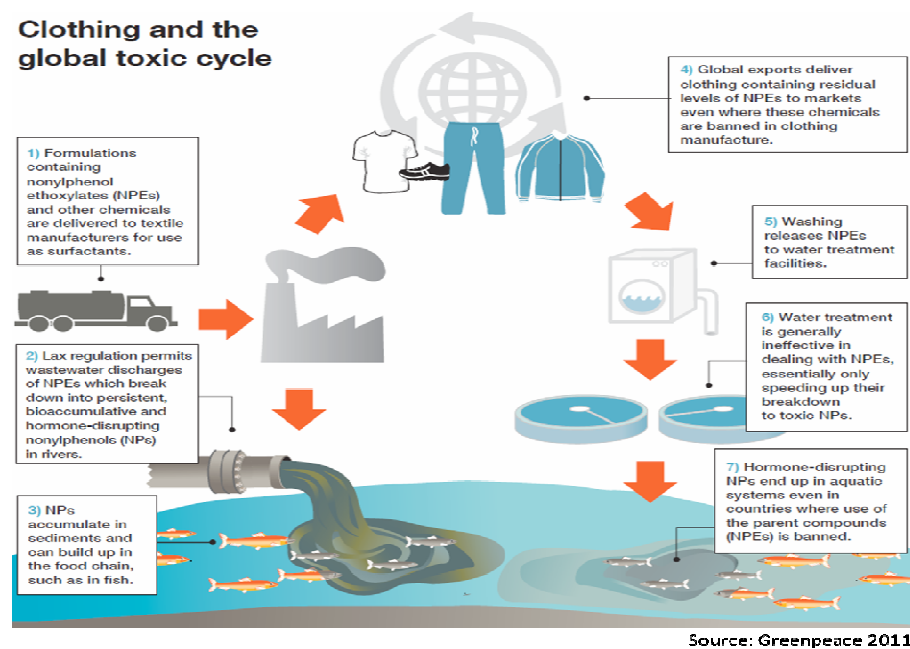


Figure 5: Dirty Laundry 2: Hung Out to Dry- Unravelling the toxic trail from pipes to products

Consumer

Cotton Incorporated's 2010 Retail Monitor Consumer Environment Survey defined consumer awareness of environmental friendly clothes based on how likely they are to seek environmental friendly clothing. This used shades of green consumer as follow:

- Dark green – Very likely to seek/ would be extremely bothered and complain;
- Green – Very likely to seek;
- Light Green – Somewhat or moderate likely to seek;
- Pale Green – Do not seek;
- Non-Green – Do not seek/ would not be bothered. (Cotton Incorporated 2010)
-

% of consumer citing the factor as important in apparel purchases	Dark Green	Green	Light Green	Pale Green	Non-Green
	7%	9%	54%	14%	16%
Fit	99	99	97	99	96
Colour	96	92	86	86	85
Style	96	93	90	88	84
Price	96	34	94	93	93
Environmental Friendliness	93	84	55	27	12
Fibre content	91	82	67	51	44
Laundering instruction	87	79	66	57	47
Brand name	76	74	51	39	34

Source: Cotton Incorporated's 2010 Consumer Environment Survey

Table 7: Factors in clothing purchasing by consumer shades of greens

Even though, in this survey, the dark green consumers have a highest educational level and highest household income, as they have more flexibility in price premium, it does not mean that this is a limitation to sustainability improvement. The majority 54% of the market is the light green, which somewhat or moderately likely to seek for environmental attributes of the product (table 7). More products offered with honest information about how a garment was made attached can encourage some of the light greens to become dark Green. For the pale green and non-green, price and fit are the key factors in purchasing decision. Premium materials or informing how it was made does not encourage the purchases; but communication through other aspects of sustainability that helps them saving money seems to be more appealing. By consumers moving towards darker shades of green, this will pressure conventional fashion firms to adapt their practices towards sustainability.



Figure 6: An example of a swing tag on a sustainable garment

An example of consumer communication is an alternative label, figure 6, attached to a sustainably made garment. This tag type can be either permanently on the garment or a swing ticket. This tag shows information from: alternative raw material, usage phase behaviour, alternative end-of-life behaviour; and also covers SAC index scoring. This tag would appeal to each of the greens differently. A Dark green and a Green would be able to scan the QR code and receive information of how and where the garment was made, even before the purchase, making it convenience for them to prolong their goodwill. Also, this QR code would push the supply chain to become more transparent. A Light green would feel good about purchasing environmental responsible product. A Non-green would appeal to the front while being able to informed about how the garment should be cared for and what it was made of. In addition, research show that consumers are interested in taking unwanted clothes back to the store (Mintel October 2011). Hence, if all sustainable players were willing to take their unwanted clothes back to reuse or recycle with an incentive for discount in further purchases, this would have further benefits to firms that they could get feedback on their

product quality and if they may want to improve them. The better quality clothes can be resold somewhere else, rather than down-cycling to rag or insulation. By writing down the date of purchase and giving the garment a name, this may create personal attachment to the garment as consumer would value and remember their clothes more. Information on the tag would be kept and read as it has a value of money. As an example of Macromarketing, sustainable leader firms could promote their micromarketing while educating consumers to pressure conventional players to become more sustainable to benefit all.

The Transition

The previous section has identified all players in this framework; figure 4 shows how this mechanism might operate. To illustrate this, consider firm X as a conventional international clothing chain with many product offerings from numbers of suppliers. One day, environmental activists and the media found flaws in Firm X supply chain overseas, and this bad publicity affected Firm X's reputation and sales. Firm X's executive decided to make a change within its supply chain, cutting down number of suppliers and working closer with them to make sure that suppliers are implementing ethical codes of conduct. To make sure that the scandal does not happen again, Firm X has tried to reduce emissions and waste, and to explore new ways to improve its supply chain environmentally. After a few years, Firm X is now a sustainability leader-in-making and joined SAC. Then, Firm X has gained a lot of information via other participants' practices, government funded and environmental activist research. Firm X has a strong marketing team that believes in a new way of marketing, which is to acknowledge poor performance as a serious matter instead of ignore mistakes or treat them lightly (Peattie, Environmental Marketing Management 1995). Hence, firm X can advertise their product features in an honest and efficient way. With help of the SAC scoring and media, consumers in the market has been transforming to darker and darker shade of greens. Now consumers are well aware of these sustainability issues and Firm X's business starts to pick up. Firm Y is a direct competitor of firm X, with a same price point and consumer target. Firm Y changes as it loses market share. Since the consumer starts to shift away from conventional clothing; the change continues.

This is a realistic conceptual framework but has not happened yet: it is a model for future. A recent global survey has shown that nearly half of consumers¹ are willing to pay a premium for a company, which has responsibility to people and the planet. Hence besides fit, style, and colour, sustainability aspects could become a key driver of fashion consumer motivation. The absence of a firm's sustainability performance could cause large damage to the business. When reputation is ruined, it is difficult to recover (Williams 2012); and sustainability transition within a firm takes a lot of time and experience (Ozimek and Stone 2011). This shows that if the market has shifted to be environmentally and socially conscious, the firm with technologies and practices in place will benefit first.

CONCLUSIONS

This paper's preliminary findings have revealed that there are many technologies and development in place in the fashion industry, waiting to be demanded by consumers; yet consumers still cannot apprehend the benefit of sustainable clothing and its practices. It has also shown that there are key players in the market that can pressurise conventional fashion firms to become more sustainable and Macromarketing communication is the key. In the

¹ 28,000 online respondents from 56 countries around the world

future, if consumers eventually demand greener products and services from the fashion industry, sustainable business practices will eventually become an industry norm. In which case, traditional fashion firms need to transform their standards towards sustainability before they lose market share to their competitors. More research is still needed to finalise standards and models of best practice for the fashion industry, along with improvement in consumer attitudes and awareness.

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The Locus of Entrepreneurial Knowledge in a Marketing System: The Effects of Product Volatility, Assortment Complexity, and Standardisation

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Marketing scholars have long studied the locus of a number of functions within a marketing system. Questions remain concerning which classes of participants in a marketing system are most likely to be the sources of knowledge leading to innovative and disruptively entrepreneurial actions. Focusing on anticipated transformational outcomes, Cadeaux (1997a), defines entrepreneurial actions in marketing as those introductions and deletions of products and services and those selections and de-selections of target markets that “create substantial shifts in arrangements of products across arrays of customers and customer uses” (p. 769). These actions can arise from any participant in a marketing system, in particular from producers and distributors. A neo-Austrian perspective in strategic management also identifies an important construct of entrepreneurial knowledge consisting of knowledge of markets, of ways to serve markets, and of customer problems (Shane 2000). Consistent with this construct, entrepreneurial knowledge in marketing involves the understanding and anticipation of the dynamic effects entrepreneurial actions can have on market structure and its evolution (Savitt 1987, Dickson 1992, Cadeaux 1997a). The present paper addresses the question of who in a marketing system is most likely to possess entrepreneurial marketing knowledge and how this locus depends on environmental conditions.

A marketing system consists of a variety of potential participants depending on the level of analysis (Layton 2007). In particular, a conventional idealized channel system consists of suppliers and intermediaries of various sorts, occupying various institutional or functional positions as well as various structural positions (a distinction discussed further by Cadeaux 1997b). Dahlstrom and Dwyer (1993) and Cadeaux (1997b) discuss structural network positions in a marketing channels context. Such structural positions vary from the central to the peripheral and are associated with varying degrees of access to and control over information (Mattsson 1985, Dahlstrom and Dwyer 1993). Arguably the environment of a marketing system could have a systematic effect on the locus of entrepreneurial marketing knowledge, although it is quite difficult to define the boundaries of a marketing system and its environment:

Just where the relevant system “stops” and the environment “begins” is often difficult to decide. ... However the systemic boundaries are specified, macromarketing interest is clearly identified with an exploration of the interactions between the system and its environment and with the way these interactions are influenced by the structure and dynamics of the environment itself. (Layton 2007, p. 235)

For simplicity, this paper focuses on the product category level and limits itself to consumer products. A variety of product category level contingencies may be associated with different types of knowledge in a marketing system. For example, Cadeaux (1992) argues that

category product volatility in terms of the *collective* rate of product item addition and deletion affects the relative importance and value of knowledge about supply, while volatility in sales affects the importance and value of knowledge about customers. This paper will extend that theory so as to include a wider range of dimensions of the product environment along with an explicit focus on *entrepreneurial* knowledge. In addition to the dimension of *product volatility* (as conceptualised in Cadeaux 1992), this paper adds the dimensions of *product assortment complexity* and *product standardisation*. Intuitively, these three product contingencies capture aspects of the degree of innovation, choice, and quality inherent in the products collectively offered by category suppliers. Categories vary along these dimensions. Some categories undergo little or no change in product items on offer from year to year (e.g., paper towels (Cadeaux 1992) or bras (Cadeaux 1994). Others undergo periods of frequent or even erratic change (e.g., computer printers (Cadeaux (1992) or hand-held digital assistants). Some categories consist of assortments with an extreme variety of terms of sizes, models, colours, flavours, features, etc. (e.g., autos, shoes, biscuits, books, music and video recordings), whereas others consist of assortments that are much narrower (e.g., garlic, sugar, automobile fuel, steering wheel locks, etc.). Some categories subscribe to industry wide quality and specification standards (e.g., the degree of digitalisation in compact disk recording formats, motor oil viscosity) while others allow suppliers to establish their own unique performance levels (e.g., the degree of permanency in wrinkle free clothing).

Participants in a marketing system occupy both *functional* or institutionalised statuses and *structural* positions. For example, an intermediary can be a *functional wholesaler* by virtue of its role as a stock-holding merchant buying from manufacturers and selling to retailers. Yet its *structural* network position could be either *central* if it lies at an interaction node among other participants (e.g., a large wholesaler of consumer electronics such as Synnex) or it could be peripheral (e.g., a small specialty food importer). Cadeaux (1997b) elaborates on these distinctions. In order to develop a set of contingency propositions related to the above product dimensions, it helps to treat the *functional* locus of entrepreneurial knowledge as a separate matter from its *structural* locus. Thus, the first of three propositions to follow will state, *ceteris paribus*, a theorised relation between each product contingency dimension and the *functional* locus of knowledge while the last two propositions will state for the extreme cases only the three way interaction relation between the product contingencies and the *structural* locus of knowledge. The use of *ceteris paribus* and extreme three way interactions allows for simplicity of presentation of the underlying theory in this brief note.

Proposition 1: In marketing systems for categories with high product volatility, the locus of entrepreneurial knowledge will lie with upstream manufacturers or suppliers.

Such categories require product life cycle planning and strategic competitive analysis and judgment at the product-market level. Product-specific expertise of this sort is most likely to be possessed by upstream manufacturers or suppliers (Cadeaux 1992).

Proposition 2: In marketing systems for categories with complex product assortments, the locus of entrepreneurial knowledge will lie with functional retailers.

In such categories, assortment creation and matching are the essence of entrepreneurial behaviour (Reekie and Savitt 1982). Retailers have a distinctive expertise in understanding local markets and heterogeneous consumer demand for assortments (Cadeaux 1992).

Proposition 3: In marketing systems for categories with significant standardisation in product specifications, the locus of entrepreneurial knowledge will lie with functional wholesalers or large retailers with wholesale capability.

In such categories, manufacturer brand differentiation is difficult to achieve or nonexistent. For example, compact disk labels are essentially undifferentiable substitutes; rather, it is genres, artists and performances that are distinctive. In such categories, product standards allow for bulk purchasing and sorting to take place along a hierarchy of subcategories (genres, artists, etc., but not labels). Such functions are the forte of functional wholesalers or their equivalent. Wholesalers and large retailers have the opportunity to create innovative and disruptive distribution and stocking policies (e.g., point of sale listening equipment for CDs with selective representation of promoted category items or, in direct marketing systems, private label programs (e.g., Readers Digest generic music CD compilations)).

Proposition 4: In categories with simple assortments, yet high product volatility as well as supplier-specific product specifications, the locus of entrepreneurial knowledge will lie at peripheral positions in a marketing system (as a network) regardless of functional status.

In such categories, entrepreneurial knowledge will lie almost anywhere that innovative product development might occur. In particular, new entrants (inherently peripheral) are likely sources of innovation. Narrow assortments minimise development risks and high product volatility suggests that technological and research and development expertise may be more important than market experience or presence. Furthermore, industry standards do not exist to create biases favouring the expertise of industry incumbents.

Proposition 5: In categories with complex assortments yet low product volatility as well as industry-wide standards for product specifications, the locus of entrepreneurial knowledge will lie at central or nodal positions in a marketing system (as a network), regardless of functional status.

Such categories are likely to be mature yet face highly heterogeneous demand for various assortment elements. Entrepreneurially innovative and disruptive practices in such situations would consist of target market selection and de-selection to a greater extent than new product introduction and deletion. As discussed by Cadeaux (1997a), entrepreneurial target market selection and de-selection involve finding different sets of customers and customer uses for sets of substitutive product and services. In particular, chain retailers and wholesalers have the opportunity to do this by developing niche outlets and merchandising programs to match unique local preferences (e.g., ethnically branded grocery stores).

Limitations

This discussion limits its consideration to several arguably independent dimensions of the product environment of a category. These include product volatility, product assortment complexity and product specification standardisation. These product contingencies may themselves pose several limitations for this theory: 1) they may not be entirely independent. 2) other product contingencies may exist, and 3) demand-related contingencies may dominate or interact with product contingencies. Nevertheless, this paper hopefully offers a preliminary look at how theory might evolve to explain the dynamics of entrepreneurial knowledge and its exercise in a marketing system.

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Exploring Customer Lifetime/Lifecycle Value through Properties of Acquired Assortments: Implications for Theoretical Development and Empirical Investigation

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In this paper, we study customer lifetime value through the lens of assortment. Customer lifetime value has gained popularity with the development of e-tailers. Through the lens of assortment, a customer's lifecycle value can be viewed as a reflection of his/her acquired and accumulated assortment. By analyzing online shopping baskets data of an e-tailer, we examine the relationship between assortment measures and customer lifecycle value. To our best knowledge, this is the first attempt to explore the connection between properties of assortment and customer lifetime value and empirically test it. Our results have interesting implications for further theoretical development and empirical investigation.

Introduction

Customer lifetime value is a long existing and important concept in marketing. The essence of customer lifetime value resides in the notion of attracting and keeping profitable customers (Kotler and Armstrong 1996). Through a combination of customer acquisition and retention programs, marketing strategies that aim at realizing customer lifetime value foster a loyalty that benefits both customers and firms. At the core of these strategies is the development and maintenance of long-term customer relationships, achieved by creating superior customer value and satisfaction (Berger and Nasr 1998).

In this paper, we explore the relationship between customer value and properties of assortments. An assortment is generally known in the retail and marketing literature as the overall collection of products offered by a retailer. However, the concept has a much broader implication when putting into the marketing system context. An acquired assortment, for example, can be defined as the set of products, services, experience, or even ideas acquired by a customer. A special case of the acquired assortment in retailing is all the products purchased by a customer in one shopping occasion, which is normally referred to as the shopping basket. Accompanying the conceptual extension, measurement of assortment makes possible empirical tests on the relationship between assortment properties (e.g., the variety of an assortment) and the functioning of the marketing system in which the assortment is embedded (Layton and Duan 2011).

Looking through the assortment lens, the lifetime value of a customer can be translated as the value of accumulated assortments acquired by the customer over time. In line with relational marketing that emphasizes customer value in the long-term relationship rather than treat the relationship as a series of discrete transactions, measurement of acquired assortments provides a way to understand the inner mechanism of connectedness among transactions. Will there be an association between variety in the acquired assortments, which

is the most important observed property of assortment, and the generally recognized determinants of customer lifetime value?

We attempt to answer these questions using data from an online retailer. Online shopping has taken off in recently years with the development of appealing business models, advanced supply chain management, category management technologies, and the acceptance of this type of shopping by consumer. At the same time, opportunities in this growing market have attracted more and more players to join, which has led to booming diversity in offerings and severe competition. To make relevant differentiation, the new generation of e-tailers could probably benefit from an extension of the traditional wisdom of customer lifetime value (CLV) theory that underlie customer acquisition and retention strategies.

The paper is organized as follows. In the next section, we briefly review the concept of customer lifetime value, give reason for why it is preferable to use the modified new concept—customer lifecycle value, and summarize the generally accepted determinants of customer lifetime value. After introducing the empirical setting and how the variety measure of acquired and accumulated assortment is operationalized, we offer an exploratory analysis to set the stage for the development of our main empirical model. Results are attained on the relationship between assortment properties and other potential drivers of high customer lifetime value. We conclude with a brief summary of our work.

Customer Lifetime Value and Its Determinants

According to Kotler and Armstrong (1996), customer lifetime value, from the supplier's perspective, is the part of revenue a customer, be it a person, household, or company, generates over time (by an acceptable amount) that exceeds the costs of attracting, selling, and servicing that customer. By definition, a typical way of calculating customer lifetime value is to estimate future revenue from a customer, minus the expense, and then discount the resulted net cash flows to the present; in other words, a customer's lifetime value is the net present value of the future profits contributed by the customer.

However, implementing customer lifetime value in decision making or empirical tests faces some challenges. One of the challenges is how to attain accurate forecasting of future revenue streams, which is a necessary step if the estimates really reflect the "lifetime" value of a customer. To solve the problem, assumptions of customer behavior are built into generic behavior models (e.g., Berger and Nasr 1998) or statistical models (e.g., Fader, Hardie, and Lee 2005).

The generic behavior models are based on two types of customer behavior: lost-for-good, and always-a-share. These two groups are first proposed by Jackson (1985), and then applied by Dwyer (1997) in direct marketing where their implications for lifetime valuation have been made explicit. For lost-for-good customers, the commitment to the vendor is high and it is costly to switch vendors, thus if they leave, they will never come back. The always-a-share customers, on the other hand, can easily experiment with new vendors. Berger and Nasr (1998) argue that retention rate is the key parameter to be calibrated if customers exemplify lost-for-good features, while recency would be the main predictor for repeat purchase in the future with the always-a-share customers.

The statistical approach for determining future revenue streams of customers, on the other hand, utilizes stochastic models such as the Pareto/NBD model for the prediction of future transaction trend (Fader, Hardie and Lee 2005). Developed by Schmittlein, Morrison, and Colombo (1987) for monitoring the size and growth rate of a firm's ongoing customer base, the Pareto/NBD model is a popular model in explaining the flow of transactions in a

non-contractual setting. The switching costs for a customer to change vendors in a non-contractual setting are much lower than in contractual arrangement such as telecommunication contracts. Applied in estimating customer lifetime value, the calibration of the model is based on the well-accepted set of characteristics in direct marketing literature that describes the customers' prior behavior: recency (time of most recent purchase), frequency (number of prior purchases), and monetary value (average purchase amount per transaction), that is, their RFM characteristics.

Another challenge for the implementation of customer lifetime value in managerial decisions is to match the costs with the revenues generated by a customer. Although the aforementioned models have partly addressed this issue by highlighting the needs for customer acquisition and retention and incorporating retention rate as a key component of the models, studies have shown cases of uncontrollable customer churn (e.g., Braun and Schweidel 2011). In short, the model for determinants of customer lifetime value is far from deterministic.

A further challenge to the customer lifetime value is the trend of continuously decreasing costs for customers to switch vendors, which shakes the foundation of customer lifetime value—customer loyalty. At the same time, new applications of the customer lifetime value have found their way into high-tech companies. For example, the reason Amazon.com is willing to lose money on each \$199 Kindle Fire it sells, is that it hopes to make back that money and more on tablet users who are expected to spend more than other customers. And the contractual relationships between customers and firms are revitalized as software companies increasingly turn to subscription-based business models through cloud computing.

With both trends in place, that is, customers may enjoy low switching costs and possible long-term customer-firm relationship at the same time, our understanding of loyalty and customer value needs to be reevaluated and extended. A viable way of making this extension is to put the whole situation in a broader context, of which the marketing system perspective can be a good candidate. The marketing system perspective deals with the complexity in the market through different lenses, which share the common orientation of contextual thinking. Since the difficulty lies in the fact that it is unrealistic to assume customers would be regularly loyal, some kind of snapshots on the drivers of repeat purchase, the monetary value delivered by a customer, and the structure of the market would probably provide insights for further theoretical development and empirical investigation.

Given the aforementioned reasons, it is arguable that the monetary value a customer generated during her “active” state with the firm could be a complement or even substitute for the lifetime value in deciding the marketing resources allocated to this customer. This type of monetary value is referred to in this paper as the “customer lifecycle value”. The logic of customer lifecycle value is consistent with the ideas of “purchase cycle” (p.20) and “customer lifecycle profit” (p.23) in the generic models of customer lifetime value Berger and Nasr (1998) discussed. Furthermore, lifetime has a specific meaning that infers the whole living period of a person, it is more accurate to use lifecycle to describe the period that matters to marketers, and during which a customer has a high possibility of repeat purchase before she switches to another vendor. As such, customer lifecycle value can be considered as a modified and extended concept of customer lifetime value.

Variety in Assortment and Customer Lifecycle Value

One of the reasons that lead to inaccurate (and often too optimistic) estimation of customer lifetime value, and that make lifecycle value plausible, is the ephemerality of customers' higher relationship states (Kumar et al. 2011). It could be problematic if the

estimation fails to capture characteristics of the changing marketing system and therefore delivers totally wrong inputs for the calculation. The assortment lens, however, gives an indication of the regularity of the change in marketing systems.

As the public face of marketing systems, assortment has been related to most of the marketing research streams, including segmentation (Bordley, 2003; Ansell, Harrison and Archibald, 2007), pricing (Bell and Lattin, 1998), product line management, channel management (Cadeaux, 1992), and promotion (Manchanda, Ansari and Gupta, 1999; Mehta, 2007). Some of these studies deal with variety in the assortments, with others deal with the inter-relationships between categories.

Research on the relationship between assortment properties and customer value is still an uncultivated land. However, scattered evidences could be found indicating that assortment properties could be the hidden driver of obtaining customer value. For example, it is reported that BP took a strategy that focused on assortment rather than single products and expected to increase revenue and decrease costs by gaining longevity, depth, breadth, and diversity of customer spending—not by obtaining increased revenue per product (Vandermerwe, 2000). Research on customers of multi-service providers also sheds light on the influence of variety in assortment on customer value (e.g., Schweidel, Bradlow and Fader 2011).

It is arguable that variety reflected in the shopping baskets of customers could be a driving force for customers' selection of vendors and amount of money spent at the selected vendor. Previous research found that the top three factors influencing the consumer's choice of retailer are location, price and assortment (Craig et al. 1984; Louviere and Gaeth 1987). In the context of online shopping, the physical location becomes much less important, if not unimportant, in consumers' selection of vendors; price comparison, to the convenience of consumers, only takes a few clicks. These changes not only make assortment planning a dominant concern of e-tailers, but also encourage further understandings of assortment related consumer behaviors. To the extent that one main goal of a retailing marketing system, be it brick-and-mortar or online, is to meet the desired collection of products (i.e., desired assortment) with the offered assortment, the analysis of marketing strategies of e-tailers would not be complete without looking into the acquired assortments of customers.

Plausible arguments can also be found at the repeat purchase side. Generally, the aim of a loyalty program established by retailers or marketers is to encourage customers to come for further purchase. However, in non-food category, it is not expected that customer would come very frequently unless they are quite variety-driven or they have been targeted for a trading-up, which in essence, is another type of variety-seeking.

The Research Setting and Findings

Using online shopping site as the setting, we form our empirical model around three types of variables: The first type is the variety in the accumulated assortment of a customer during a selected lifecycle; the second type is the monetary value contributed by the customer, which represents the customer value; the third type deals with the aforementioned factors that drive repeat purchase and ultimately contribute to customer value.

The RFM (recency, frequency, and monetary value) characteristics on customer lifetime value are reexamined. In particular, we argue that the underlying reason of a recent purchase of a customer would predict a higher possibility of repeat purchase in the future is the unobservable momentum held by the customer, not the closeness in time itself. The misconception could come from the observation that momentum might be influenced by time. In other words, the consumer's momentum would fade out due to natural decay of memory,

overwhelming information, or switch of vendors. Hence the recency measure is replaced by two momentum measures, both are related to time. The first is the span of lifecycle of a customer. Similar to consumer's brand recall experience, intuitively, the longer the span, the higher the momentum is, and the higher the customer value would be. The second is the average waiting time between two consecutive orders of a customer. The shorter the waiting, the higher the momentum is.

Assortment measures are based on the definition of categories. Once the categories are defined, we can then calculate the variety and other measures of assortment (Layton and Duan 2011). In this paper, we only examine the variety property of accumulated assortments. Definition of categories at e-tailers is slightly different from that of brick-and-mortar retailers. Besides the apparent managerial purpose of organizing products into categories, e-tailers also use category names to communicate with customers and/or potential customers the availability and richness of popular or desirable products on their website. In fact, this is exactly why a certain style (i.e., Korean style) would become a category. The categories are the result of mixed efforts of targeting certain segments and back office management. To consumers, the category names serve as information that aids shopping decisions.

A cohort of 56,564 people who have made their purchases at a multi-category e-tailer in China during the year 2010 is considered for the analysis. Table 1 summarizes the data.

Table 1. Summary Statistics

Variable	Description	Mean	Std. dev.
Dependent variable			
MonetaryValue	Total amount of money a customer spent on the site in year 2010 (in RMBs)	659.95	2275.13
Explanatory variables			
Frequency	Number of orders made by a customer, each order is an acquired assortment	2.11	3.35
Variety	Number of categories (out of 15 general categories) involved in the accumulated assortment of a customer	1.81	1.39
LifecycleSpan	The length of time span between a customer's first and last order in the year 2010 (in days)	19.65	52.75
AverageWT	A customer's average waiting time between two orders (in days)	5.28	14.85
56,564 observations			

Multiple regression analysis is used to estimate the relationship between the monetary value of accumulated assortments and a group of indicators, including variety in assortment, frequency of purchase, customer lifecycle span, and average waiting time between two orders. The relationship in the overall model is significant ($\text{AdjR}^2=.333$; $F=7076.541$; $p<.001$). In addition, it is found that frequency of purchase, variety in assortment, customer lifecycle span, and average waiting time between two orders are all significant predictors of customer's monetary value in the given lifecycle ($p<.001$), with frequency of purchase has the strongest effect and average waiting time has the weakest effect. In other words, on average, a customer's monetary value would be higher if she purchases more frequently, has a larger variety in her assortment, remains active for a longer period of time, and waits less time before making another purchase.

In addition, it is also found that the variety in assortment is strongly correlated with customer's lifecycle span ($r=.562$, $p<.001$) and frequency of purchase ($r=.628$, $p<.001$), but less so with the average waiting time between two orders. This is in line with the intuition that a demand for variety will drive the customer back to the site and make further purchase. Variety is indeed a factor that attracts repeat purchase. However, a limitation to the analysis and interpretation is that we use a very simple linear model to explore the relationships, and although the results are significant, the model fitness is not high. In the future, we could use nonlinear models that fit better the more detailed theoretical specifications of the relationships and mechanisms.

It is not surprising that the more frequent the visit of a customer, the higher the average amount of the acquired assortment, and as a result, the higher the amount of the accumulated assortment. However, it is still unclear which factors drive the frequency and average basket monetary value of a customer.

We only use variety in this early-stage study. In the future, it would be interesting to know how other properties of assortment can be related to the customer lifecycle value.

Conclusion

How to identify valuable customers and retain them has always been a major concern of marketing managers. In this paper, we explore the challenges to the traditional customer lifetime value paradigms and offer an extension of the concept, on basis of which build a preliminary conceptual model around the drivers for customer value and empirically test it. Our results suggest that there is a relationship between assortment characteristics, in particular variety in the assortment, and the CLV-related behavioral characteristics.

Although using customers' past behavior characteristics to estimate the future transactions could be problematic, factors such as recency and frequency are still relevant indicators of valuable customers. Hence our preliminary examination of relationship between characteristics of acquired assortment and the RFM paradigm contribute to the literature in the following ways. First, facing with large amount of choices, the customer lifecycle value is more relevant concept than customer lifetime value. Second, the recency feature can be substituted with "momentum" measures, which are shown to be reasonably good predictors for the monetary value contributed by a customer. This extension builds on existing knowledge while providing new insights for the mechanism. To this extent, the previously suggested recency-related marketing implications such as periodical reminder of customers to come back to the website for a visit could still be useful. Third, diversity and frequency are not independent with each other, rather, the higher the diversity, the higher the probability of the customer to come back for a revisit. This can be explained as that the assortment (variety)

value proposition of the website has been recognized by the customer and is therefore translated into willingness-to-shop at the e-tailer.

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A Marketing Systems View of the US Housing Crisis

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Introduction

What is usually referred to as *the* housing market is in reality a system of multiple, specialized, interconnected markets. This paper examines the role of this system in precipitating the US housing crisis. The marketing system under consideration here is a network rather than a channel. That is, it represents shared participation rather than sequential exchanges, and many of the actors play facilitating roles (Layton 2008).

The paper represents a case study of a particular market network at a particular point in time. While some points are capable of generalization to marketing systems overall, the focus is on specific aspects of the US housing market. The paper first sets out the basic market actors, and then outlines the dynamic changes that lead to the crisis.

A Network of Markets

This section outlines the interconnected set of markets that are typically involved in the US housing market. These are described in their approximately pre-boom state. The following section will give an overview of the dynamics which resulted in the subsequent crash. In the present section, markets will be characterized in terms of flows of ownership and payment, possession, information, finance and risk (Fisk 1967).

The *primary* market to be considered is the exchange between a homeowner and a home buyer, that is, the basic supply and demand factors in housing transactions. Sellers include both existing homeowners and new-home builders. In the early 2000's, low interest rates stimulated an increase in demand for homes that would continue for several years. Flows in the primary market involve mainly ownership and possession.

The sale/purchase of a home is a relatively complex exchange as compared with most consumer purchases, and typically requires the services of a number of specialized agents in order to complete the transaction. These *real estate facilitation* markets are comprised of a number of different types of services. Several types, such as real estate agents, brokers and title-search firms, are not implicated in the crisis and will not be further examined. Other types, such as appraisal firms, do seem to have aggravated the crisis and will be discussed in the following section. Facilitators are primarily involved in information flows.

Most home buyers lack the financial wherewithal to purchase a home outright, but most sellers wish to be paid at the time of the sale. The resultant need for a loan to the buyer creates a special type of facilitation: the *mortgage* market. In the mortgage market, demand comes from homebuyers and supply comes from financiers. As Cox, Goodman and Fichandler (1965) point out, the need for financing is closely connected with the issue of time. The fact that the lender will not be completely repaid for a considerable length of time create risk. The mortgage market involves finance and risk flows.

Lastly, the mortgage business is itself a relatively complex undertaking which requires specialized agents. Thus there is a *mortgage facilitation* market, which includes mortgage brokers, personal credit scorers, mortgage servicers, mortgage aggregators, and secondary buyers. To the extent that mortgages are bundled and securitized, the facilitation market also includes investment banks and securities ratings agencies. If securitized, another market is created in which investment banks provide the supply and institutional investors provide the demand. In its most extended forms, the mortgage facilitation market involves flows of ownership, information, finance and risk. The amplification of risk is the subject of the following section.

Network Dynamics

As may be seen in the preceding, the US housing market is in reality a nexus of markets. In this highly interconnected network, change in one location may have consequences throughout the network. As Layton (2007) points out, impetus for change occurs when markets fail to offer what customers want. In this case, demands at two different points in the network had profound effects, both within and beyond the system.

First, in the *primary* market, more potential homebuyers wanted homes than could get approval for a mortgage. That is, actual home sales were lower than effective demand. In effect, the *mortgage* market was acting as a gatekeeper to home ownership, in addition to its role in providing finance flows. In the 1990's policy directives by the federal government, implemented by Fannie Mae and Freddie Mac, encouraged mortgage lenders to relax standards and provide mortgages to individuals with personal credit scores and incomes which would not have previously qualified them for a loan---the so-called subprime borrowers and subprime mortgages. With low initial payments followed by significantly increased payments, few of these buyers could hope to keep current in the long run (Sherman 2011). Demands by the increased number of home buyers occasioned a bubble of house prices: a continued increase in house prices along with refinancing was the anticipated solution for subprime borrowers.

Second, in the *mortgage facilitation* market institutional investors developed a sharply increased appetite for securitized mortgages. Because of low yields on more traditional fixed-income investments, and higher yields on mortgage securities, investor demand for the latter grew. Especially attractive from the standpoint of yields were securitized subprime mortgages, and demand for these escalated dramatically. An increased amount of subprime mortgages was demanded by investment banks, and mortgage brokers scoured the country to supply them. Heavy promotion, combined with predatory lending practices, brought a significant flow of under-qualified borrowers into the *primary* market.

The demand for subprime securities by institutional investors was met by a further lowering of lending standards. In this way, the *mortgage* market was ceasing to perform its traditional gatekeeping function. As noted above, flows in the *primary* market include ownership and possession. Lowered lending standards substantially increased the level of risk, specifically the risk of default. An intelligent assessment of risk is greatly facilitated by accurate information. However, in the *mortgage* market, some subprime loans were granted without documentation of ability to pay ("liar's loans"). In the *real-estate facilitation* market some appraisals of expected home value were knowingly inflated. In the *mortgage facilitation* market, ratings of the quality of subprime securities were unrealistically high. The Financial Crisis Inquiry Commission (FCIC 2011) concluded that the glut of subprime securities and subsequent financial collapse would not have happened in the absence of high ratings supplied by ratings agencies. Further, it has become clear that the institutional

investors who bought the securities failed to understand in sufficient detail the nature of the products that they bought. What should have been flows of information in these markets was instead either misinformation or a lack of information.

When housing prices declined in 2006-7, the home equity and refinancing strategies of subprime borrowers became null. In the inevitable crash, even some prime borrowers quickly found themselves “underwater”--- their homes were worth less than their mortgages. Foreclosure is the result for many borrowers, both prime and subprime. The *primary* market is intended for flows of ownership and possession. Foreclosure has the effect of reversing these flows: ownership is transferred from ex-homeowner to lender, and possession is replaced by dispossession.

Governmental Influence

Various agencies of the federal government played roles in the housing boom and bust. From the 1990’s onward presidential administrations took steps to encourage homeownership among minority and lower-income families (FCIC 2011). For example the HUD (Housing and Urban Development) directed Fannie and Freddie to lower lending standards in order to better accommodate borrowers who would not previously qualified. Separately, for reasons of macroeconomic policy, the Federal Reserve maintained low interest rates which also had the effect of lowering mortgage payments.

Lack of transparency in securitized mortgages markets led regulators to believe that risk had been diversified when it had in fact been concentrated in the financial system (FCIC 2011). Meanwhile, a widespread belief in the self-correcting nature of markets among governmental officials, including those at the Fed, lead to non-utilization of extant powers to improve lending standards (Morganson and Rosner 2011). Governmental influence touched the US housing market network in the *primary* market, the *mortgage* market and the *mortgage facilitation* market. Overall, the US housing market exhibited elements of both market failure and regulatory failure (Carman and Harris 1986).

Discussion

Marketing systems are open systems, interacting with other spheres of activity (Wilkie and Moore 1999). The US housing market is a networked system of interconnecting markets which, taken together, is both dynamic and large. Being dynamic, it responds to changes as well as causing changes (Dixon 1984). That is, society affected the marketing system and the marketing system affected society. In this case, demand for housing and demand for investments resulted in a systemic response which altered fundamental properties of the system. The altered system, in turn, amplified risk in a way which was not fully appreciated within or without the market. Securitized mortgages and associated derivatives gave the appearance of diversifying risk, when in fact risk had been concentrated at key points in the financial system (FCIC 2011). When the bubble burst, the ramifications were both economic and social.

Being large, the ramifications are far-reaching in scope and significant in impact. The collapse of house prices has caused widespread foreclosures and personal bankruptcies. The Great Recession has contributed to persistently high unemployment in the US and elsewhere. The housing crash is directly tied to the financial crisis which has had profound consequences for financial and governmental institutions around the world.

The term “facilitation” would seem to imply bit-part actors, in contrast to the main value-adders in the marketing network. Nevertheless, the question must be asked: did the

mortgage facilitation market come to dominate the US housing market? Viewed from the standpoint of financial distress, the answer would seem to be yes. Investments in securitized subprime mortgages carried the impacts of unwise decisions far and wide. It seems unlikely that activities in the *primary* and the *mortgage* markets alone could have caused such extensive financial damage. If so then this is an example of a network run amok, a system which was neither self-regulating nor adequately regulated by outsiders.

It may be hoped that the Federal Reserve takes its supervisory role in the banking system more seriously and proactively in future---surely one seeks to avoid making the same mistake twice. Unfortunately, the Dodd-Frank Finance Reform Act appears to offer little in the way of structural preventative measures against future abuses: the banks that were too-big-to-fail are now even bigger, leverage on collateralized debt has not been restricted, and many derivatives contracts and trading platforms remain far from transparent.

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“I like it, but I won’t buy it”: Exploring the Attitude-Behaviour Gap for Renewable Energy Adoption

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Scientists, politicians and macromarketers alike have come to realise that most existing energy systems are unsustainable and that progress towards sustainability will require significant changes in the production and consumption of energy (Press and Arnould 2009). One important change that would boost the sustainability of a society’s energy systems is the widespread adoption of renewable energy technologies for consumers, such as solar panels, solar water heaters, biomass-burning boilers, and micro wind turbines. Such renewable energy technologies have the potential to reduce societies’ dependency on carbon-based energy sources and to cut greenhouse gas emissions.

A green commodity discourse suggests the possibility that using green products would become a preferred pattern of consumption because the pursuit of a green lifestyle would be a prized accomplishment for consumers seeking status from such a pursuit (Kilbourne et al. 1997; Prothero and Fitchett 2000; Prothero et al. 2010). Prothero and Fitchett (2000, 53) for example argue that it is possible to use the green commodity discourse to help achieve ecological enlightenment and establish sustainable living as a lifestyle choice. Indeed, research shows that “conspicuous conservation” and status motives increase consumers’ desire for green products, especially when adoption is visible to others and is thus likely to positively influence adopters’ reputation (Griskevicius et al. 2009). A strategy for macromarketers and policy makers, by implication, would be to embark on social marketing campaigns that link sustainable products to status via, for example, celebrity endorsers or prestigious events.

But research also shows that consumers’ ecological awareness and growing preferences for sustainable products like renewable energies regularly fail to translate into sales. This widely acknowledged mismatch between articulated preferences for green product alternatives and consumers’ actual unwillingness to purchase is commonly referred to as the attitude-behavior gap (Peattie 2001). Marketers have argued that, if left unaddressed, this gap “will continue to frustrate producers of sustainable product alternatives who rely on traditional attitudinal market research methods, only to find that actual demand often falls short of their initial projections” (Prothero et al. 2011).

However, little is known about the gap between positive attitudes and consumers’ actual unwillingness to purchase, highlights the need for further research in this area (Prothero et al 2011). In particular, it is unclear why positive attitudes fail to translate into purchase behaviour. In other words, why do consumers’ claim to like it but won’t buy it? Additional research is now required to understand how consumers’ “reasoning” affects their attitudes and purchase decisions (Westaby 2005; Briggs, Peterson, and Gregory 2010). Understanding the interplay between consumers’ values, attitudes and rational reasoning is vital for macromarketers as it holds important implications for marketing strategy as well as the

adjustment of market structures, provision of incentives, and implementation of regulations (Press and Arnould 2009, 102).

The next sections review the paramount role of renewable energy adoption in the trajectory towards more sustainable energy production and consumption. The authors then outline how the adoption decision has been conceptualised in the relevant literature and discuss the influence of reasoning in relation to values and attitudes. Next, a conceptual model is proposed, which is based on Behavioural Reasoning Theory (BRT; Westaby 2005) and research hypotheses are presented. The model is tested using a consumer sample of $n=254$ house owners in Ireland. Finally, the results of the empirical analysis are presented, and implications for macromarketers and public policy makers are discussed.

Background

The available scientific evidence suggests that human impact on the environment has reached levels that impose serious constraints on our future ability to meet our basic needs (UN 2005; UN 2006). While the human population is growing exponentially and with it the demand for carbon-based energy sources, we concurrently experience an accumulation of greenhouse gases in the earth's atmosphere at a rate that is changing the climate. Over the past century the level of greenhouse gases (including carbon dioxide, methane, nitrous oxides and a number of gases that arise from industrial processes) in the atmosphere rose from about 280 parts per million (ppm) CO_2 to 430 ppm (Stern 2007). The scientific consensus confirms that as a result, incoming energy from the sun is trapped, causing the average global temperatures to rise, leading to potentially cataclysmic changes in our climate.

Household energy consumption provides one of the greatest potentials to reduce overall energy demand and greenhouse gas emissions. For example, in the United States households account for 27% of total primary energy requirements and for about 41% of energy-related CO_2 emissions (Bin and Dowlatabadi 2005). In Ireland, where this research was conducted, households account for about 25% of total energy consumption and 26% of CO_2 emissions (O'Leary et al. 2008).

Diffusing renewable energies through mainstream markets, however, requires marketing campaigns and public policies, which are grounded in a thorough understanding of consumers. According to the green commodity discourse, consumers today are more eco-conscious than at the start of the new millennium and are "going green" on a much larger and more in-depth level. In other words, "green is the new black" and products like locally-sourced foods, hybrid cars or renewable energy systems have become an expression of green lifestyle choices (Prothero et al. 2010). This is also reflected in a growing body of literature around energy conservation, which contends that increasingly positive attitudes and changing ecological values explain a great amount of variation in pro-environmental behaviours like adoption of renewable energies (e.g. Bang et al. 2000; Hansla et al. 2008; Paladino and Baggiere 2007; Pollard et al. 1999; Steg et al., 2005).

However, marketers face a conundrum as consumers' reported positive attitudes towards green products regularly fail to translate into significant sales. As a result, many sustainable products face slow rates of diffusion in mainstream markets (Prothero et al. 2011). Bonini and Oppenheim (2008, 56) for example report that organic foods only account for approximately 3% of overall food sales in the US, while green detergents and hybrid cars account for about 2% of sales in their respective markets. Studies have also shown that despite a widely articulated interest in locally produced or grown food, only a small proportion of consumers actually seek out locally sourced food alternatives (Sapp and Korsching 2004). Renewable energies have been languishing for years in the chasm between

early adopters and mainstream markets and are often dependent on policy support in the form of subsidies or tax incentive (Claudy et al. 2011). Thus, the impression arises that marketing of green products is significantly underachieving (Peattie and Crane 2005).

Although widely acknowledged, little is known about the factors that cause the mismatch between consumers' reported positive attitudes and their actual unwillingness to purchase, providing a clear mandate for further research in this area (Prothero et al. 2011). Blake (1999) for example argues that the gap between values or attitudes and behavior does not constitute a void but should rather be interpreted as being 'clogged up' with barriers, which prevent consumers from enacting pro-environmental behaviours. This is also in line with Ottman et al. (2006) who argue that perceived sacrifices in terms of convenience, costs, or performance and a lack of trust in environmental benefits prevent consumers from purchasing green products. In the domain of energy conservation, Gupta and Ogden (2009) found that a significant influence of reference groups and a perceived lack of efficacy partly explained the gap between attitudes and behaviours. However, little is known about the actual mental processing and reasoning behind purchasing green products like renewable energy systems.

Literature

Consumer response to sustainable products like renewable energy systems has long been identified as a top research priority in marketing (cf. Prothero et al 2011). In a comprehensive meta-review Peattie (2010) broadly subdivides green consumer behaviour research into studies rooted in marketing, which examine consumer intentions and behaviour, and research rooted in industrial ecology and environmental economics, which are primarily concerned with ecological outcomes of green consumer behaviours. This research clearly falls into the former category, since it aims to empirically investigate consumers' attitudes towards adopting renewable energy technologies.

According to Stern (2005) the adoption of renewable energies can be defined as personal or private sphere behaviour, which includes the purchase, use and disposal of personal and household products that have an environmental impact. The purchase of renewable energy systems and their usage has a direct environmental impact (as opposed to for example voting 'green') as it reduces CO₂ emissions and is likely to trigger behavioural change and reduce energy consumption. However, effects on the macro level are only noticeable in the aggregate, i.e. when many consumers adopt renewable energy technologies.

Macromarketers and public policy makers are interested in factors that motivate pro-environmental behaviours and ultimately societal change. Researchers have developed models that serve as heuristic devices to explore particular types of green consumer behaviour and the factors that shape them. The literature broadly distinguishes between *contextual* influences and *personal* factors that shape green behaviours (Stern 2005; Jackson 2005; Peattie 2010). According to Jackson (2005) external conditions relate to factors like institutional constraints, social norms or the availability of fiscal or regulatory incentives, which can either facilitate or constrain pro-environmental behaviours.

A term regularly used in this context is 'lock-in', referring to the external conditions, which circumscribe consumers' options to exercise certain behaviour (Press and Arnould 2009). This implies that external constraints can "leave little room for personal factors to affect behaviour" (Stern 2005, 10786). Personal influences on the other hand relate to attitudinal factors, personal capabilities and habits or routines (Stern 2005). They are of

particular interest to policy makers and macromarketers when contextual factors cannot be changed and personal factors may provide the only levers on behaviour.

Adoption-decision

In the literature, consumers' response to innovation has traditionally been conceptualised as the adoption decision process and is often referred to as a hierarchy of effects model (Gatignon and Robertson 1991). Rogers (2003 [orig. pub. 1964], p. 163) describes the innovation adoption process as "the process through which an individual or other decision-making unit passes from first knowledge of an innovation, to forming an attitude toward the innovation, to a decision to adopt or reject, to implementation of the new idea, and to confirmation of this decision." The adoption of an innovation can thus be seen as the outcome of a cognitive process, which involves information search and processing on the part of the consumer (Gregan-Paxton and John 1997).

The majority of research has focused on the persuasion and decision stages, aiming to understand factors that determine consumers' adoption decisions (Gatignon and Robertson 1991; Im et al. 2003; Rogers 2003 [orig. pub. 1964]; Moore and Benbasat 1991). Overall, attitudes are seen as a key predictor of adoption decisions (e.g. Cowles and Crosby 1990; Dabholkar 1996; Bruner and Kumar 2005; Dabholkar and Bagozzi, 2002). Yet, in the context of sustainable products this relationship seems to dissolve, raising critical questions about the usefulness of conventional adoption models in the context of green products. This study provides an overview of conventional models of adoption behaviour and discusses how these frameworks have widely omitted consumers' reasoning when adopting renewable energy systems.

Adoption models

Kaiser et al. 2005 argue that "despite the diversity of the specific applications of its models and despite the heterogeneity of the scientific endeavours, attitude-related theorising has converged into two frameworks for the understanding of conservation behaviour [like renewable energy adoption]: (a) the value-belief-norm theory (Stern 1999); and (b) the theory of planned behaviour (Ajzen, 1991)." While the former focuses on values and moral norms, the latter is grounded in self-interest-based and rational-choice-based deliberation.

According to value-belief-norm theory, (VBN) moral and general altruistic considerations are the key explanatory variables of pro-environmental behaviour. VBN builds upon earlier work of Schwartz's (1977) norm-activation theory, which has been applied to various pro-environmental behaviours like recycling or exploring alternatives to car use (Bamberg 2006; Black et al. 1985) or electric vehicles (Jansson et al. 2011). It presumes altruistic values and that these, together with other values, underlie an individual's personal norm (i.e. sense of obligation). Stern (2005, 10788) summarises that "the model suggests that it is possible to influence individual behaviour, within the limits set by the context, habits, personal capability, and the like, by making people aware of the consequences, particularly adverse ones, for things they value, and by showing them that their personal behaviour is important enough to make a difference."

However, the quote clearly suggests that the explanatory power of altruistic values might decline in situations where individuals are faced with external constraints (e.g. availability, social norms) or experience limited personal capabilities (e.g. financial resources, specific knowledge or ecological literacy). Thus, values might only be of limited use to explain pro-environmental behaviours, which are characterised as high-effort, high-cost, and high-involvement decisions. Yet, many green innovations like renewable energy systems are

costly and high-involvement products, and the adoption decision is likely to require consumers to rationally evaluate pros and cons as well as potential (external) barriers, limiting the explanatory power of the VBN theory.

Consequently, many innovation researchers have utilised the theory of planned behaviour (TPB; Ajzen 1991) to investigate the influence of personal factors on consumers' adoption decisions (e.g. Kaiser et al 2005; Paladino and Baggiere 2008; Schwartz and Ernst 2008). The TPB has its roots in social psychology and research around attitude formation. A class of theories commonly referred to as expectancy-value models (Fishbein 1963, Rosenberg 1956) provide a theoretical link between evaluative criteria and the concept of attitude. TPB suggests that people evaluate the consequences of alternative behaviours (i.e. adopt, not adopt) before engaging in them, and that they choose to engage in behaviours they associate with desirable outcomes (Bang et al. 2000). The TPB suggests that the intention to adopt an innovation is influenced by person's global motives like their attitude towards the product, their subjective norms, and consumers' perceived behavioural control. Generally, TPB predicts that the stronger each factor, the higher a person's intention or willingness to perform the behaviour. Further, these global motives are in turn influenced by people's behavioural beliefs (i.e. about outcomes of behaviour), normative beliefs (i.e. how relative others view the behaviour) and control beliefs (i.e. how difficult the behaviour is to perform) respectively.

However, these concepts have received relatively little scholarly attention and "behavioural intention models have not theoretically addressed if or how 'reason' concepts provide unique insight into motivational mechanisms" (Westaby 2005, 97). It is important to stress that "beliefs" and "reasons" are conceptually different in that reasons are context-dependent cognitions, whereas beliefs are more broadly construed and are not restricted to the context of the behavioural explanation (Westaby and Braithwaite 2003). We contend that *Behavioural Reasoning Theory (BRT)* would facilitate a deeper comprehension of the attitude-behaviour gap, and serves as a novel framework to evaluate how consumers' reasoning influences their attitudes and intentions to adopt renewable energy systems.

Conceptual Framework

Behavioral Reasoning Theory (Westaby 2005) states that functional motives (i.e. reasons) for individuals' behavior serve as an important link between people's values, global motives (attitudes, subjective norms and perceived behavioral control), intentions and behavior. According to the theory, reasons impact on global motives and intentions because "they help individuals justify and defend their action, which promotes and protects their self-worth (Westaby 2005, 98)". In the BRT model, values and reasons applicable to specific contexts (i.e. renewable energy adoption) are considered to be the cognitions used by individuals to form attitudes. "[R]easons are defined as the specific subjective factors people use to explain their anticipated behavior" (Westaby 2005, 100).

In line with past theory, BRT hypothesizes that intentions are strong predictors of people's behavior, and that behavioral intentions are in turn predicted by global motives. However, the main difference is that according to BRT, reasons serve as a partial mediator between individual values and attitudes towards a behavior. That is, reasons predict global motives via justification and defense mechanisms and are also believed to influence intentions directly beyond the explanation of global incentives. Several other psychological theories confirm that people use reasoning to support the acceptability of decision alternatives, defend and justify their actions and pursue particular goals (Greve 2001; Pennington and Hastie 1993). "Reasons are further theorized to have two broad sub-dimensions: "reasons for" and

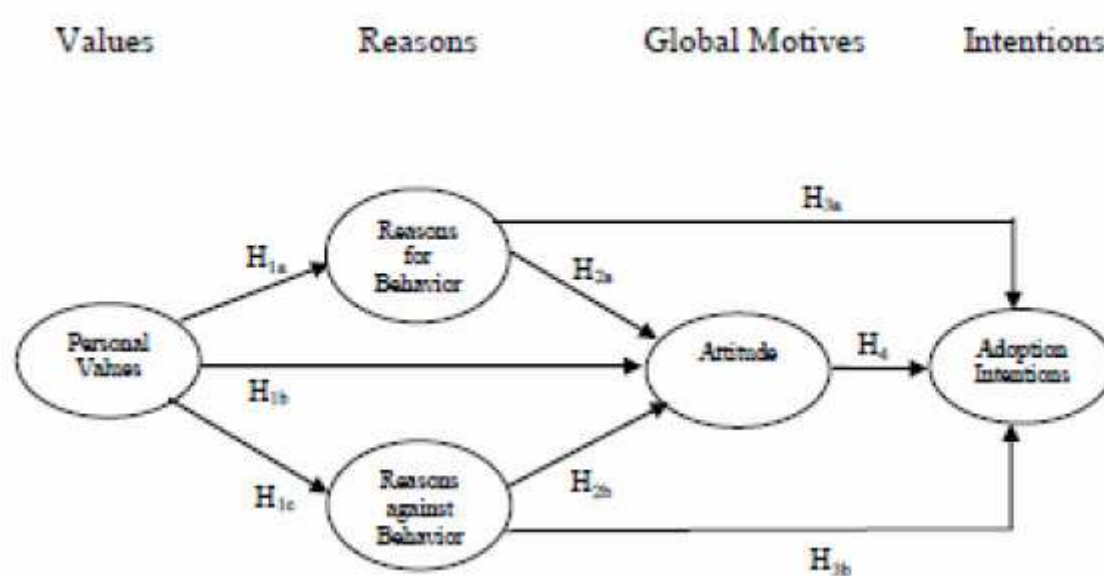
“reasons against” performing a behavior” (Westaby 2005, 100). Yet, reasons do not exist independently from people’s value, which are hypothesized to influence people’s reasoning as well as their global motives.¹

The main focus of this study lies on how reasons for and against adopting renewable energy systems influence → consumers’ attitudes and their → intentions to adopt. The evaluation of consumers’ reasoning is expected to shed light on the widely observed but under-researched phenomenon of consumers failing to adopt green products toward which they have positive attitudes.

Hypotheses

Research suggests that consumers’ reported attitudes for green products sometimes yield inaccurate predictions of adoption. For instance, a study conducted under the United Nation Environment Programme (UN 2005) found that 40% of consumers would be willing to purchase green products, but only 4% actually buy green products. Global motives may thus be only of limited use to predict the uptake of renewable energies. Understanding people’s reasoning, i.e. the factors for and against adopting renewable energy systems, might prove more useful to disentangle the relationship between attitudes and adoption decisions.

Figure 1
Conceptual Model of the Study



To gain a more complete understanding of the reasoning process consumers employ when considering the adoption of renewable energy technologies, this study develops a conceptual model of consumers’ psychological processing in such adoption situations. Figure 1 depicts this conceptual model.

Values → Reasons, Global Motives

BRT proposes that reasoning does not happen independently from people’s values. The literature suggests that factors like environmental concern or altruism are likely to

¹ For a more comprehensive overview of BRT see: Westaby 2005

positively affect attitude and hence intention to adopt (e.g. Bang et al. 2000, Nyrud et al. 2008, Olofsson and Öhman 2006; Paladino and Baggiere 2007). This is also in line with Schwartz's value-belief-norm theory, which suggests that people who, for example, care for the environment are more likely to believe in the positive environmental consequences that will result from adopting renewable energy (e.g. Schwartz 1977). Instead of investigating specific values, in this study we focus on consumers' perceived compatibility with their values and world views. For example, genetically modified (GM) foods often conflict with people's values and as a result consumers associate adverse health and environmental impacts with GM foods (Klerck and Sweeney 2007). However, in societies where GM food is broadly compatible with people's values, reported reasons for purchasing GM foods generally outweigh the risks, and consequently adoption rates are high (Cook et al. 2002). We thus argue that

H_{1a} = Perceived value compatibility will positively influence consumers' reasons to adopt renewable energy systems;

H_{1b} = Perceived value compatibility will positively influence consumers' attitude towards adopting renewable energy systems, and

H_{1c} = Perceived value compatibility will negatively influence consumers' reasons not to adopt renewable energy systems.

Reasons → Global Motives, Intentions

As discussed above, reasons are theorized to consist of two broad sub-dimensions, including reasons for and reasons against behavior. In the context of renewable energies, researchers have most commonly used generic beliefs in regard to product characteristics (cf. Rogers 2003 [orig. pub. 1964]). For example, in an early study on solar panels, Labay and Kinnear (1981) found that adopters associated more advantages, lower complexity and higher compatibility with the technology than non-adopters. Berkowitz and Haines (1980) found similar results for solar water-heating systems. A more recent study by Schwartz and Ernst (2008) found that consumers' beliefs in regard to compatibility, trialability and relative advantage all had a significant impact on the adoption of innovative water saving devices. Other studies have shown that beliefs in regard to reliability (Bang et al. 2000) or image and ease of use (Schwarz and Ernst 2008) have a significant influence on consumers' attitudes, and ultimately adoption decisions. Generally, the results seem to suggest that positive (negative) beliefs about a new product have a positive (negative) influence on attitudes and adoption decisions.

However, these broadly construed beliefs about general product characteristics might only inaccurately reflect the reasoning, which underlies consumers' attitudes and adoption intentions. According to Westaby (2005) reasons are more specific cognitions connected to a behavioural explanation, i.e. adopting a renewable energy system. Beliefs on the other hand are not restricted to the context of behavioural explanation and can, for example, reflect consumers' opinion about renewable energies in general. Reasons are thus more narrowly focused on the cognition people use to explain their behaviour and should be elicited directly in relation to the behaviour in question (see next section).

BRT suggests that the influence of consumers' reasoning affects their adoption intentions both directly and indirectly (via attitudes). This means that consumers' reasoning should result in positive or negative attitudes and ultimately purchase intentions. Regarding the link between reasoning and attitudes we propose the following hypothesis:

H_{2a} = Reasons for adoption will positively influence consumers' attitudes towards adopting a renewable energy system.

H_{2b} = Reasons against adoption will negatively influence consumers' attitude to adopt a renewable energy system.

However, in the context of renewable energies positive attitudes appear insufficient to trigger adoption decisions. Within the framework of Behavioural Reasoning Theory, reasons for adoption might have a relatively greater influence on attitudes than reasons against adoption. For example, people might overstate their positive attitudes due to issues of "social desirability" (Robertshaw 2007). We therefore put forward the following proposition:

P₁ = Reasons for adoption have a relatively greater influence on attitudes than reasons against adoption.

Highlighting the influence of cognitive reasoning in the processing of behavioural intentions, BRT proposes a direct influence of reasons on intentions. Again, we would expect that reasons for adoption would positively influence consumers' intention to adopt. Accordingly, this study includes this direct linkage between reasons and intentions in the following hypotheses:

H_{3a} = Reasons for adoption will positively influence consumers' intentions to adopt a renewable energy system, and

H_{3b} = Reasons against adoption will negatively influence consumers' intentions to adopt a renewable energy system.

Yet, the attitude-behaviour gap suggests that reasons for adoption are insufficient to trigger purchase intentions. Reasons against adoption might thus have a greater influence on intentions than reasons for adoption, which might result from "loss aversion", i.e. consumers weigh potential costs of adoption higher than potential benefits (Kahneman and Tversky 1974, Samuelson and Zeckhauser 1988). We would thus expect to find that

P₂ = Reasons against adoption have a relatively greater influence on adoption intentions than reasons for adoption.

Global Motives → Intentions

Attitudes are clearly one of the most significant predictors of adoption behaviour (Bagozzi et al., 1992). Wiser (2003) for example estimated U.S households' willingness to pay (WTP) for green energy and found that including attitudinal factors improved the accuracy of predicting adoption significantly. In a survey of Swedish households, Hansla et al (2008) found that positive attitudes were the main predictor of buying green electricity. Paladino and Baggiere (2007) also showed that attitudes had a great impact on Australian households' intention to adopt electricity from renewable energy source. Broadly in line with these findings, a WTP study conducted by Batley et al. (2000) shows that willingness to pay more for green electricity in the UK could be explained by people's attitudes. We propose the following hypothesis:

H₄: Consumers' attitudes will positively influence their intention to adopt a renewable energy system.

In the following section we outline the methodology and data analytical steps that were necessary to test the above proposed hypotheses.

Methodology

Data necessary to test the above specified hypotheses were collected in two steps. In a first step, an exploratory qualitative study was conducted to elicit specific reasons for and against adopting renewable energy systems. The findings were evaluated and converted into (existing) multi-item scales, which were initially pre-tested ($n=100$) and revised accordingly. In a second step, a large-scale survey was conducted by a professional market research company via computer-assisted telephone survey with $n=254$ house owners in Ireland. The renewable energy technology of enquiry was photovoltaic panels, commonly known as solar panels. In Ireland about 80 percent of the population are aware of solar panels (Claudy et al. 2010) but less than .01 percent of the population have actually adopted them (SEAI 2010).

Elicitation of reasons

In order to elicit the reasons for and against adopting solar panels a series of semi-structured 30 minute interviews were conducted with a convenience sample of $n=20$ adult home owners in Ireland (Kvale 1996). The sample consisted of an almost equal number of men and woman and was spread across different age groups and income categories. Using similar procedures to Richins and Dawson (1992), the researchers transcribed the interviews and elicited the most frequently mentioned reasons for and against adopting solar panels. The findings clearly showed that *energy cost savings* ($n=17$), *environmental benefits* ($n=13$) and *independence from conventional energy sources* ($n=11$) were key reasons for home owners to adopt renewable energies. The findings were in line with previous research (e.g. Hübner and Felser 2001; Nyrud et al. 2008; Schwarz and Ernst 2008). Main reasons against adopting a renewable energy system were *initial capital costs* ($n=19$), *complexity in regard to understanding and using the technology* ($n=14$) and *uncertainty regarding the performance of renewable energies* ($n=12$). Again, our findings were in line with earlier studies around renewable energy adoption (e.g. O'Doherty et al. 2008; Schleich and Gruber 2008; Scott 1997).

Sampling

In a next step a large-scale telephone survey was conducted with house owners in the Republic of Ireland, who were aware of the technology in question and who were partly or fully responsible for making financial decisions regarding the house they currently live in. The aim was to estimate house owners' intention to purchase solar panels, understand their attitudes and reasons for and against adopting, as well as their perceived compatibility with personal values.

Table 1: Comparison of Samples with Population of Irish House Owners (%)

Variable		Solar Panels (n=254)	Population of Irish Home Owners
Gender	Male	46.7	50.0
	Female	53.3	50.0
Age Groups*	15-24	2.6	20.0
	25-34	12.8	
	35-44	23.3	
	45-59	33.0	45.0
	60+	28.2	
			35.0
Region	Dublin	20.7	24.0
	Rest of Leinster	30.0	28.0
	Munster	28.2	28.0
	Connacht/Ulster	21.1	20.0

*The population data for home owners in Ireland stem from the market research's company's own calculations and data from the Central Statistics Office (CSO) in Ireland. Further, the age categories for the population data are 35-54 and 55+ cannot be compared directly.

A quota-sampling approach was utilised to identify the respective group of house owners within the overall population. The quotas were based on region, gender and age to ensure an overall approximation of the overall population (Table 1).

Measures

Measures of the latent constructs are all previously validated scales and were measured on five-point Likert scales, stretching from strongly agree (1) to strongly disagree (5), including a neutral midpoint (Cox 1980). In order to measure the global motive attitudes as well as intentions we utilised commonly applied scales from the theory of planned behaviour (e.g. Ajzen 1991; Kaiser et al. 2005). To measure compatibility with values we adapted a scale by Karahanna et al. (2006). Reasons for and against behaviour were first elicited via the above outlined exploratory study. In a next step we converted existing belief scales (Moore and Benbasat 1991; Schwarz and Ernst 2008; Dholakia 2001; Stone and Grønhaug 1993) in order to measure people's specific reasons for and against adopting renewable energies. All items were measured on five-point Likert scales, stretching from strongly agree (1) to strongly disagree (5).

Table 2: Correlations among Latent and Manifest Variables

Construct	1	2	3	4	5	6	7	8	9
1. Intention	1								
2. Attitude	.34*	1							
3. Environmental Benefit	.17*	.53*	1						
4. Independence Benefit	.15*	.43*	.60*	1					
5. Economic Benefit	.28*	.64*	.76*	.62*	1				
6. Initial Cost Barrier	-.19*	-.08	-.05	-.04	-.02	1			
7. Complexity Barrier	-.14	-.13	-.1	.09	-.09	.14	1		
8. Risk Barrier	-.16*	-.13	-.06	-.06	-.07	.24*	.36*	1	
9. Value Compatibility	.18*	.47*	.50*	.40*	.48*	.01	-.23*	-.1	1
Mean	1.62	3.56	4.07	3.44	3.50	3.63	2.44	3.18	3.75
Variance	1.39	1.94	1.55	1.87	1.91	2.02	1.81	1.64	1.67

*indicates correlation is significant at $p < .05$.

Table 2 shows the correlation as well as the mean and standard deviation of the latent variables. The composite reliability and average variance extracted as well as the factor loadings for individual items are presented in Table 3. The findings show that the scales exhibit good measurement properties, with composite reliabilities exceeding the critical value of .7 (Jöreskog 1971). With the exception of two measures, the average variance extracted (AVE) exceed the .5 threshold, thus indicating the measures' convergent validity (Bagozzi and Yi 1988). The results from the CFA show that all path loadings are significant at the 5% level and exceed the critical threshold of .6. Also, no cross-loadings could be detected. The fit statistics for the measurement model are good and provide additional evidence for reliability and validity (Bollen, 1993).

Table 3: Scale Items, Construct Reliabilities and Std. Factor Loadings²

Intentions (CR = .87; AVE = .77)	
Intend to purchase within the next 12 months	.91
Likely to purchase within the next year	.90
Global motives	
Attitudes (CR = .74; AVE = .49)	
Would be very good	.82
Offer a lot of advantages	.90
Add a lot of value	.69

² Notes. CR= composite reliability; AVE= average variance extracted. Fit indices (Measurement Model): CFI=0.98; NFI = 0.94; IFI = 0.98; GFI = 0.90; RMSEA=0.044; χ^2/df = 1.49

Reasons for adoption***Economic benefit*** (CR=.76; AVE=.52)

Reduce monthly energy bill	.84
Spend more money on other things than energy bill	.83
Make a profit	.79

Environmental benefit (CR=.81; AVE=.67)

Reduce greenhouse gases	.85
Improve local environment	.90

Independence benefit (CR=.78; AVE=.55)

Independence from energy providers	.86
Being self-sufficient	.92
Reduce dependence on oil or gas	.68

Reasons against adoption***Initial cost barrier*** (CR=.78; AVE=.54)

Don't have the money	.76
Would find it a financial strain	.91
Initial cost would be too high	.86

Risk barrier (CR=.77; AVE=.52)

Worry about how reliable and dependable	.93
Worry about ongoing maintenance	.75
Worry about not providing expected benefits	.71

Complexity barrier (CR=.69; AVE=.43)

Very complex products	.74
Difficult to use and understand	.72
Require a lot of knowledge	.77

Values compatibility(CR=.84; AVE=.63)

In line with own personal values	.89
Fits personal world view	.83
Consistent with own way of life	.87

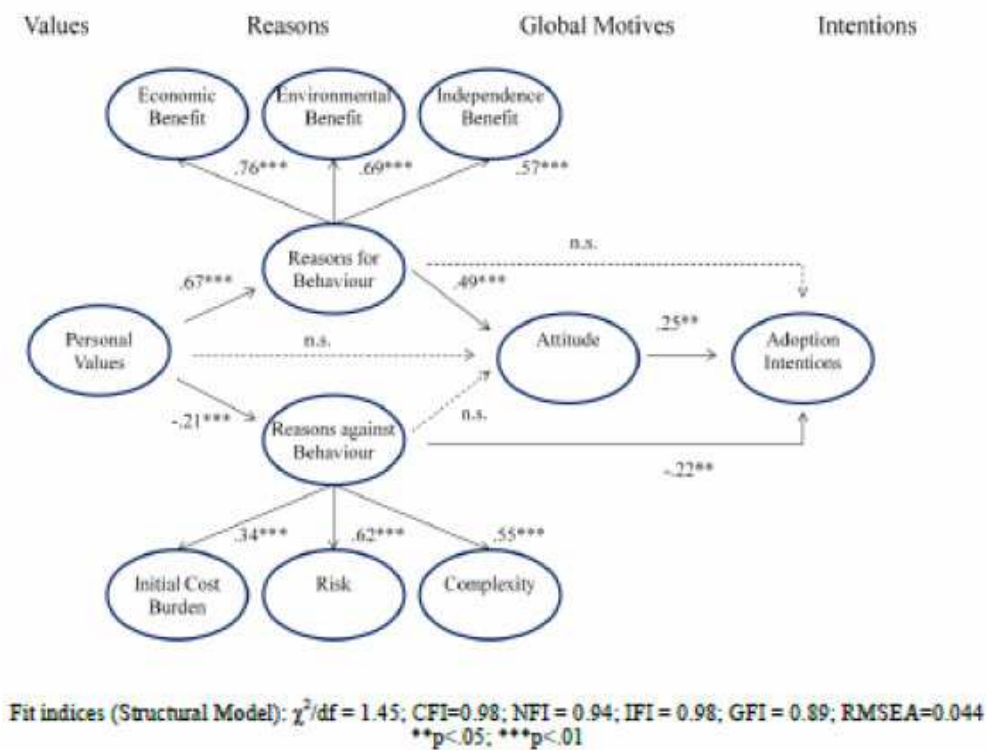
To test the discriminant validity of the latent variables we conducted three tests regularly used in the literature (e.g. Cannon et al. 2010). In the first test, we calculated the 95% confidence intervals around the estimated correlations between the latent constructs. The results were all significantly below 1.0 and thus demonstrate the constructs discriminant validity. Second, we conducted a number of nested model comparisons by constraining correlations between pairs of latent constructs to 1.0. χ^2 difference tests were significant for each model pair, providing further evidence for discriminant validity. Following a more rigorous test suggested by Fornell and Larcker (1981), in a last step we calculated the average variance extracted and found that it exceeds the squared correlation between all pairs of latent constructs. Overall, all pairs of constructs passed these tests providing strong evidence of discriminant validity of the latent variables (Gerbing and Anderson 1988).

Hypothesis testing

The above specified hypotheses around consumers' values, reasons, attitudes and intentions were tested via structural equation modelling in Lisrel 8.8 (Bollen 1989). As discussed above, the structural relationships between the latent variables were developed on the basis of Behavioural Reasoning Theory and aimed to further investigate the reasoning, which underlies consumers' attitudes and adoption decisions. Reasons for and against behaviour were modelled as second-order factor constructs, which are regularly used when seemingly distinct but related constructs underlie a common higher order construct (DeYoung et al. 2002; Hills and Argyle 2002). In other words, second-order models can be applied when lower order factors correlate with each other (see Table 1) and when a theoretically justifiable higher factor (i.e. reasoning for and against behaviour) exists, which accounts for the relations among the lower order factors (i.e. specific reasons). "In comparison to first-order models with correlated factors, second-order factor models can provide a more parsimonious and interpretable model when researchers hypothesize that higher order factors underlie their data" (Chen et al. 2009, 472). The structural model, including the results of the hypothesized paths and significant paths are presented in Figure 2. Overall the findings suggests that the specified structural model fits the data well and that the overall model fit was good with $\chi^2/df = 1.45$, CFI=0.98, NFI = 0.94, IFI = 0.98, GFI = 0.89 and RMSEA=0.044. The study found that value compatibility is a significant precursor to the reasons consumers use to justify and support their reasoning. Value compatibility significantly reinforced positive reasoning (.67; $p < .01$), but negatively influenced reasons against adoption (-.21; $p < .01$). These findings provide support for H_{1a} and H_{1c}. However, the study found no significant direct influence of values on attitudes. In this way, H_{1b} was not supported.

The results also suggest that reasoning generally influences people's attitudes and adoption intentions in the ways predicted. Reasons for adoption have a positive influence on consumers' attitudes (.49; $p < .01$), but no influence on adoption intentions. In this way, the study found support for H_{2a}, but not H_{3a}. Conversely, the study found that reasons against adoption had a significant negative influence on adoption intentions (-.22; $p < .05$), but no significant effect on attitudes. In this way, the study found support for H_{3b}, but not H_{2b}. As expected, the results suggest that attitudes have a significant (.25; $p < .05$) influence on consumers' adoption intentions (H₄).

Figure 2: Significant Path in Structural Model



Overall, the study found general support for the proposed model as the standardized path coefficients for five of the eight proposed structural linkages between constructs in the model had p-values less than .05. In this way, the study obtained support for five of the eight hypotheses of the proposed model.

More importantly however, the results support our supposition that an explanation for the attitude behaviour gap can be found in consumers' reasoning. The results support our two propositions and show that reasons for behaviour have a strong influence on people's attitudes but no direct influence on intentions. Conversely, reasons against behaviour have no influence on consumers' attitudes but a direct influence on intentions.

Discussion of findings

The research manifests the significant scale of the attitude-behavior gap in the adoption of renewable energy. The findings confirm our suspicions that consumers' values and positive attitudes are insufficient to trigger adoption of these high-cost, high-involvement products. As suggested by the green commodity discourse, our results show that "values are beginning to witness change that suggests a green commodity discourse is taking hold as part of a wider moral green reflexivity and questioning of systems and morals by individuals [...]" (Prothero et al. 2010, 155). Indeed, our findings show that the majority of consumers perceive renewable energies as compatible with their personal values and lifestyle and, more importantly, report positive attitudes towards it (Table 2).

The question is however, whether "ecological enlightenment" is motivation enough for consumers to adopt, for example, solar panels as symbols of a green lifestyle choice? Our findings suggest that this is clearly not the case. The vast majority of consumers find the customer value provided by renewable energies simply not compelling enough to justify adoption. In other words, consumers like it, but they won't buy it.

The explanation for this conundrum might lie in the distinction between products as materials object and the ideas they encapsulate (Klonglan and Coward 1970). Innovation researchers have long argued that new products are diffused in the form of an idea as well as an object (Rogers 1962, 13). This also ties into a much broader debate in consumer research and the widely held view that consumer goods play important symbolic roles in people's life (e.g. Dittmar 1992; McCracken 1990; Sahlins 1976). Many scholars have argued that "material commodities are important to us, not just for what they do, but for what they signify" (Jackson 2005, p.15).

The distinction between material and a non-material components of a new (sustainable) product also seems to suggest that the above outlined adoption decision has two elements, a "...symbolic adoption component, in which the idea is accepted, and [a] use adoption component, in which the material object or practice is accepted" (Klonglan and Coward 1970, 77).

In case of solar panels, the *idea* that electricity can be generated free of charge from nonexhaustible, clean sources of energy clearly resonates with consumers. Klonglan and Coward (1970) suggest that symbolic adoption always precedes use adoption, making it a necessary but not sufficient condition for consumers to actually adopt an innovation. In other words, mental acceptance of an innovation can take place but might not be followed by actual adoption if the individual is unable or unwilling to adopt at that moment in time. In such a case, consumers may postpone their decision to purchase until later, when time and circumstances may be more appropriate (Mittelstaedt et al. 1976).

Our results seem to suggest that consumers have to a large degree adopted the idea of renewable energies, but cannot yet rationally justify use adoption, primarily due to cost, risk and complexity barriers. The findings thus imply that a green commodity discourse might play an important role in changing people's values and attitudes but has so far failed to increase perceived customer value and diffuse renewable energies into mainstream markets.

More importantly, overcoming barriers to adoption calls for different approaches to those suggested in a green commodity discourse. Overcoming barriers often requires strategies aimed at changing the circumstances under which use adoption decisions are made (Steg and Vlek 2009). Some barriers, for example, are structural, societally embedded, and beyond the ability of individual firms or industry associations to dismantle. Thus, public policy intercession of a regulatory, financial, infrastructural or educational nature is required.

For example, initial costs are a key barrier that stops a great majority of consumers from adopting. Individual firms cannot lower prices significantly beyond operating margins and have little leverage to overcome this barrier. Evidence clearly shows that public policy support has been a key factor for the diffusion of renewables in countries such as Germany, Denmark and Spain (e.g. Sijm 2002). A policy instrument that has proved most successful in overcoming cost barriers is the so-called renewable energy feed-in tariff (REFIT). REFITs provide consumers and businesses with access to electricity grids and guarantee a (fixed) price for the electricity produced over a specified period of time. The premium price for each kilowatt hour (kWh) of electricity produced is usually paid by regional or national utility companies, who are legally obliged to buy back the produced electricity. Guaranteed access to the grid and, more importantly, a guaranteed price for electricity produced allows consumers to estimate potential returns on investment, increasing the value of the technology significantly. Worldwide REFITs have been introduced in more than 63 jurisdictions and were referred to by the European Commission and the International Energy Agency as the

most efficient and effective instrument to promote the diffusion of renewable energy (EC 2008; IEA 2008).

Public-private partnership (PPP), i.e. the co-funding and operating of projects through a partnership of government and private sector firms is also an increasingly important instrument to eradicate barriers to adoption of green products. In this context, financial institutions have become increasingly important stakeholders as they play a crucial role in the provision of credit and loans, enabling consumers to make investments. ShoreBank, a US community development bank, has for example implemented a house owners' energy conservation loan programme, which offered consumers a free energy audit and financing for 100 percent of upfront costs of energy efficiency devices as well as subordinate mortgages of up to \$20,000 for energy-efficient retrofits (Freehling 2009).

However, public-private partnerships are not limited to financing green innovation but can, for example, be extended to overcome incompatibility issues via product-development partnerships. In the context of renewable energies, storage dramatically affects how these technologies can be used in domestic settings. Efficient storage facilities would allow renewables to advance from a supplementary source of energy towards a realistic substitute to conventional provision of energy. In this context, a critical issue for public policy and firms is the advancement of storage technologies (e.g. batteries) that are powerful enough to store sufficient energy to overcome periods where energy from renewable sources (e.g. sun) is unavailable (e.g. at night).

Another issue are key stakeholders such as architects, builders and installers (i.e. intermediaries). They are critical agents of change as they have contact with house owners on a daily basis and are used to communicating technical issues to a non-technical audience. Expertise of these stakeholders is thus of critical importance as poor advice or faulty installations can lead to negative word-of-mouth, resulting in even higher levels of resistance to renewable energies. Firms and government should thus engage in upgrading the skill base of people in the sector by, for example, developing and providing government certified training schemes. An interesting example here is the European Commission's 'EU Build Up Skills' initiative in 2011, which is seeking to identify and upgrade the competency and up-skill requirements of tradespeople in the building industry in regard to insulation, renewable energy installation and green/sustainable building in general. This pan-European initiative across 21 EU countries is one measure of the Commission's energy efficiency plan, which offers funding opportunities under the Intelligent Energy Europe (IEE) programme to unite forces and increase the number of qualified workers in Europe's building workforce.

The discussion highlights the need for macromarketers to eradicate structural barriers in order to effectively bridge the gap between consumers' positive attitudes and adoption behavior. Although firms' marketing strategies will play an important role in raising the image and status of green products, macromarketers and policy makers need to essentially develop an infrastructure, which will allow consumers to act on their positive attitudes and adopt sustainable product alternatives when they are available - otherwise, an attitude-behavior gap will persist and renewable energy adoption will languish.

Conclusions

Our research contributes to the macromarketing literature by applying Behavioural Reasoning Theory to explore the widely detected but under investigated attitude-behaviour gap. Our findings highlight the importance of consumers' reasoning in the green commodity discourse and particularly in consumers' adoption decisions in regard to renewable energy.

The findings clearly suggest that for many consumers “green” is not a selling point per se. Despite changing values and greater (reported) ecological awareness, consumers are still not willing to accept trade-offs between environmental improvements and, for example, higher prices or lower levels of performance. Macromarketers should not forget that green products need compelling customer value in order to be adopted in mainstream markets. Simply believing that “green is the new black” is likely to result in slow rates of diffusion.

Yet, creating customer value for green product alternatives is often undermined by problems of a societal or infrastructural nature. For example, renewable energy systems are relatively more expensive compared to conventional heat or electricity sources, partly because of the externalised costs (e.g. emissions), which are not reflected in the price of conventional energy. Further, energy providers and utility companies often successfully prevent regulations and legislation, which, for example, would allow consumers the right to store or feed generated electricity back into the main networks. For macromarketers and policy makers it is thus of critical importance to identify barriers, in order to improve customer value as well as marketing and communication strategies. More importantly, macromarketers and policy makers need to work towards an infrastructure that allows consumers to act on their positive attitudes and adopt green product alternatives when they are available.

The reality that consumers might very much like a green product or service, but not be prepared to actually buy it, highlights the complexity of purchase behaviour and the adoption process. In the case of high-involvement renewable energy products, coping with this complexity manifestly necessitates not only dedicated marketing on the part of private sector firms, but also broader societal and macroeconomic involvement and commitment in order to persuade and facilitate adoption. To achieve this, advocates of a more environmentally friendly wealth-creating process increasingly argue the need for consumers to deepen their understanding of the dynamics, efficacy and ethics of economics (Wagner 2011). A savvy citizen consumer is smart about economics. A green commodity discourse will usefully embrace this idea.

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An Examination of Consumers' Inferences about Product Sustainability

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Background

In a typical purchase situation, consumers have to evaluate and choose between different product alternatives. Some of these alternatives are usually incompletely described in terms of their product attributes. When being confronted with such incomplete product descriptions, consumers are likely to infer beyond given properties to assess the value of these unobservable attributes (Kardes, Posavac, & Cronley, 2004).). In an era of increasing public attention towards issues such as sustainability and corporate social responsibility (CSR) (Kotler, 2011), it is likely that these concepts are also reflected in consumers' product evaluations. We expect that the awareness and the discussion of these "twin ideas" (Hildebrand, Sen, and Bhattacharya 2011, 1353) will render these attributes important judgment criteria. However, consumers are not fully informed about sustainability aspects and rather than specifically asking for more information concerning a product's sustainability (Ehrich & Irwin, 2005), may apply cognitive schemata to infer the missing attribute. Understanding consumers' inference-formation processes is crucial as it influences both product evaluations and choice (Huber & McCann, 1982; Yates, Jagacinski, & Faber, 1978). The focus of this paper is therefore the process of inference formation about sustainability attributes based on existing product attribute information.

Methodology

This research's objective is to gain an in-depth understanding of the meanings ascribed by consumers to inferences about sustainability attributes. Consumers' evaluations are characterized by a subjective and complex cognitive process; therefore qualitative research was identified as an appropriate approach to knowledge generation (Gummesson, 2005). Accordingly, in a first phase we employed an exploratory approach involving 23 in-depth interviews to develop a grounded understanding of consumers' internalized processing-structure when evaluating different product alternatives (Glaser & Strauss, 1967). Further guidance was provided by the long interview technique of McCracken (1988) and the phenomenological approach of Thompson, Locander and Pollio (1989), which helped to ensure a preferably nondirective course of interviews and stimulate deliberate and associative statements.

Findings

Certain issues continuously emerged during the interviews, such as the uncertainty involved in decision-making and the time needed due to the implied complexity. Respondents feel that they should gather more information, but due to time constraints and choice complexity rely on more simplistic heuristics to evaluate missing attributes. As theorized, interviewees reveal a subjective model and understanding of socioeconomic reality, which denotes that certain product attributes are inherently connected to each other. While we uncovered several relationships within the qualitative data that relate to inferences about sustainability, we hereby focus on the three most important ones which will later on be incorporated into a quantitative measurement model. The inference formations are each

evaluated in reference to a well-known notion and illustrated by an exemplary consumer verbatim.

All cats are grey by night

Some product attributes are hard to grasp and only vaguely definable for consumers. Sustainability is such an ambiguous attribute as it refers to an elusive concept that is strongly connected to quality perceptions. Accordingly, this first relationship refers to inferences about sustainability (IS) based on a product's perceived quality (PQ).

I only buy organic eggs, the ones where chicken can run around freely and get only fed with herbs and grass. On the packaging it said that it's from one farmer close to the supermarket where I bought it. I think it is important to support local farmers and then also the taste is a lot better, and that's quality for me. It is not about what it looks like, especially the vegetables, if they are perfectly round or maybe shriveled, it is about whether they come from farmers rather than greenhouses (female, 29)

There ain't no such thing as a free lunch

Price is clearly the most important proxy to entice consumers' inference formation about sustainability attributes. When the perceived price (PP) is high, consumers automatically assume that the production process takes place in a socially and environmentally responsible manner (IS).

When I think of buying clothes, and they are rather expensive, then I automatically know something about quality as well. I know something about price and quality. I do not know where it was produced, and actually I do not know how it was produced. But I mean... I can more or less exclude that it was made with child labor in a low-wage country, because that would be extremely outrageous if something like that is sold for such a high price and promoted as high quality (male, 52)

Better bend than break

A product's origin in a developing country can trigger sporadic inferences about its unsustainable nature. Consumers are skeptical but assume that the product has been produced in accordance with sustainable practices. Rather than dismissing a product alternative with a perceived-to-be-unfavorable COO, consumers are willing to compromise. However, consumers use the perceived country image (PCI) to infer sustainability (IS).

If I see where certain products come from, I know immediately that they were produced as cheaply as possible. What comes to my mind is that these people do not earn anything, they have to do hard work for a minimum wage, and then companies export these products to the Western hemisphere just so that we can get our clothes for as little as possible. This does not mean that I am not happy if I can make a good deal when shopping. But I am feeling bad about it, when I think of what it entails (female, 62)

Direct and indirect inference processes

In the context of inter-attribute inferences, it is important to further differentiate attributes according to their eligibility to elicit inference processes. Some attributes trigger an unmediated formation of inferences and therefore describe the typical inter-attribute correlation and "if x then y" linkage, while others prompt a more complex process. Consequently, we distinguish between direct and indirect inference processes. Price induces consumers to immediately infer a product's sustainability. The same applies to quality. High quality products are assumed to be produced in a sustainable and responsible way. Other attributes do not cause a direct reference to sustainability. Rather consumers infer sustainability via other attributes. Country-of-origin can contextually trigger a direct or indirect inference formation.

Model Development

Based on our qualitative data and referring to the Stimulus-Organism-Response (S-O-R) framework (Mehrabian & Russell, 1974), we posit that consumers infer sustainability based on perceived price, perceived quality and perceived country image of a product. Consumers encounter these product attributes (S) which entice them to form stimuli-based inferences about sustainability (i.e. a specific internal state – O). This, in consequence, will influence their responses (R). We therefore propose that inferred sustainability is a second-order construct with three first-order dimensions, which are the attributes identified to trigger direct inference processes. Concerning the model specification we suggest that the identified direct attributes are reflectively modeled first-order constructs and the inferred sustainability is modeled formatively, as the first order dimensions are used to assess/infer sustainability. IS can accordingly be thought to consist of PCI, PP and PQ, each of which – in consumers' minds – represents a facet of a product's sustainability but could (and is) also a separate construct. The conceptualization of IS as a composition of its parts accordingly requires a formative operationalization.

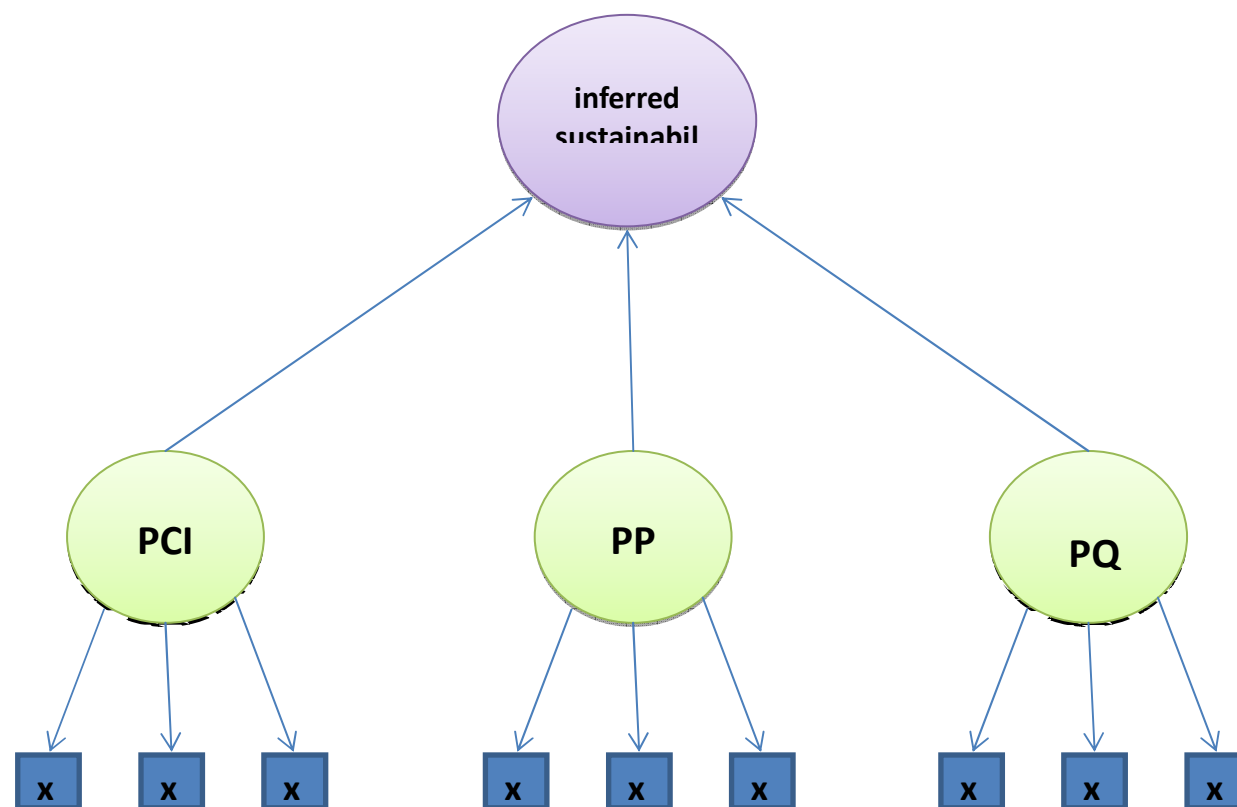


Figure 1 Measurement Model

Based on the qualitative interviews we chose a pullover as well-known representative of a hedonic product category. Hedonic consumption experiences were more likely to entice inference formations as respondents are more emotional in the purchase situation and therefore activate a larger network of associations. Therefore, within the survey, respondents go through a hypothetical purchase situation and evaluate different aspects of a pullover, based on limited information. The measurement of all first-order latent constructs entails the use of scales from previous research. The survey is currently in the field and we would be delighted to present and discuss our findings at the conference in June.

Our research offers important insights into consumers' evaluation of product sustainability without explicit information and therefore has important implications for practitioners and public policy makers.

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Preferences for Environmental Labels and the Willingness to Pay for Carbon Labels

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Abstract

This paper examines how a pro-environmental carbon label influences consumers' willingness-to-pay (WTP). The purpose of this research is to show whether the WTP for a carbon label is influenced by demographics, environmental attitude, label knowledge, saving behavior and store choices. To explore how German consumers evaluate an introduction of a carbon label, in-store face-to-face interviews in an organic and non-organic grocery store were conducted. As expected, consumers in an organic store had a higher WTP for a carbon label than consumers in a non-organic store but a carbon label also significantly increased consumers' WTP in both stores.

Keywords: Carbon Label, Carbon Footprint, Labeling, Environmental Label, Conjoint Analysis, Willingness to Pay, Point of Purchase.

Introduction

Our climate on earth is changing (Stern, 2007; IPCC, 2007). Climate change is caused by too many greenhouse gases (especially CO₂) in our atmosphere.¹ One reason for the increase in CO₂ emission lies in the increase of worldwide consumption demand. Our daily consumption is clearly linked with the production of greenhouse gases (Lenzen, 1997). An increasing number of consumers try to regulate environmental impact by reducing their CO₂ emissions. Furthermore, the Eurobarometer showed that only 52% of European consumers thought that the current labels allowed them to identify pro-environmental products (European Commission, 2008). Also 40% of the German consumers were unsatisfied with the existing system of pro-environmental labeling.

Currently, Germany has no carbon label. Three different environmental labels exist ("Grüner Punkt", "Blauer Engel", and the EU energy efficiency label).² But they don't give the consumer accurate information about total environmental impact of the specific products. The carbon label informs the consumer on the amount of total carbon emissions (environmental costs) that have been caused by the production of a good from the cradle to the grave (Schmidt, 2009). The concept of carbon labeling accounts for the total environmental costs that have been caused and is therefore able to incorporate Belz & Peattie (2009) pricing approach for sustainability marketing of TCC (Total Consumer Costs). It has been shown that the provision of information by labels can help to foster proenvironmental (Cason & Gangadharan, 2002) and pro-social behavior (Cornelissen et al., 2007). Furthermore, Cason & Gangadharan (2002) have shown that certified labels prevent market

¹ The greenhouse gases (GHG) consist of carbon dioxide (CO₂), methane (CH₄) and nitrogen oxide (N₂O) and CFC (C-12) gases (Stull & Ahrens, 2000). In the following these emissions will be summarized by the terminology CO₂-equivalent (CO₂-e), and the label that informs about the CO₂-e footprint will be called a carbon label.

² In Europe carbon labels have been already introduced in the United Kingdom and Sweden. Since 2011 France has been testing a carbon labeling scheme.

failure and increase pro-environmental behavior by consumers. There has not been a study that has dealt with the influence of carbon labeling, examined within a conjoint analysis. German reactions to carbon labels have not been studied at all. This paper provides a first insight into possible influences of carbon labels on German consumers. The purpose of this study is to investigate whether the WTP and utility of the German consumer is changed by a possible introduction of a carbon label and how important the German consumer perceives an introduction of a carbon label.

The current version of this paper presents results from data collected in October 2011. This first draft includes mainly descriptive statistics, graphical results from the conjoint method task and discusses the main effect of demographics and preferences for environmental protection and carbon label on WTP. A more detailed analysis has to be conducted.

Literature overview

Various literature in the discipline of marketing, economic and agriculture has dealt with the problem of WTP for organic labels (for an overview of the agricultural sector see van Doorn & Verhoef, 2011). Different methods were used. Most of the studies used surveys or panel data (e.g. Loureiro et al., 2002; Bjorner et al., 2004) and discrete choice experiments (e.g. Krystallis & Chrysosoidis, 2005; Gao & Schroeder, 2009). Every study had in common that the authors found a higher WTP for organic products. But so far there has been only limited research on studies that looked at how carbon labels alter consumers' WTP.

There are only two studies in the literature that explicitly analyze the influence of a carbon label on the WTP for a product or service (Aoki, 2009; Michaud et al., 2010). A third study by Adaman et al. (2011) is closely related the topic and will be also presented. The first two studies used the discrete choice experiments to examine the impact of a carbon label on the consumers' WTP. The third study by Adaman et al. (2011) used the method of contingent valuation to determine the WTP for reducing carbon emissions in Turkey. Nevertheless, none of these three studies applied the method of conjoint analysis to examine the WTP for a carbon label. When it comes to measuring WTP for organic products, the validity depends on the method that is used (Krystallis & Chrysosoidis, 2005). Asking the consumer directly how much more he is willing to pay for a product is not suitable. This kind of question acts like a prime; the question per se implies that the product was too cheap before. The same problem occurs for the contingent valuation method. In a contingent valuation participants are asked directly about their preferences (e.g. Adaman et al., 2011; Loureiro et al., 2001). Methods that deal with revealed preferences are more suitable to determine WTP. Examples for methods that work with the concept of revealed preferences are discrete choice experiments or conjoint analysis. In this study the method of conjoint analysis is used. One reason for this is that the method of conjoint analysis better accounts for the real purchase situation because the participants have to make trade-off decisions between more than two product alternatives.

For the area of marketing the method of conjoint analysis was first discussed by Green & Srinivasan (1978). Conjoint measurement is characterized by the trade-off between different tangible (e.g. nutrition or calories) and intangible (e.g. pro-environmental or prosocial) product attributes (Hair et al., 2009). Therefore, conjoint measurement is perfectly applicable for intangible values e.g. environmental issues like climate change and CO₂ and will be used in the following analysis. Thompson & Kidwell (1998) showed that there is a significant difference between store choice and WTP for organic products. In this study we will investigate whether consumers in the organic store are more receptive to an introduction

of a carbon label and in what way they are different from the consumers of the non-organic store. Furthermore, it will be tested whether the store choice has an influence on preferences for a pro-environmental carbon label.

Empirical investigation

The survey was conducted as a face-to-face interview.³ The survey took place in a non-organic supermarket (Kaufland) and in an organic supermarket (Alnatura).⁴ The questionnaire was divided into three parts.⁵ Questions 1, 2 & 3 are the so-called ice breaker questions. To make it easy for the participants to get used to the interview situation the questionnaire started with the so-called ice breaker questions. Questions 4 and 5 were questions about knowledge about labels. Participants had to recall all labels that they could remember. Questions 6 & 7 included the conjoint analysis task. Participants got 12 different choice cards and they had to imagine that they wanted to purchase 1 kg of apples. They were instructed to rank the 12 choice cards according to the probability that they would buy the apple.

The 12 apple choice cards differed in price (1,99€, 2,49€, 2,99€); amount of carbon emissions (300, 600, 900), origin (Lake of Konstanz, Germany, Chile) and organic label (label vs. no label). The full conjoint analysis design consisted of $3 \times 3 \times 3 \times 2 = 54$ stimuli. The reduced design was produced with the SPSS mechanism ORTHOPLAN (Hair et al., 2009). 9 choice cards and 3 hold-out cards were created. For the face to face interview all 12 choice cards were used. Questions 8-22 controlled for attitudes toward CO₂-labels, CO₂-compensation schemes and environmental protection, grocery purchase behavior, saving behavior and demographics. The last question was a real purchase experiment. Participants were told that for their participation they were allowed to choose either conventional gummy bears or organic gummy bears. The conventional gummy bears were three times the amount of the amount of the organic ones.

Empirical Results

Overall, 169 interviews were conducted. 88 consumers were interviewed at the nonorganic grocery store (Kaufland) and 81 consumers were interviewed at the organic grocery store (Alnatura).⁶ The majority was German (86%), female (68%) and was the main shopper (80%). 66% had a preference for organic and 85% had a preference for locally produced food. Figure 1 shows that the consumers' utility (and therefore also the WTP) is positively influenced by a lower price, lower carbon emission, local production and the existence of an organic label. Conjoint measurement showed that a lower carbon value resulted in a higher consumers' utility. A high Kendall tau for choice and holdout cards account for a high validity of the research method.⁷

³ The interviews were operated by five different interviewers. Every interviewer was briefed to reduce a bias in advance by the different interviewers and social desirability. Furthermore, an interview script was provided. A pretest with 6 participants was done at the beginning of October 2011. The main survey was run between the end of September and the beginning of October 2011 in two grocery stores in Konstanz, Germany.

⁴ Kaufland is a conventional grocery store chain where you can find conventional and organic food mainly has a low price image. Alnatura is an organic grocery stores chain that carries only organic products.

⁵ The questionnaire was designed inspired by Rogdaki, 2004).

⁶ One questionnaire was not useable because the interview was interrupted.

⁷ Kendall's tau: 0,889 (p=0,000) of conjoint measurement for organic store and a Kendall's tau: 1,00 (p=0,000) for the conjoint analysis in non-organic store. Furthermore, the utility need to be transformed with a regression into WTP.

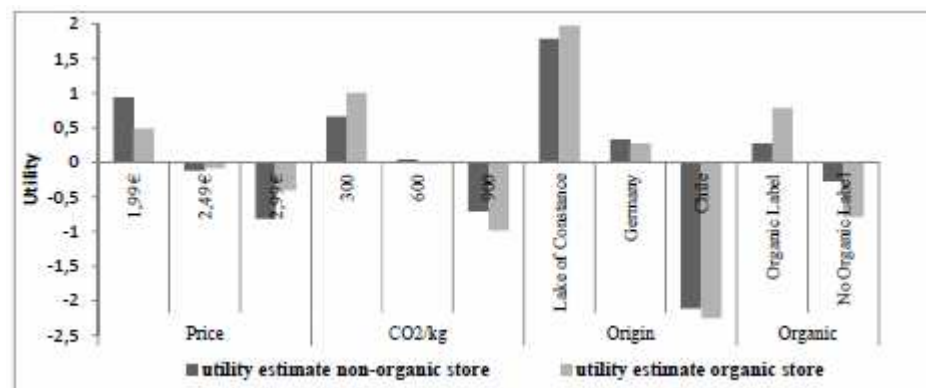


Figure 1: Product Attributes Utilities in Non-organic and Organic Store

Furthermore, consumers in an organic market had a higher utility from lower carbon emissions compared to consumers in a non-organic supermarket. The importance of an introduction of a carbon label and environmental protection significantly differed between organic and non-organic stores. Environmental protection and the introduction of a carbon label was more important for consumers in organic than in non-organic. Furthermore, we have seen that in an organic store, consumers can recall more labels.⁸ This variable was used as a measurement criterion to account for consumers' label sensitivity and label knowledge. In further studies, it must be evaluated how these two variables influence each other. Based on the existing literature and the interpretation of the descriptive statistics, the following hypotheses are proposed. The research hypotheses are:

- H1: A carbon label positively influences the consumers' WTP.
- H2: The WTP for a carbon label is higher in organic than in non-organic supermarkets.
- H3: Label sensitive consumers have a higher WTP.
- H4: Demographics (e.g. age, children and education) influence the WTP for carbon labels.
- H5: Self-regulated behavior (like saving behavior) leads to a higher WTP for carbon labels.

Discussion

This study has additional tasks (e.g. the gummy bear real choice data task, recall of labels) and aspects (e.g. data evaluation) that need to be analyzed. Furthermore, van Doorn & Verhoef (2011) argue that the WTP for organic products changes depending on the product type. The authors found that consumers are willing to pay less for a virtue product (like apples) than for vice product (chocolate) if they had an organic claim. Because consumers associate organic with a product that is healthier compared to the non-organic choice (Loureiro et al., 2001) it would be interesting to conduct a conjoint analysis where the consumer has to rank a vice and also a virtue product that also has different carbon emission and no organic claim and therefore no health effect. That is why there will be a new survey round at the beginning of the next year. An additional vice product type (e.g. chocolate bars) will be added to the conjoint analysis task. We will test how virtue products in comparison to vice products (e.g. chocolate bars) with a carbon label influence the WTP.

⁸ See question 4 in the questionnaire.

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Recognising the body in marketing work

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Introduction

As Brownlie and Saren, (1997) and Hackley (2003) have observed, traditional marketing management approaches often use the allure of managerial relevance to legitimize their concepts and principles. In this respect narratives of marketing work have followed the wider management discipline with the dominance of rational discourses of strategy and control which have been seen as heavily masculinised (i.e. Kerfoot and Knights, 1998). In this quest for managerial relevance, marketing texts and theory render the fully embodied marketing worker as largely absent from debates, leaving little room for the embodied experiences of marketing workers and the everyday context in which marketing work is carried out. As a result they leave unacknowledged the lifeworlds of those actually undertaking marketing work and the marketing worker subject is almost totally obscured. Such an omission almost inevitably leads to an absence of the body within the marketing literature, and with it, consideration of gendered relations in the marketing workplace. In order to address this, we bring together and build on two key sets of literature: that which focuses on the doing of marketing work (Brownlie, 1995; Hackley, 2003; Svensson, 2007) and that which explores the gendering effects of marketing practices (Alvesson, 1998; Maclaran, Stevens and Catterall, 1998; Chalmers, 2001). In bridging these viewpoints, and bringing the body back in to our understandings of marketing work, we have relied on literature which explores occupational pathos (Gagliardi 1990, 1999) and embodied norms in the professions (Anderson-Gough et al, 2005; Haynes, 2008, forthcoming; Simpson and Lewis, 2010).

The omission of the marketing worker and with it the issues of gender and the body has serious implications for our understanding both of the lived experience of marketing work but also the wider marketing profession. In this paper we attempt to bring the body back in to our understandings of 'doing' marketing work which we do by drawing on data from interviews with female marketing practitioners. In centring the body we explore two as yet neglected dimensions of marketing work: as common sense and as relational, both of which directly counterpose the earlier theorising of marketing work as rational and cognitive, and the marketing worker as de-contextualised from the social environment (see Brownlie and Saren, 1997). In closing we put forward methodological suggestions as to how marketing scholars might begin to address the current absence of the body. We also explore how such a re-embodying of marketing work politicises our understandings of the marketing profession and begins to reveal the operation of gendered inequality in the marketing workplace.

Methodology

This paper is based upon an empirical study using a convenience sample of twelve women who have been or are still employed in organisations in a marketing role. The marketing practitioners we interviewed operate in different types of organisations ranging from self-employed to employees of large multinational corporations and at different levels in the organisational hierarchy. We used semi-structured interviews to elicit qualitative information about the organisations in which they worked, how they learned to be a marketer, on the praxis of practitioners, expectations of others in their role as marketers, we also asked how it felt to practice marketing and what conflict or tensions they felt arose for them in this role. The interviews were forty five minutes to one hour in length. They were recorded and fully transcribed and then compared and contrasted with each other to find emerging themes from the data collected.

We have taken an interpretive approach (Arnould and Wallendorf, 1994; Moisander and Valtonen, 2011) to the collection and analysis of data, acknowledging our role as researchers in the co-construction and interpretation of findings. Also paying attention to the context in which social action is played out, i.e. the background routines, rules and conventions that frame action and give it meaning. In theorising our data we have tried to be as data driven as possible and the themes and concepts that we have used to analyse our data have emerged gradually throughout the genesis of the project.

Key Findings

In order to explore the ‘doing’ of marketing work and recognise the body, we explore some of the sensory encounters reported to us by a group of female marketers. We have focused on these encounters in order to explore the ‘felt meanings’ (Warren, 2008; Pink, 2009) of these women as they recounted their experiences of trying to learn and make sense of their marketing roles. As such we explore marketing work as ‘commonsense’ and as ‘relational’.

Marketing Work as Commonsense

When asked about the specific skills required in marketing roles many of our participants observed that it was ‘just commonsense’ as Maria observes: ‘basically it’s just common sense [...] you don’t have to be really clever or anything like that’ (Maria) This commonsense knowledge was expressed by participants as embodied, learnt through everyday experiences as opposed to through education. It is also closely associated with feelings and intuitions. However in this identification of their knowledge as commonsense it seems that our participants are reproducing the systems of valuation that serve to repress them in organizations. In the wider, largely masculinised, organizational and professional culture rational and strategic forms of knowledge are those prioritised. As such instinctual, relational skills go both un-noticed but also unspoken about and unlabelled. Because this work is unrecognised either by managers or the participants themselves, this suggests that much of the interpersonal marketing work undertaken by these women is in addition to the more formalised recognised elements of their roles.

Marketing Work as Relational: Negotiating Norms of Dress and Behaviour

The second strand of our argument to push the embodied dimensions of marketing work uses a relational lens to understand how marketing work is learned and negotiated. As

with other studies of organizations we found that women's bodies are the highly visible 'other', they have to both work hard to negotiate norms of dress and behaviour predicated on a male ideal, but in addition they have to 'work hard to manage the signifying effects of their biological bodies in work organizations' (Brewis and Sinclair, 2000: 195). We found the women in our study deployed a range of strategies (both conscious and unconscious) to manage these signifying effects. They also experienced a range of responses to (largely male) norms of dress and behaviour both incorporating and resisting them. For example Maria suggests that she may well have unconsciously absorbed male norms of behaviour as part of her day to day working life as the only female in an otherwise all male marketing department. 'And also perhaps in the marketing department there was more erm males, so I subconsciously thought I've got to act and be like one of the boys' (Maria). It is perhaps not only the numerical dominance of males in Maria's department which set the standard for behaviour but rather the wider set of organizational norms and routines that mean, as Acker (1990: 140) observes: 'To be successful women have to become honorary men'. We also found examples of women actively resisting norms of behaviour in their organizations, as Diane recounts: '(the secretary would) put them (cups) down in front of me to pour out, but it took me quite a while of pushing the tray to one-side to let somebody else do [...] I made sure they had taken their turn to prove a point' (Diane)

Conclusions

Our findings very much agree with those of Yancey Martin (2002), which confirm the value of placing bodily sensations *within* the story in order to fully understand workplace experience. Our data indicates that for the women in our sample, learning to 'do' marketing was an embodied experience. Whilst modern organizations are typically structured in such a way to minimise the impact of the bodily (which has been associated with lower functions) to maintain an image of logic and rationality (Brewis and Sinclair, 2000); the way in which the women in our study negotiated norms of dress and behaviour were central both to how they learnt the mechanics of the role and how they learnt to 'be' marketers. Our study shows that becoming a marketer and making sense of marketing work on a day to day basis is a far cry from the structured and transparent, rational and logical representations found in common discourse surrounding the marketing profession. In this vein our work presents a critique of the prevailing 'marketing as cognition' perspective. Discourses of what constitutes marketing work are in themselves highly gendered, our subjects negotiated these discourses through their bodily experience of everyday life in the marketing department. Further research is needed to explore not only how discourses of marketing work achieve dominance, but how marketing workers both male and female negotiate these discourses.

While much research has focused on the constitution of the consuming subject through marketing discourse (Du Gay and Salaman, 1992; Miller and Rose, 1997; Hackley, 2003) much less attention has been paid to the marketing worker and the governance, discipline and control of the marketing worker subject. In more fully acknowledging the body we also recognise the violence that marketing discourses can exert on organisational bodies. In his critique of marketing discourse Morgan observes that 'we have very little understanding of how marketing colonizes organizations' (2003: 126). However, we would argue that it is equally important to explore how it colonizes the marketing worker subject on both individual and collective levels. In doing so we recognise the dialogical relationship between marketers and their consuming populations, as they attempt to understand and change consumer wants and desires, so they too are changed in the process.

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Chanting “Change-a-lujah!”: Reverend Billy and Aesthetic Forms of Consumer Resistance

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Recent years have seen a rise in the performative practice of consumer resistance and anti-consumption activism. To develop theory in macromarketing and critical marketing, my paper draws on aesthetic and theatre theory to analyze a widely-known example of consumer resistance: Reverend Billy and the Church of Earthalujah. Despite growing awareness of aesthetics in marketing, few researchers have explored the role aesthetics play in consumer resistance social movements. It is argued that many such practices go beyond intellectual messaging by mobilizing particular performative and aesthetic qualities as a modality which resonates with and opposes contemporary aesthetic consumption. The impact of such forms of activism resides not merely in the counter-arguments which are already emphasized by extant studies but in the aesthetic form which creates moments of embarrassment and disjuncture and critical experiences within consumer audiences. This leads to an extended definition of consumer resistance as a corporeally and emotionally perceived phenomenon. This analysis allows us to build a theory of aesthetic forms of resistance in relation to increasingly aesthetic marketing practices in a macromarketing context.

Extended Abstract

Introduction

Resistance-a-lujah! Research-a-lujah! Marketing-a-lujah! Rather unusual for the start of an academic paper, the claims I make at this point are inspired by Reverend Billy and the Church of Earthalujah who are performing consumer resistance with religious elements and critical activism. When sung out loud, these claims may generate a certain energy, trigger emotions and can generate an aesthetic experience. It is argued in this paper that such an aesthetic experience is a pivotal point for specific forms of consumer resistance. With reference to the example of Reverend Billy, this paper sketches a theory of aesthetic forms of resistance in relation to increasingly aesthetic marketing practices in a macromarketing context.

While many facets of individual and collective consumer resistance and anti-consumption activism gained increasing attention in marketing research Lee et al., “Anti-consumption and consumer resistance: concepts, concerns, conflicts and convergence.”, few researchers have explored the role aesthetics play in consumer resistance movements. A broad range of aesthetic elements can be found in artistic and performative consumer-resistance movements of which *Reverend Billy and the Church of Earthalujah* are a widely-known example. This phenomenon has attracted researchers’ attention in performance studies (e.g.

Perucci, 2008; McClish, 2008), in pedagogy (e.g. Sandlin, 2010), and cultural studies (Grote, 2002). However, in spite of their anti-consumption intentions and consumer resistance, this phenomenon is still under-researched in marketing. Witkowski (2010) for example sees

Reverend Billy's activities as strident frugality appeals, ridiculing excessive consumption by performing traditional religious social types such as the eloquent preacher and gospel singers. Holbrook (2001: 158) refers to Reverend Billy's "resistant evangelical counter-attack" that responds to messianic merchandising trends in marketing including sacralised selling for the masses and malls that are secular cathedrals "wherein shopping becomes a sort of celebratory worship."

These studies concur in their emphasis on performative elements that are sensually perceived, i.e. on *aesthetic* elements in Reverend Billy's performative activities. These aesthetic elements seem to be a promising starting point that can be developed to better understand contemporary forms of consumer resistance from a macromarketing perspective. In this paper, it is suggested that the impact of such consumer resistance movements resides precisely in the aesthetic experience and emotional impact, not in more intellectually received rational counter arguments. This has implications for our understanding of aesthetic forms of resistance in relation to increasingly 'aesthetic' marketing practices. Aesthetics, i.e. *the sensual experience* of products and services, along with the emotion, passion and desire they evoke, has become a dominant force in today's world of marketing and consumption Joy and Sherry, "Speaking of Art as Embodied Imagination: A Multisensory Approach to Understanding Aesthetic Experience"; Ger, Belk, and Askegaard, "The Fire of Desire: A Multisited Inquiry into Consumer Passion.". Consequentially it seems necessary to analyze respective re-actions of consumer resistance that use aesthetic means for their activism.

Using aesthetics as a starting point for my exploration, I will develop a trajectory construed in Biehl-Missal and Saren's (2012) brief observations of Reverend Billy's theatrical performances in the seductive atmospheres of today's consumption environments: The performances are considered to break deceptive and manipulative atmospheres by allowing for different 'aesthetic experiences'. The authors suggest that further studies should focus on the aesthetic experience of such activist interventions and should discuss the 'confrontational component' (Schroeder 2005, 1297) of art – or street art – with regard to marketing.

Studies on consumer resistance social movements and have started to take into account emotional and playful dimensions. So-called 'culture jamming' tactics aim to disrupt, subvert or critique commercial and political messages, often by refiguring brand images. Culture jamming unfolds its impact by playing on emotions of people by disrupting their unconscious thought process when viewing popular forms of advertising, to bring about a *détournement* in the form of behavioural change (Lasn, 1999). While some forms of culture jamming may be appropriated by pro-consumption marketing itself (Haiven, 2007), sub-strategies like pranksterism are considered to be more powerful: Pranksters resist "less through negating and opposing dominant rhetorics than by playfully and provocatively folding existing culture forms in on themselves" (Harold, 2004: 191). In this spirit, the role of emotion has attracted some attention by researchers (Sandlin & Callahan, 2009). While a number of studies have examined these practices, there remains a need for further understanding (Handelman, 1999; Kozinets and Handelman, 2004), particularly of their role in a macromarketing context. In this vein, I will draw on aesthetic and performance theory that allows to frame 'as performance' Biehl-Missal, "Business is Show Business: Management Presentations as Performance." forms of consumer resistance such as Reverend Billy's – an activism that is aesthetic, i.e. corporeal, live immediate, dependent on bodily presence. This involves addressing not only

rhetorical strategies and emotional mechanisms, but the entire aesthetic situation of the intervention.

My epistemological perspective pertains to the intricate nature of the ‘aesthetic experience’ in marketing contexts Charters, “Aesthetic Products and Aesthetic Consumption: A Review.” and the general challenge for academic inquiry to get hold of and appropriately represent findings about these embodied and emotional elements (Taylor & Hansen, 2005: 1214). Aesthetics is understood here as sensible knowledge and aesthetic judgement, whose forms of embodied, tacit knowing are different from, and go beyond, rational understanding and are essential drivers for human behaviour in organizational environments (Strati, 1999).

Adopting a broad stance with aesthetic theory, like most studies in the consumer resistance field the present paper has a strong background in cultural studies Galvagno, “The intellectual structure of the anti-consumption and consumer resistance field: An author co-citation analysis.”. The study contributes to the development of Consumer culture theory (CCT) by further investigating experiential dimensions of consumption (e.g. Holbrook & Hirschman, 1982). More specifically, the aesthetic approach used here contributes to an important area of consumer culture theory: Mass-mediated marketplace ideologies and consumers’ interpretive strategies Arnould and Thompson, “Consumer Culture Theory (CCT): Twenty Years of Research.”. Studies operating in this research domain frequently draw from semiotic theories to explain the symbolic meanings and ideological ideas encoded in popular culture texts such as advertisements, television programs, and films, and increasingly include aesthetic approaches Escalas and Stern, “Sympathy and Empathy: Emotional Responses to Advertising Dramas”; Hancock, “Uncovering the Semiotic in Organizational Aesthetics.”. Incorporating aesthetic perspectives, these approaches put tend to increasingly emphasize emotional responses, the ‘atmosphere’ and the sensual perception of the cultural text (Biehl-Missal, 2012) or space Biehl-Missal and Saren, “Atmospheres of Seduction : A Critique of Aesthetic Marketing Practices.”. The present paper contributes to these aesthetic perspectives.

Linking to a family of CCT studies that analyze consumer resistance and conceptualize consumers as interpretive negotiators of their own identity rather than as passive subjects who accept the impositions of the marketer (Dobscha & Ozanne 2001; Karababa & Ger, 2011; Kozinets 2002; Murray & Ozanne 1991; Murray et al. 1994; Thompson and Haytko 1997), the study extends prior theorizations that construe consumer activism as primarily motivated by an antinomy toward corporations. It thereby contributes to a younger theoretic issue, concerning the moral constitution and the nature of moral dilemmas and challenges of consumption (Arnould & Thompson, 2005: 876). Reverend Billy’s stark moral imperative “Stop Shopping!” points to a plethora of abstract principles and thoughts in today’s world of consumption, being comic and funny, and not merely reproachful.

In the vein of Kozinets and Handelman (2004) who are highlighting activists’ quasi-evangelical quest to instigate changes in the attitude of mainstream consumers, the present paper does not aim to further elucidate the value of spiritual and religious identities to gaining commitment, rather it develops insights into movements of consumer resistance that ironically and make use of radical commitment to spiritual sincerity. The Church of Earthalujah comically perform some of these motives. This has some further theoretical implications on quasi-religious the nature of consumption that has been stated for example by Holbrook (2001). These activists’ performances can be seen as mirroring the state of transnational capitalism itself: both a kind of theatre, whose consumption on the front stage is separated from exploitation back stage, and a religion that fosters faith in consumption. Hence it seems apt for my paper to refer to the short text fragment *Capitalism as Religion* by critical theorist

Walter Benjamin (2005) that has not been considered in marketing theory so far, even if critical theory is a basis of critical marketing (Saren et al., 2007).

The outline of the paper is as follows: The next section reviews literature on Reverend Billy and The Church of Earthalujah in a consumption context. Then the method of analysis is explained, the database and then the findings are presented. I finally discuss implications for marketing research. This approach leads to an extended definition of aesthetic and performative strategies of consumer resistance and ‘culture jamming’ more specifically, as not only a rational and/or rhetorical countering of ‘messages’ but as an aesthetic form of resistance which – when aesthetics is understood as sensual perception – is received by all the human senses, corporeally and emotionally.

Reverend Billy

Reverend Billy is an activist (William Talen) who uses performance art as a form of intervention. Talen adopts the persona of a conservative, evangelical preacher with bleached blond hair, a white suit and a white cardboard megaphone, accompanied by a Gospel Choir called The Church of Earthalujah (formerly known as the Church of Stop-Shopping and the Church of Life After Shopping). The Church has been ‘preaching’ against the destructive consequences of globalization and against the ecological destruction caused by overconsumption. In the face of the “Shopocalypse” i.e. overspending, de-regulation, and profit above people and planet, the Church’s activities include advocating for fair labour conditions and fair trade, and raising awareness about global exploitation, spiritual malaise and the monocultural mall of neighbourhoods (D. & Reverend Billy, 2011: 3). Reverend Billy stages ‘theatrical services’ which are similar to church services with a lively choir and a rousing sermon, public confessions and collective exorcisms. These performances take place not only in theatres or churches, but in public and privatized spaces such as stores and shopping malls. Targets have included Wal-Mart, Starbucks, Victoria’s Secret, and, more recently, financial institutions such as UBS and Chase. These latest interventions against aggressive practices of coal mining “mountain top removal”, will be at the centre of the paper.

Extending the Church’s long standing resistance to consumption, new campaigns address global capital markets and environmental damage. In 2010, Reverend Billy and the Church of Earthalujah started preaching against “mountaintop removal”, a means of strip-mining for coal by blasting into mountains with toxic explosives and scrap away massive layers earth in order to expose coal seams. In the Apalachian region, some three million pounds of explosives detonated every day, resulting in toxic removed earth with chemicals from the explosions. There were dumped in nearby valleys and riverbeds, leaving the ridges deforested and the mountain culture damaged. Local residents and environmentalists have been fighting for years through the courts.

Taking the battle to the banks financing these coal companies, the Church entered branches of J.P. Morgan Chase, UBS, and Deutsche Bank, starting in Manhattan and moving over to different countries including the UK and Germany. They brought mountain soil sent over from activists in West Virginia’s Coal River Valley. They sculpted it into little peaks, “symbolically depositing the soil in the banks, thereby tying the abstractions of stocks and bonds and free –floating capital to the earthly damage moving some numbers on a computer screen can do”.

This form of consumer resistance is difficult to classify, resisting a single label of such as ‘activism’, ‘religion’ or ‘theatre’. Consequentially, this phenomenon cannot be examined

through a single lens alone, but needs an interdisciplinary perspective that captures the marketing context and the performance and aesthetic elements as well.

From a theatre perspective, Reverend Billy can be seen as postdramatic performances (Lehmann, 1999) where a dramatic story line – like in classical, dramatic theatre – is replaced by songs, sermons, narrations of real-life conflicts between good and evil, an intricate theatrical moment of sound, text, movement and colours, shared with and co-created by spectators. This genre of performance is related to ritual and religion: Reverend Billy situates himself in a long tradition in America's radical performance with groups such as the Living Theatre in the 1960s and '70s in New York and other groups based in Churches (D. & Reverend Billy, 2011: 13). With some of the interventions being akin to Augusto Boal's "invisible theatre", there are many similarities to political street theatre and post 1960's political theatre. Rather than attempting another theatre historical genealogy (Henrich, 2008), the present paper considers this phenomenon from a macromarketing perspective with an aesthetic lens.

It is suggested here that Reverend Billy's performances can be seen as an aesthetic form of consumer resistance, taking place as a counter-movement within an aestheticized consumption environment. As indicated in the introduction, aesthetic – i.e. sensually perceived – marketing practices are increasingly used to provide consumption experiences (Venkatesh & Meamber, 2008; Korczynski, 2005). The philosopher Gernot Böhme (2003: 72) for example uses the concept of the 'aesthetic economy' to describe the ubiquitous phenomenon of an aestheticization of the real. The aesthetic economy rests on aesthetic labour, i.e. the "totality of those activities which aim to give an appearance to things and people, cities and landscapes, to endow them with an aura, to lend them an atmosphere, or to generate an atmosphere in ensembles" (ibid). I take the aesthetic economy as a point of reference and I argue that Reverend Billy and the Church of Earthalujah are a counter-movement within this aesthetic economy, also creating 'atmospheres' but providing rather contrasting aesthetic experiences. It is proposed that this model is transferable across other contemporary consumer resistance movements. Such an approach goes some way beyond, for example, Guy Debord's (1983) "society of spectacle", extending the consideration of visually and rhetorically mediated spectacles by emphasizing the aesthetic, sensually perceived dimension. The aesthetic scope is reflected in the method that I chose to approach these phenomena. This will be explained in the following section.

Method

The present study takes an approach that emphasizes the 'aesthetic' experience of particular forms of consumer-resistance. The analysis of Reverend Billy, and in particular from a *Mountaintop Removal* intervention, shows how an atmosphere is created, by preaching and singing, by the creation of waves of energy, harmonies and beats, laughter and expressions of outrage by the performers and choir chanting lines like "Change-a-lujah". The intervention is considered 'as performance' in terms of showing, doing and behaving (Schechner, 2002: 35; Biehl-Missal, 2011). To analyse the a situation 'as performance' means to explain how the performance is executed; it is about materials, tools, techniques, procedures, behaviours and aesthetic experiences. The notion of "to perform" always includes the idea to get things done according to a particular plan or scenario, to present viewers with a specific view of the situation and to exert power relationships (Schechner, 2002: 34).

This idea is typically voiced in studies on marketing that liken marketing to theatre and refer to the works of Goffman (1959). With regard to services encounters, aspects of 'performance' Deighton, "The Consumption of Performance." and 'theatre' Grove, Fisk, and

Bitner, “Dramatizing the service experience: a managerial approach”; Grove, Fisk, and Dorsch, “Assessing the Theatrical Components of the Service Encounter : A Cluster Analysis Examination.” resound in many marketing studies. Respective frameworks for analysis consider elements such as settings Grove, Fisk, and Dorsch, “Assessing the Theatrical Components of the Service Encounter : A Cluster Analysis Examination.”, but more highlight the quality of the theatre metaphor and put little emphasis on the aesthetic aspects of performances. This idea is brought forward by analyses on the aesthetic influences in consumption environments (Biehl-Missal & Saren, 2012). Consequentially, I am using an aesthetic approach for the analysis of social encounters that puts a firm emphasis on the fact that the combination of a range of different aesthetic elements constitutes and aesthetic experience and atmosphere. Obviously, this concept of ‘performing’ with aesthetic means to present views and engender people in certain ways applies to a consumer-resistance movement as well.

The approach chosen works as follows: The analysis considers a range of different elements, whose aesthetic impact for social and marketing performances is acknowledged as well by studies on dramaturgy an marketing (e.g. Fisk & Grove, 1996). Performance analysis attempts to segment and explain these components. Components such as scenography, costumes, sound and performers’ actions are viewed one by one to explain how they influence perception. This procedure is referred to as a “mise en pièces” (Pavis, 2003, p. 8), a complementary process to the structured process of staging, the *mise en scène*. It is a type of theorizing which requires the researcher to deconstruct and reconstruct the performance before defining its aesthetic motifs and sensual impact.

For the analysis of Reverend Billy and the Church of Earthalujah’s performances, I watched the videos (database below) and filled in an adapted catalogue for performance and film analysis (Pavis, 2003: 37-40). This tool includes all relevant elements mentioned above and can be adapted for different phenomena (Biehl-Missal 2011a). For this paper I took into account the following elements that are standard parts of performance analysis and arranged them into useful groups: (1) The setting of the performance, the location (‘stage’) is considered including requisites or material objects that are brought into the place; I also included the sensual category of smell (Pavis, 2003, p. 195) to address another factor of the aesthetic experience that is typically related to spaces and objects, and consequentially addresses one dimension of the mountain soil brought into places by the Choir. (2) Costumes or ‘clothing’ form a separate category; (3) The actors’ performative behaviour including gestures, mimics and postures are considered next; (4) rhetoric and verbal utterances are considered, related to the category of sound, which in this case includes the ‘pace’ of the performance in terms of perceived duration. Audience reactions are considered in the same category, as their action in some cases helps to co-create situations of ‘preaching’.

The observations were coded and examined for recurrent motives. For example it emerged from the data that humour and different aspects of corporeality were strong and recurrent, otherwise than expected at the beginning.

Whilst other studies, concerned with historical phenomena, conducted textual analysis, discourse analysis, and visual analysis on the base of texts and pictures Karababa and Ger, “Early Modern Ottoman Coffeehouse Culture and the Formation of the Consumer Subject.” to provide an account of resisting discourses, the aesthetic analysis presented here needs to resort to other data sources and methods. The findings about the aesthetic form of consumer resistance with reference to Reverend Billy will also be considered in the wider context. Firstly, I shall answer questions such as: What holds the elements of the performance

together; where is it situated in the cultural and aesthetic context; which moments are particularly strong, weak, or boring (Pavis, 2003: 37). These questions address ideological structures such as the fundamental contradictions on which it is founded, notably its value judgments and oppositions such as: Good versus Evil, True versus False (Pavis, 2003: 257). To read performances such as Reverend Billy's against their cultural context, i.e. marketing and consumption, I will use as a theoretical lens extant works on consumer-resistance and studies on aesthetics and marketing. These motives were considered in juxtaposition to the literature on consumer resistance, and to Walter Benjamin's (2005) fragment *Capitalism as Religion*.

These consumer-resistance performances are not only witnessed live, but transmitted via videos on the internet and movies. Consequentially, not only the immediate factors in the performance unfold an impact on the audience, but the surrounding and improvised real-life drama as well. This notion of social drama has for example been voiced by the anthropologist Victor Turner (1982) in order to account for the symbolism of rituals and rites of passage surrounding conflict and crisis resolution in social systems. In the case of Reverend Billy, the legal system, police and situations of arrest and incarceration form part of the social drama, as well as guerrilla actions: Members of the Church of Stop Shopping dis-invest from Chase and educate employees about the bank's funding of mountain top removal (Reverend Billy, 2012b), and calls are issued to bring earth into the bank and distribute flyers (Reverend Billy, 2012a). In the end, it is a range of aesthetic, yet playful and political actions combined which make the impact of such a resistance movement.

Database:

With reference to the aesthetic dimension and actuality of the form of consumer resistance analyzed, social networks are also included in the database. The Church of Earthalujah makes use of Social Networks such as Facebook and Youtube to communicate visual and audio-visual data (videos) about their actions. These sources provide data going beyond written records to include a range of acoustic, visual and 'aesthetic' elements. Several films and pictures were included in the database and subjected to analysis, as outlined above. More generally, the approach has some implications for the adequate presentation of aesthetic research findings that will be addressed in the concluding discussion.

Findings

I presented findings at the conference, as well as a section on: **Discussion and Conclusion**

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Understanding the Concept of Privacy from the Consumers' Perspective

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Abstract

This study endeavours to explore the nature of consumer privacy and uncover the macro level dynamics underlying consumers' desires for privacy. Drawing on image-elicited depth interviews, the interpretive analysis highlights that consumers' desires for privacy—sovereignty over one's personal domain—are shaped by and reflective of dominant socio-cultural influences and discourses. In uncovering the meanings consumers ascribe to privacy and the drivers of their concerns, this study contributes to existing literature by providing a socio-culturally embedded account of the concept as it applies in contemporary consumer society. In so doing, our study offers a basis for which consumer privacy concerns can be better understood and managed; and hopefully improved outcomes can be attained for all.

Pilgrimage as Exchange: The Economy of Salvation and the Theory of Exchange

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Introduction

Pilgrimage is an ancient tradition in most religions and cultures of the world. Pilgrimage in the Christian tradition dates to the time of Constantine, and in Mecca the practice predates Islam. While pilgrimage can be seen as a pre-modern activity (Turner and Turner 1978), pilgrimage today continues to thrive. For example, in 2004-5 (1425H), 8.4 million pilgrims traveled to Mecca, contributing nearly \$8.2 billion to the private sector economy of Saudi Arabia (Fakar 2007). Between 1989 and 2010, the number of pilgrims following the Way of Saint James, to Santiago de Compostela, increased 49-fold (El Camino Santiago 2011). Today, websites and travel agents deal exclusively in facilitating the movement of pilgrims, yet pilgrimage constitutes a set of exchange systems about which we, as marketing scholars, know almost nothing.

Why should marketers look at pilgrimage? At its core the act of pilgrimage is an act of exchange, transcending time, space and the boundary between the physical and the spiritual. It is rooted in deeply held religious beliefs that sit at the core of human motivation. The act of pilgrimage involves travel, consumption of provisions, and ritual, around which communities and markets develop. And, like every form of exchange, systems emerge around pilgrimage behavior that facilitate the process of exchange. In this case, however, the exchange logic (Layton 2008b) at the heart of pilgrimage is tied up in human salvation, though it leads to earthly commercial flows, roles, networks and assortments: from an economy of salvation emerges the commercial exchange system of pilgrimage.

This study examines the phenomenon of pilgrimage as an exchange process, both in theory and in practice. We will examine two questions at the nexus of exchange and pilgrimage. First, what can we learn from pilgrimage by applying the lens of exchange? Second, what can we learn about our theory of exchange by examining pilgrimage systems? We use the answers to these questions to understand the origins, nature and consequences of an emergent pilgrimage site, Markt am Inn, the birthplace of Pope Benedict XVI, where an exchange system has emerged to facilitate the functional needs of pilgrims.

Pilgrimage and Exchange

Historically, pilgrimage has been studied by social scientists. Anthropologists focus on pilgrimage as a transformational ritual (Turner and Turner 1978), political scientists focus on pilgrimage as a source of political unity or conflict (Watt 1964), while sociologists have used pilgrimage to study communities that develop around the act of pilgrimage (Michalowski and Dubisch 2001). As is always true, the conclusions of these scholars regarding pilgrimage depend on the perspectives of their disciplines.

In most cases, they recognize that exchange relationships develop around pilgrimage, but these tend to be peripheral to their purpose. For example, in describing the ritual nature of pilgrimage, Turner and Turner (1978) note, “The first pilgrims tend to arrive haphazardly, individual, and intermittently, though in great numbers, ‘voting with their feet’; their devotion is fresh and spontaneous. Later, there is progressive routinization and institutionalization of the sacred journey. Pilgrims now tend to come in organized groups, in sodalities, confraternities, and parish associations, on specified feast days, or in accordance with a carefully planned calendar. Marketing facilities spring up close to the shrine and along the way secularized fiestas and fairs thrive near these. A whole elaborate system of licenses, permits, and ordinances, governing mercantile transactions, pilgrims’ lodgings, and the conduct of fairs, develops as the number of pilgrims grows and their needs and wants proliferate” (pp. 25-6). While this description of marketing activity is comfortable to the macromarketer, the Turners’ still view the central ritual of pilgrimage as separate from this system of exchange, which they consider incidental to the experience of the pilgrim.

By contrast, macromarketers would look for an act of exchange at the center of this description, as in Layton’s definition (2008a): “A marketing system is a network of individuals, groups, and/or entities, linked directly or indirectly through sequential or shared participation in voluntary exchange, which creates, assembles, transforms, and makes available assortments of products, services, experiences, and ideas, provided in response to customer demand” (p. 219). While an exchange is most often presumed to involve money, our normal postulate does not specify the medium of exchange, only that it produce mutual benefit. If an exchange system develops around pilgrimage activity, then at the heart of this must be an act of exchange. In this case, salvation is the object of exchange.

Pilgrims engage in a journey of faith for a number of reasons. Some are engaged in acts of devotion, expressing adoration for the gift of salvation. Others seek salvation through healing, hoping for intercession in exchange for their efforts. Still others seek salvation through repentance, hoping to acts of penance will reconcile them to God. In each case, pilgrims are engaged in acts of exchange, offering their time, treasure, health and safety in exchange for salvation, in this world or the next.

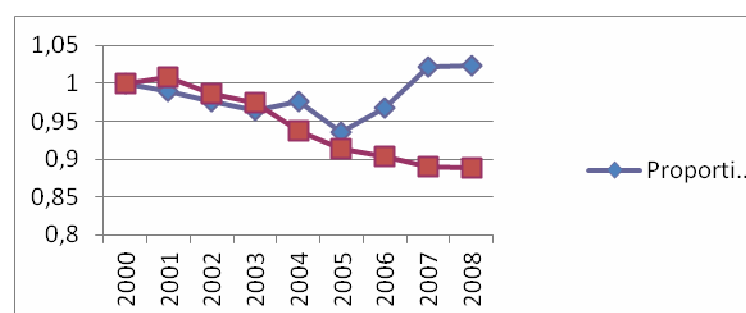
Salvation does not fit our common notion of an exchangeable commodity. This is because the theory of exchange is built on the notion of “private goods.” Samuelson (1954) presents the standard argument that private goods rely on two economic principles, excludability and rivalry. Excludability is the notion that it is possible (through price or other barriers) to prevent people who have not paid from enjoying the access to a good. Rivalry is the notion that consumption by one party prevents consumption by a rival party. Samuelson uses these two qualities to distinguish private from public goods, “which all enjoy in common in the sense that each individual’s consumption of such a good leads to no subtraction from any other individual’s consumption of that good” (1954, p. 387). Salvation as an exchangeable good is excludable, where pilgrimage serves as a mechanism through which access is gained, but it is not rivalrous. Salvation of one does not preclude the salvation of another. By these criteria, salvation is a “club good,” an excludable, but non-rivalrous good (Buchanan 1965). While there are good discussions of the exchange of “common goods” (which are rivalrous, but not excludable) in the macromarketing literature (Shultz and Holbrook 1999; Lee and Sirgy 2004; Kilbourne and Carlson 2008), very little is known about exchange systems of club goods. (Indeed, Tregear and Gorton’s (2009) discussion of shared brands is the only managerial discussion of club goods found by the authors.) The exchange systems of club goods is a fruitful, if unexplored, area for marketing’s theory of exchange.

Pilgrimage as an Exchange System

What is to be learned about pilgrimage as an exchange system by treating salvation as a club good? First, the marketing systems that develop around salvation through pilgrimage are not incidental; rather, they are the set of flows, roles, networks and assortments (Layton 2008b) necessary for the act of pilgrimage to occur. With no routes to travel, places to stay and eat, or other provisioners in place, pilgrimages to Mecca or Santiago could not occur. The economy of salvation, played out in the act of pilgrimage, cannot occur without an emergent, if not structured, pilgrimage marketing system.

Second, though Alderson (1965) argues that parties only engage in exchange for reasons of mutual benefit, those benefits are not clear in all cases. Because of the transcendent nature of salvation as exchange, we cannot know, or measure, the benefits received by God in such a transaction. However, while the exchange benefits of salvation cannot be measured, the economic benefits of the exchange system can. When Cardinal Joseph Ratzinger was elected Pope on April 19, 2005, his birthplace of Marktl am Inn (population 2,617), in the Altötting district (107,711) of Bavaria (12,538,969), became a place of pilgrimage. The Bayerisches Landesamt für Statistik und Datenverarbeitung (2010) collects data on numbers of visitors and nights stayed throughout Bavaria, at the district level. Using 20010 as the base year (where values below 1.0 indicate fewer nights per visit than in 2000, and vice versa) and recognizing that much has happened in Bavaria, but little else of importance in Altötting, we compared nights stayed per visitor in Altötting district to Bavaria overall. Figure 1 summarizes nine years of results. From 2000 to 2005, nights per visit fell in Bavaria and Altötting. After 2005, nights per visit rose in Altötting, while continuing to fall in Bavaria as a whole. While we cannot see the transformation of those who travel to Altötting, we can see the effects of an emergent marketing system.

**Figure 1: Nights Stayed per Visit, 2000 – 2008
(2000 as the Benchmark Year)**



Pilgrimage and the Theory of Exchange

What do we learn about exchange theory from the study of pilgrimage? First, marketing systems emerge from exchange of club goods, just as they do from the exchange of private goods. Rivalry, therefore, is not a necessary prerequisite for exchange. Non-rivalrous exchange should be a topic of further exploration for macromarketers.

Second, private goods markets, which are rivalrous and excludable, emerge as the consequence of club goods exchanges. As pilgrimage to Santiago has grown, so too has the

tourism market, creating two different demand curves for the same provisions. Tourists now compete with pilgrims for a limited number of hostel spaces and hotel rooms, where the former are willing to pay more. Methods of exclusion, such as the use of pilgrimage passports, are used to discriminate tourists from pilgrims, where some hostels and restaurants will only serve those who can prove they are on pilgrimage. However, this creates two different exchange media, priced through two very different mechanisms of exclusion. And, if those that have historically provided refuge for pilgrims increasingly cater to tourists, the marketing system for the pilgrim disappears. What does this mean for the pilgrim, and her salvation? Does the disappearance of the marketing system preclude the opportunity for exchange? This is a question to which macromarketing should offer an answer.

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The Marketing Effects of the Olympics on Tourism Industry, Displacement or Resilience: An Assortment Approach Illustrated with Empirical Results from the 2000 Sydney Olympics

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An investment such as hosting the Olympics gives a country every reason to be concerned about its effects. Although it is generally agreed that the Olympics offer a great opportunity to showcase the host country, it is hard, if not misleading, to evaluate the real impact of this big marketing campaign using currently available marketing tools that focus on single products or individual consumer behaviors. At the same time, propositions drawn from political economics such as the displacement effect are hard to implement in practice with few empirical evidence.

Marketing system provides a workable perspective on addressing these issues. Based on the definition and measuring approach of assortment proposed in a previous article, this paper measures destination assortments acquired by international visitors in Australia to provide insight on the influence of the 2000 Sydney Olympics. The results show a generally resilient marketing system in both diversity and structure of choices.

Introduction

Every four years, a big international event called the Olympics would be held in a selected country that attracts attention from all over the world. It is normally entitled to one city that would be the main site for the event, but it may also involve several cities in the country, and to an even larger extent, attracts tourists to the country. Although with the large audience the Olympics can reach through media coverage, it has long become a marketing vehicle in its own sense, the huge capital requirement in infrastructure investment needs to have some macro-level and probably long-term justifications. Hence, whether it is beneficial to all the parties involved and whether there would be some enduring effects are of great importance to the country and to the researchers interested in the dynamics of related industries.

The Olympics is not alone as a big event that affects an entity that has many components and may itself be a complex system. Similar situations include other major international sports events such as the World Cup soccer game, or even a regional one such as the Rugby World Cup, which has been analyzed carefully after it took place in Australia in 2003 (Year Book Australia 2005). The policy implication is apparent, so is the possibility of presenting disguised effect due to the selective information exposure for all sorts of reasons. One reason is that such an event has normally been marketed as a national event and thus involves a lot of public resource, including contributions from participating parties, so if

negative sentiments arise due to unevenly distributed benefits or some parties getting the benefit at the expense of other parties, it could be a government public relations disaster, which is undesirable. On the other hand, since the event might have caused so many direct and indirect, short-term and long-term influences that vary across different components of the whole entity, it is unjustifiable to accuse it for the imbalance of benefit distribution among components without a reasonable framework to include all the components and an empirically workable foundation for comparison.

To justify a huge investment such as that of the Olympics, the normal approach is to count on the multiple benefits of ticket revenue, sponsorship, Olympics related souvenirs, and tourism promotion. The event attracts a tremendous flow of tourists, and the main goal of these tourists would be to watch the games. As we don't know the full financial detail of the Olympics, it is hard to discuss the overall financial gains or losses here. What we want to do is to explore and understand the promotion effect to the tourism industry of the host country.

Traditionally, the foundation for comparison in analyzing the effects of big events is a group of macroeconomics performance indicators, which focus more on whether there was an increase or a decrease at the aggregate level. The problem with these indicators is that they were unable to reflect and capture the structure and change, and hence leaves a gap in investigating the mechanisms of system evolution. To solve this problem, and to have a more objective understanding of the effects of a big event to an entity as a whole and to its different components, in this paper, the assortment perspective and related measures are introduced as the analytic framework.

An assortment is defined in retailing literature as “the total number of different items which can be sold by a firm in given transactions” (Balderston 1956). The concept has then been extended to address the broader and more general issues in marketing systems. An assortment in a marketing system context can be defined as a discrete set of separable or distinguishable products, services, experiences and ideas, embedded in a marketing system, offered by sellers to prospective buyers (Layton and Duan 2011). In the tourism marketing system context, to understand the effects of a big event such as the Olympics, Australia or any country may be thought of a seller offering an assortment of its attractions to the traveling public, and actual visits represent the assortment sought by the tourists, or buyers. Through assortment measures, the following questions could be explored: Did the Olympics help Sydney at the expense of other areas, at least temporarily? Were the effects long lasting? Did it affect, in any long-lasting way, the structure of the assortment sought by the buyers?

The remainder of this paper is organized as follows. Section 2 first briefly describes the Australian tourism marketing system, and then outlines the destination assortment approach, which constitutes the empirical setting of the study. Section 3 introduces the data used in the study. Section 4 illustrates how the assortment measures are applied on tourism data and Section 5 uses these measures to examine what happened to the tourism industry during the period covering the Olympics season. Section 6 gives a brief conclusion.

Australian Tourism Marketing System and Destination Assortments

Defining the focal marketing system is necessary to set the background for interpretations of the assortment patterns, both structural and non-structural, to be found in the empirical results. A preliminary examination of the tourism marketing system in Australia gives positive indications of the fit between the research questions and the contextual setting.

The tourism marketing system is a complex system (Woodside and Dubelaar 2002). A tourism consumption system (TCS), focused on the tourist as a decision-maker contributing to

a tourism marketing system, can be defined as “the set of related travel thoughts, decisions, and behaviors by a discretionary traveler prior to, during, and following the trip” and investigated with events taken place at different temporal stages of discretionary trips (Woodside and Dubelaar 2002). Their central proposition is that there are underlying principles governing tourists’ thoughts, decisions and behaviors across tourism activities, implying that “behavior patterns should be visible in the consumption of tourism offerings” (p. 120).

In addition to evidence in literature that supports the suitability of applying the marketing system mindset on tourism, previous studies also show that assortment related analysis can be used in understanding travelers’ choices of sites for visit. For example, Fukuda and Morichi (2001) apply market basket analysis to recreational travel behavior. On the substantial meaning and implications, it is arguable that strategies related to assortment, such as bundling or cross-selling, can be adopted in the tourism sector. On the methodological side, early applications of assortment-related techniques have also been found.

Trips are one of the most researched and typical elements of acquired assortments in the tourism context. However, there are many possibilities of defining assortments on trips. Layton (2007; 2008) suggests that as the output of marketing systems, assortment is not limited to collection of tangible products, but should also include other attributes and components of the output such as service, experience and ideas. Given a limited knowledge of assortment, it is more feasible to start from just one type of assortment in terms of its defining attribute as a set, and then gradually extend it to include multiple attributes. In other words, a target of exploring the properties of acquired assortments and their relations to the evolution of a tourism marketing system does not imply an exhaustive coverage of all aspects of the output of the tourism marketing system. In particular the quality of service provided, experiences gained and perhaps the new ideas encountered in an international visit, will not, but perhaps could be, included in this study.

A geographic perspective is taken for defining the categorical space of assortments in the tourism marketing system. As a result, trips made by visitors are simplified as collections of ordered destinations according to the time of visit. With the geographic feature being the main attribute of trips, places visited by tourists constitute an important aspect of the output of the tourism marketing system, reflecting the fundamental spatial structure of the system. Assortments offered using geographical definitions are quite consistent over the years, in particular at certain levels (e.g., country), and there will not be a sudden proliferation of new destinations. This allows an examination of a relatively small number of external factors while having some confidence that these external factors have covered the major forces that drive changes of assortments.

The Empirical Setting and the Data

The Focal Marketing System

The Sydney 2000 Summer Olympic Games, officially known as the Games of the XXVII Olympiad, took place between 13 September and 1 October 2000 in Sydney, New South Wales, Australia. It was the second time that the Summer Olympics were held in the Southern Hemisphere, the first one being in Melbourne (1956). An international multi-sport event like the Summer Olympics is the most widely participated, if not the most popular sports event in the world, attracting travelers from all around the world.

According to popular beliefs, it is likely that the macro picture of tourism industry would be affected by the Olympics. Figure 1 shows that after seasonal adjustment, the number

of visitors arriving in Australia during the 2000 Sydney Olympics period stands out. The Olympics as an irregular component generates higher than normal number of visitors. The question is: besides this obvious fact, how have the marketing system and the assortment measures been influenced? In a wider context the Olympics are similar to a massive promotional event impacting some of the elements of an assortment – what changes? To explore the question, the time boundary of the focal marketing system is the period 1999-2001, starting from the last quarter of 1999.

Given the research questions, the player boundary of the chosen focal system is defined by limiting the participating individuals to international short-term visitors. Although the infrastructure of a tourism marketing system is not used exclusively for international visitors, this group of travelers is certainly of interest to both government and industry players. International visitors help to generate revenue for the nation's service trade account and are a major source of customers for local tourism operators.

(Figure 1: Period 1999-2001 and the Sydney 2000 Olympics)

Unit/category definition is important as a foundation of measuring assortment. Lew and McKercher (2006) express concern about the definition of "destination". They ask whether the site is promoted in the advertising campaign designed for the tourism packages as a criterion for being a "destination". In many studies, an acceptable distinction between destinations and attractions has been made, with the latter referring to a lower, more detailed, level of the aggregation hierarchy. In this sense, an interesting phenomenon that has been observed is that spatial patterns of tourist behavior within a destination, for example, a city, may also follow a similar track to destination choices (Flognfeldt 1992), that is, many tourists would visit multiple attractions after arriving in a destination (Debbage 1991); some would tour around first while others might go directly to special attraction sites (Cooper 1981). Although the boundaries of destinations or attractions could be arbitrary, the hierarchical structure in tourist spatial behavior is clearly implied and at the same time confirmed in various studies.

Level of aggregation is also important. Normally the time interval for the unit of analysis is chosen according to the length of the cycle, especially if there is some type of natural cycle. In tourism analysis, the most commonly used time intervals are month, quarter, and year. Widely recognized as a major factor in the pattern of tourism economy, seasonality is also thought to be influencing destination assortments. Stewart and Vogt (1996), for example, find dominant trip patterns are different from season to season. Although sometimes seasons are defined slightly different from quarters with summer starts in December and continues in the two first months of the next year (Tourism Research Australia 2008), in this study quarter still constitutes a reasonably good substitute for season. There are two reasons for this: first, the IVS uses exit survey to collect the data, which means there is a time lag between the time of core travel experience and the time of data collection. This time lag offsets partly the difference between definitions of quarter and season. Second, being a natural component of the calendar year, it is more consistent with yearly statistics, which has been adopted for report and analysis by most economies and industries. Hence, in this study, quarter is used as a major temporal interval for patterns of destination assortments. As what has been well supported in tourism literature, quarterly aggregation is used as a basis for both cross-sectional and longitudinal analyses.

The Australian Bureau of Statistics (ABS) provides a set of publications related to tourism sector in Australia. The main source for this study is the International Visitor Survey (IVS), which represents the most comprehensive source of information on international visitors to Australia. The data used in this study have been collected during the years between 1999 and 2001, a situation that the data may be considered outdated for use in a current study. However, ultimately the selection of data source should depend on the nature of the research problem. The goal however is to understand the marketing system through assortment measures and patterns. And given the limited research on the phenomenon, data obsolescence is not a concern at this stage. Analysis of marketing systems and assortments can benefit from larger sample size and comprehensiveness of the data set.

The International Visitor Survey (IVS) is considered as the major source of information on the characteristics and travel patterns of international visitors to Australia. Its data collection method involves face-to-face interviews conducted with visitors when they depart the country, and therefore is also referred to as the “exit survey”. Besides Australia, exit surveys have also been adopted to understand travel behavior by many other countries, including Canada (Woodside and Dubelaar 2002) and Malaysia (Oppermann 1992, 1995). The IVS in Australia began in 1969 and was administered intermittently during the 1970’s; since 1981, it has been conducted annually with the exceptions of 1982 and 1987 (Bureau of Tourism Research 2003).

Despite being a secondary data source, the IVS has several advantages that make it suitable for this study. First, directed by an independent research organization (Australian Bureau of Tourism Research) and carried out by a large professional marketing research firm (A.C. Nielsen), it has been considered as a highly credible source of information. Second, the data collection methods are designed to make the information collected as accurate as possible. Most items in the questionnaire are related to objective answers, which are less likely to contain interpretation bias. Third, the IVS is part of the historical records that can be matched and traced with other background information. This feature of IVS suits well to the marketing system perspective, where assortments should not be cut off from their context. At the same time, it provides the opportunity to investigate the evolution of the marketing system over time. Last but not least, the quota sampling approach provides researchers with access to reasonably representative samples of international travelers to Australia.

It should be noted that only destinations that the visitor spent overnight are recorded in IVS. The focus on overnight stays has been widely adopted in tourism research, in particular research in international tourism. Some researchers have commented that “tourism is defined in terms of overnight stays” (Shaw and Williams 1994, p. 35). Such distinction can also be justified through the behavioral difference of visitors between overnight stays and day trips.

The dataset contains that part of IVS conducted during the period from October 1999 to September 2001. The data are aggregated on a quarterly basis. Altogether 8 consecutive quarters, from Quarter 4 of 1999 to Quarter 3 of 2001, are covered in the dataset used for analysis. The dataset originally contains information of 32,574 individual travelers. Among the 32,574 international short-term visitors in the dataset, 254 don’t have information about destinations visited. Given that destination information is critical to the research, these respondents are therefore excluded from the current study. As a result, a total of 32,320 respondents are included in the analyses presented in this study.

The destinations visited were recorded according to the coding themes given by Tourism Research Australia, an affiliation of Australian Tourism Commission. An original document of coding instructions is provided in the Appendix. In the coding themes, destinations are referred to as “stopover regions”. During the years of 1999-2001, a maximum of 112 different labels of stopover regions were used, we recode them into 98 labels to incorporate the slight inconsistency in labels. Although the region labels are quite consistent, there were a few changes in almost every year. To determine the extent of influence of the recoding procedure, the analysis on the dataset was run before and after the adjustment, it is found that the influence is negligible since less than 0.02% (six visitors) of the total respondents was involved in those stopover regions and the difference in key results is within the 0.05% magnitude.

After data cleaning and standardization, a list of 98 stopover regions that exemplified the most fundamental categories emerged to be considered for destination assortments. The Original coding schemes and the final list are given in the appendix. Each stopover region is also affiliated to a state, which becomes the constituent category for destination assortments at a higher aggregate level. Including Australian Capital Territory (i.e., Canberra), there are 8 states involved in the study. This procedure fixes the distance structure between destinations, which are the foundation of disparity measure of assortment (Layton and Duan, 2011). For the purpose of the current study, which involves examining the effect of the Sydney Olympics, the disparity measure is skipped.

Measuring Properties of Destination Assortments

In tourism as well as customer choice studies, single-category and multi-category choices are normally separate research topics, featuring different research questions, settings and designs. Tourism researchers, for instance, have long tried to understand multi-destination trips, but few of their studies include single-destination trips. Under the assortment concept, however, it is clear that single-destination trips are a special case of destination assortments. Table 1 lists the number of respondents who took a single-destination trip or multi-destination trip in each of the eight quarters. Overall, there were more single-destination visitors compared to multi-destination visitors.

Despite that a majority (53.6%) of the respondents stayed overnight in just one destination, of all the sales (operationalized as the number of stopovers) in the system, only a small portion of them were contributed by the single-destination visitors (Figure 2). The single-destination visitors are still important because their choices may represent the typical popularity structure of the destinations and are critical inputs for later analysis on patterns of overall assortments.

(Figure 2: Share of Total Sales (Stopovers))

The interesting contribution of multi-destination trips to the overall revenue as well as the importance of diversity in consumption to the marketing system leads us to investigate the measures of diversity properties of destination assortments.

Diversity in the Assortment and Extent of Travel

Variety. In the destination assortment context, the variety measure is operationalized as the number of distinct places visited in the current study. The term “variety-in-trip” is used (it could be used as a measure of travel extent) to refer to the count of distinct places visited

by individual travelers; in other words, variety-in-trip is the measure of variety of the destination assortment acquired by individual travelers. In the following discussion, variety-in-trip and “number of distinct places visited” are used interchangeably.

The multi-destination trips bring up the research interest in travel extent, which has been a key construct in multi-destination research (e.g., Tideswell and Faulker 1999). Variety in the destination assortment is consistent with this perspective and therefore is substantially relevant in the context. The extent of travel is a construct used at individual traveler level. The variety measure, however, also has an implication at the collective/system level.

Among the 32,320 respondents in our sample, the most stopover extensive trip contains 76 stopovers, but only 33 distinct regions. The most diversified trip in terms of variety only, has visited 39 distinct regions within its 61 stopovers. As shown in Figure 3 using the variety measure, there is a fast declining in number of respondents as the travel extent increases.

Figure 3: Number of Visitors with Different Variety in Their Trips ($Av.=2.5$)

Balance via Visitor Share. As defined in a previous paper (Layton and Duan, 2011), balance refers to the pattern of quantity apportionment cross the relevant categories. In other words, it is a measure that concerns the market shares from a macro perspective. Entropy is probably the best measure for balance in this circumstance because that it changes monotonously with the diversification process (Jacquemin and Berry 1979). Denoting the market share of the i th destination as s_i , the balance of the system assortment can be calculated using the entropy formula: $H = -\sum s_i \ln s_i$. In this study, share of visitation, or the proportion of overnight visits, is used as the market share.

According to this definition of balance, if all the destinations are equally visited during a quarter, the balance will reach a maximum value of $\ln(N)$, where N is the total number of destinations provided by the tourism marketing system; on the other hand, if the tourists all flow to one or two destinations, the balance of that quarter’s aggregated acquired assortment would be close to zero. Balance, to this extent, indicates a resource distribution pattern. Other things being equal, it is generally desirable to have a more “balanced” (i.e., with higher entropy) consumption pattern or acquired assortment at the aggregate level.

Relational Properties

Two types of relational properties are identified in the previous conceptual paper (Layton and Duan 2011): association and sequence. They reflect the inner structure of the aggregate acquired assortment. The relational properties take the form of square matrices. They can be looked at as one-mode networks where predefined categories are used as row and column dimensions. The presence and strength of the relationship to be measured is then recorded as the value in the cells of the matrix.

Two types of affiliation-by-affiliation matrices are generated from the original incidence matrix: one is the sequence matrix, which is an adjacency matrix with directed data, while the other is the association matrix that contains undirected information in the cells. Both are valued matrices. The sequence matrix is calculated from the original incidence matrix using an algorithm that counts all the directed pairs. A directed pair is a direct link (i.e., with a distance of 1) between two destinations, the departing site and the arrival site. The association matrix, on the other hand, counts the presence of pairs in the trips, regardless of the direction and distance. In other words, a cell (a,b) shows the number of cases (individual trips) that

contain both destination a and destination b. The association matrix is then, by definition, a symmetric matrix.

The adjacency matrices can then be used as inputs for measurement or further analysis. Although all adjacency matrices can be represented in a graph (network) form, not all graph terms are suitable for analyzing any relational data. The applicability of network measures on certain relational data depends on two criteria: the conceptualization of the relations represented by the network and the empirical context of the network. This is especially true for the association network of assortments, which can be considered as a projected unipartite network from a bipartite network, that is, the customer-product affiliation network (Huang, Zeng and Chen 2007). Although previous studies have investigated bipartite networks similar to the customer-product network, such as the movie actor collaboration network (Watts and Strogatz 1998), scientific collaboration network (Barabasi et al. 2002), and board of directors network (Davis et al. 2003), the various affiliation types make most interpretations context-specific.

There are two schemes of interpretation on relational measures of destination assortments in the context of tourism marketing system. The first scheme is to look at the substantial meaning of the numerical network measures themselves, in particular the centrality measures. The second scheme, which follows the logic of graph modeling, focuses on the parameters that can most closely replicate the observed matrices. We will explain very briefly the first scheme and then the second.

The most useful network measures of the association matrix are the centrality measures. The measure is called centrality at the individual destination level and centralization at the system level. The former highlights the structural importance of an item in the assortment, while the latter gives information of how the whole network is structured and may disclose topological features of the assortment at analysis as a whole. Relevance of centrality measures is also supported by tourism studies. For example, destination characteristics including centrality and intermediacy are found to be important predictors of aggregate patterns of destination choices (Fleming and Hayuth 1994). We adopt two types of centrality/centralization measures in this study: degree and betweenness. Destinations with high betweenness centrality scores in the sequence matrix can be conceptualized as “hubs” that control the flows between other destinations (Hwang, Gretzel and Fesenmaier 2006).

In the association matrix, a destination with a high weighted degree centrality score can be understood as one from which many other destinations can be easily reached. The higher the weight of a link, the higher the possibility is that the two destinations at each end co-occur in a trip network, regardless of whether the connections between the particular destinations are direct or exist through links with other destinations. Hence the centrality scores are interesting to suppliers who consider product bundling strategies. Degree centralization measures the variability of degree centrality scores of the whole network. High degree centralization in the association network indicates that a small number of destinations appear in a large number of destination combinations realized through multi-destination trips.

The clustering coefficient of a node measures the cohesion among the neighbors of the particular node. For a node with a given nodal degree, the star structure is the one with the lowest possible clustering coefficient, while a complete graph is the one with the maximum clustering coefficient score. Hence, a node with low clustering coefficient in the sequence matrix can be interpreted as a hub or base camp in the trips. On the other hand, high clustering coefficient of a node suggests a locally cohesive group that the possibility of extending the assortment to any of the other nodes in the group is high, which is a useful notion for effective

product recommendation. To a certain extent, this suggests that the sequence network represents a key mechanism that drives the association network.

The second interpretation scheme has been applied in the association matrix (Huang, Zeng and Chen 2007). This is because in the association matrix the clustering coefficient alone is very hard to interpret. As a projected unipartite network from the bipartite network, the association network has inherited the high clustering coefficient, but the actual score could be influenced by the variety distribution as well as many other factors of which at the moment we don't have much knowledge. Therefore, instead of trying to for some substantial meaning for such network measures, the underlying logic of modeling through random graphs is adopted. In other words, using the three topological measures of the "networks" generated from association and sequence relationships: average degree, average path length, and clustering coefficient, the relational structure in the assortments is captured and can be compared to evaluate the change of marketing systems.

The Promotion Effect of the 2000 Sydney Olympics

An important influencing factor on the changing patterns of tourism assortment to be explored is the 2000 Sydney Olympics. The Olympic Games is a major event to any host country, especially to the country's tourism industry. From the marketing systems point of view, it also serves as a major external change in the environment. Similar to that of an ecosystem, where a particular change in environmental conditions may increase the diversity of one subset of organisms within a community while decreasing the diversity of a different group of organisms, diversity in some assortments may rise while that in other assortments may drop. Huston argues "it is virtually impossible to understand variation in the total number of species in a community unless changes in the major functional groups of species can be understood" (1994, p. 8). The same idea can be applied in analysis of marketing systems, that is, in trying to understand how the concept of assortment works in the general society by exploring its role and changes in sub-systems.

The implication of the 2000 Sydney Olympics is different to other situations of promotion as it actually creates awareness of a widely demanded destination. As a very special big event, the Olympics can be considered a promotion without economic incentives to the customers but has implications for the infrastructure of the marketing system. Similar situation could be found in other marketing systems, for example, the launch of a new product category in the retailing settings. As a result, the relational features are of particular interest when evaluating the promotion effects.

Though the key destination involved in this event is Sydney, it is reasonable to expect that other destinations might also be influenced to a more or less extent. Similar situations have been observed in other marketing systems (Ramanathan and Dhar 2010). For example, Mulhern and Padgett (1995) find that more than three-fourths of shoppers specifically seeking to redeem a promotion purchased one or more regularly priced items and spent more money on such items than on the promoted ones. Besides their effect on the system and individual destinations, the influence of promotion activities can also be differentiated at segment level. Bucklin and Gupta (1992) find that for segments based on purchase histories, the promotion activities are sensitive to some segments, but not to others.

In the following discussion, the influence of the 2000 Sydney Olympics is assessed with two diversity measures—variety and balance—and then the relational properties. These are looked at quarterly in order to pick the impacts of the Olympics. The section concludes with the effects from the perspective of segments and individual destinations.

Olympics Effect as Shown in the Diversity Measures of Destination Assortments

Table 2 summarizes the average variety in and balance of the quarterly assortments. The balance is calculated using the stopover volume (sales) share data. The higher the balance, the more diversified the energy of the tourist was, they higher the possibility of bring revenue to the other places than the focal destination—Sydney, and the longer time they spent in the less popular places. In the quarter when the Olympics took place, the average number of distinct places visited was significantly lower than that in the rest quarters. Statistical evidences are found in both ANOVA test ($F = 16.020$, $p < .001$) and Post Hoc Comparisons (for all the pairwise comparisons involving Quarter 3 in 2000, the mean differences are significant at $p = .05$ level). Moreover, the quarters right before and after the Olympics also saw visitors including fewer destinations in their trips compared to other quarters.

Scope of destinations included at the system level was also affected by the Olympics event. As shown by the balance measure, the scope of destinations visited in Quarter 3, 2000 was less diversified than that of other quarters. Despite the influence of the Olympics, the balance of the acquired assortments in the remaining quarters is quite stable over time. The discovered effects of the Olympics on the number of distinct places visited and the extent of diversification in the scope of destinations chosen are not at all surprising. In fact, it is expected that a significant portion of visitors arrived during that period were attracted by the Olympics, therefore the visitation would be more concentrated.

The pattern of assortment diversity change is further supported by the system level variety, which is referred to as the total number of stopover regions visited by all the tourists in the designated quarter in this study. During the period over quarter 4 of 1999 to quarter 3 of 2001, a total of 98 stopover regions were visited by the respondents. Table 3 shows the number of stopover regions included in the collective assortment of each quarter. Quarter 3 of 2000, the period when the 2000 Sydney Olympics took place, saw a lesser extensive travel propensity in terms of number of distinct places visited. It seems to be that time and a strong promotional factor are influential for the variety property of the collective assortments. In the short run, the big promotion has drawn attention to the focal destinations, and the least popular destinations could have been deserted due to the promotion.

Olympics Effect on Relational Measures

Of the six relational measures reported in Table 4, three seem to have picked up the Olympics event. Particularly, Quarter 3 in 2000 stands out from all quarters on the average path length of the sequence network and degree centralization of both sequence and association matrices.

The sequence network of the assortment became less concentrated during the Olympics season (41.24%). Normally a drop in degree concentration of the sequence matrix can be explained through two scenarios: the first is that the centrality score (i.e., nodal degree) of the most centered nodes drops significantly while relatively small change takes place for the rest of the nodes; the second, on the other hand, suggests a relocation of ties among the nodes so that the nodal degrees become more evenly distributed. In the case of the Olympics, it seems more likely that the situation has followed the first scenario. An examination on Sydney's centrality score over the quarters confirms the theory. In particular, the nodal degree of Sydney dropped to the lowest during the Olympics season, while its share of degree actually reached the highest among all quarters (Table 5).

The average path length feature in the sequence network, in the context of the Olympics effects, is consistent with the degree centrality distribution of the same network.

Because of the drop in centrality score of the most popular destinations (hubs), some nodes lost their direct links to the hubs, so it is more difficult to find a short path between pairs of nodes; as a result, the average path gets longer (2.338). Generally, extensive usage of effective hubs in a network would have positive effects on the efficiency of the network in terms of reachability between its nodes. This suggests that in certain contexts, such as the destination assortments in the tourism marketing system, average path length can be used as an indicator for efficiency of the system. The lower the average path length, the higher the efficiency of the system becomes for the connection between any pair of its nodes.

Degree centralization in an association matrix deals with the possibility of locations being included in a multi-destination trip. As discussed in earlier chapters, to some extent, degree centrality of association shares a similar conceptualization with the closeness centrality in the sequence matrix. Particularly good is that in contexts where the sequence measure is not applicable or applicable but obscure for observation and meaning, the degree centralization of the association matrix provides a measure for efficiency of the system. High degree centralization in the association matrix suggests that a large portion of multi-item individual assortments (e.g., shopping baskets, books checked out from the library in one occasion, multi-destination trips, etc) have included one or more of a few popular items, such as Sydney and Melbourne in the context of this study. The Olympics might have encouraged cancellation of certain direct links between Sydney and other places, but it definitely hasn't impacted the city's popularity among international visitors, on the contrary, the popularity of Sydney had actually increased among multi-destination travelers.

Exploring the Promotion Effect on Individual Destinations

Discussions in the previous section suggest a closer look on individual destinations for the impact of the 2000 Olympics would be necessary. Literature on promotion and multi-category choices generally argues that the influence of promotion is not limited to the category under promotion, but would probably extend to other categories as well. At the same time, positions of individual destinations in the trips would also be of interest to the event organizer, the government, and participants in the industry. Hence, besides Sydney, which was the main site hosting the 2000 Olympics, several other destinations are also included in the examination of the Olympics effect.

Market Share

A simple but widely used descriptor of the position of a product is its market share. Although market share is not an assortment measure, one of the proposed diversity measures – balance – does have a mathematical relationship with market share. Denoting p_i as the market share of product i , the entropy measure of balance can be calculated as

If indeed the Olympics would have some promotion effects on the destinations involved, then it is expected that there would be some changes in the market share of destinations due to this big event.

For a glance at the overall effect, Figure 4 shows the market share change of each destination by dividing the eight quarters into three periods: Before Olympics (the three quarters before Quarter 3, 2000), During Olympics (Quarter 3 and Quarter 4 in 2000), and After Olympics (the three quarters in 2001). As depicted in Figure 4(a), the average market share of five of the six most popular destinations increased during the Olympics period. The biggest benefitters seemed to be Sydney (No. 1 in the market share ranking of all quarters) and Tropical North Queensland (No. 4 in the popularity ranking), followed by Perth and Brisbane. Another gateway city, Darwin in Northern Territories, also showed a major positive shift in

market share during the Olympics season. Although many destinations were affected negatively, the concentration of positive effects on the most popular ones is the system structure change underlying the decrease in balance measure as mentioned earlier. The question then is: is this immediate reaction a lasting effect?

Comparison of average market share after the Olympics and before the Olympics shows a quick rebound of the Olympics effect, as shown in Figure 4(b). Although Sydney remained and probably would continue to be the most popular of all destinations, it did lose part of its market share to other destinations. So far, the biggest winner seemed to be Tropical North Queensland, which retained most of its market share gain from the Olympics effect (Figure 4(c)). Other impacts not included, such as the infrastructure enhancement and awareness of the country, the lasting influence of the Olympics on most of the destinations, in particular those less popular ones, was small.

To understand a little more about why some destinations benefited more than others from the promotion effect of the Olympics, eight destinations with the highest overall market share during the research period are used for a closer examination. In the order of their overall popularity, the eight destinations are: Sydney (New South Wales), Melbourne (Victoria), Gold Coast (Queensland), Tropical North Queensland (Queensland), Brisbane (Queensland), Perth (Western Australia), Adelaide (South Australia), and Petermann (Northern Territories). Besides their undoubted importance, the reason of including only the top eight most visited destinations is that the list is stable and simple enough for the data-crowded procedures. Particularly, these eight destinations were also the most popular ones in each quarter.

A preliminary observation on various aspects of the eight selected destinations is that compared to single-destination trips, multi-destination trips seemed to be more responsive to the Olympics stimuli in terms of which destinations were chosen. In particular, based on information from multi-destination trips, at least three destinations have shown a peak market share during the Olympics period, while no such pattern is detectable from single-destination trips. The three destinations are Gold Coast, Brisbane, and Tropical North Queensland. Interestingly, all three destinations belong to Queensland, a state with known reputation for hosting famous tourist resorts such as the Great Barrier Reef.

Although no firm conclusion can be drawn at this moment on to what extent and why multi-destination trips and tourist-oriented destinations were more responsive to the Olympics than their counterparts, the observations do suggest two possible directions for future investigation. The first is a typological distinction between destinations according to their responses to internal and external drivers. The second is a further understanding of individual destinations' responses through the assortment measures that focus on multi-destination trips – that is, the relational measures. The next part discusses the patterns in association rule change induced by the Olympics.

The (O-E)/E Index

The prevalence of multi-destination trips implies the insufficiency of focusing only on single choices, as well as the inappropriateness of assuming general independence between choices. A brief evidence of the deviation of observed association matrix from the independence assumption can be provided by the following test. Assuming the frequency with which one item is chosen is independent of the frequency with which another has been chosen, the expected value in the cells of the association matrix can then be calculated with, where p_i and p_j are the probability of item i and j being chosen independently. A Chi-squared test of goodness-of-fit is run on the overall association matrix of our sample, and the result shows

that such an independence model can confidently be rejected (Chi-square = 994638.44; df = 4654; $p < .001$).

Somehow, it is not enough just to know that the associations are not the result of independent choices. To trace the change in the marketing system, it is also convenient to use a simple index that reflects the departure of observed frequency of paired destinations in the association matrix from the expected frequency under independence assumption. The index is calculated as the difference between observed and expected frequency divided by the expected frequency:

The (O-E)/E Index is introduced to measure the magnitude of deviation of the association matrix from the independence model. It would be interesting to know whether the 2000 Olympics had an impact on the deviation pattern. Based on the quarterly association matrices, three 98-by-98 matrices are constructed with the value in their cells representing the deviation index in periods before, during, and after Olympics respectively. To avoid information overloading, the focus will still be on the indices related to the top 8 most frequently visited destinations.

Like the association matrix on which it based, the (O-E)/E index also measures a type of pairwise relationships among destinations—that is, to what extent a pair appears more or less frequently than their independence allows. Using the eight most popular destinations, the pattern of the (O-E)/E indices before the Olympics is shown in Figure 5(a), followed by a comparison of the change took place during the Olympics seasons (Figure 5(b)) and a longer term effect (Figure 5(c)). It seems to be that almost all the (O-E)/E indices were negatively influenced during the two quarters when the Olympics were held. The longer-term effect, as shown by the change of the indices after the Olympics compared to those before the event took place, seems to be a mixture of negative and positive influences on different pairs of destinations. The overall magnitude of the longer-term effect was also larger than that during the Olympics.

How did the patterns of (O-E)/E Indices differ at the period before, during, and after the Olympics? Were the effects path-dependent? To answer these questions, a set of statistical significance tests are carried out on the whole system (i.e., all the destinations instead of the top eight) according to the directions suggested by the aforementioned observations. In particular, Quadratic Assignment Procedure (QAP), a statistical technique based on permutations of the data set (Hubert and Golledge 1981), is adopted for the analysis using the network analysis software UCINET (Borgatti, Everett, and Freeman 2002). Compared to other techniques, QAP is more suitable for the test of significance on structural similarities between networks (Krackhardt 1987; Krackhardt 1988).

As the results of the QAP correlations show, there was some consistency in the structure of deviation from independence magnitude of all destinations over the time. The evidence is that the patterns of (O-E)/E indices were significantly correlated to each other. The Pearson correlation coefficients are 0.419, 0.351, and 0.214 for the pairs of After Olympics/Before Olympics, During Olympics/Before Olympics, and After Olympics/During Olympics, respectively ($p < .001$). On the other hand, though all the three correlations are significant, patterns in the time period before the Olympics and the period after it are more consistent with each other than with the pattern of the Olympics seasons. The tourism marketing system is relatively resilient even with the influence of a big event like the Olympics. The change that did take place, operationalized as the difference matrix between the After Olympics matrix and Before Olympics matrix, is highly influential to the resulting pattern after the Olympics (Pearson correlation coefficient = .791, $p < .001$), and is

significantly affected by the pattern existed before the Olympics, though the influence of previous status in this case was mostly negative (Pearson correlation coefficient = $-.343$, $p < .001$)—that is, there was an effect of flattening the deviation from independence due to, at least partly, the Olympics. The correlation between the (O-E)/E matrix during the Olympics and the change is insignificant (Pearson correlation coefficient = $.011$, $p = .203$). The Olympics event indeed was a special time period with special patterns that would be gone once the event was gone.

Conclusion

A big event like that of the Olympics has attracted attention from both researchers and policy makers. The event attracts the flow of tourists, whose main goal is to watch the games. While they are in the country, they generate tickets revenue as well as a new perception of the tourism marketing system. Even with the popularity of the displacement argument, it is not always clear how the Olympics may shift the structure of the tourism marketing system. Using assortment measures, this study explores the promotion effects of the Olympics and finds that in the short run the event has an effect of drawing resources to the focal destinations, but in the long run, the marketing system is more of a resilient type.

The contribution of this study is twofold. First, it contributes to the literature of macromarketing. Assortment has played a central role in retailing. Retailers use assortment planning to manage the merchandises they offer and deal with the different categories in their stores. However, the properties of diversity and connectedness resided in assortment imply for a broader application of this concept. At the same time, assortments are embedded in marketing systems. With the development of theories on marketing systems, the idea that assortment could be a concept more general than that in retailing is logical. As the extension has been formalized only recently, a call for empirical application outside of retailing is urgent. Hence, the research on destination assortments acquired by international visitors provides a chance for theoretical development as well as empirical investigation related to marketing systems.

Second, it provides a new methodological approach to a socially important issue. Whether the Olympics have changed the structure of the tourism sector and whether the gains of different components vary are explored with the analytical framework enabled by assortment measures. The results of the study generally indicate the resilience of the Australian tourism marketing system under the influence of the 2000 Sydney Olympics. Though some characteristics of the patterns in the overall destination assortments (i.e., where the transactions took place), such as variety of destinations in the trip and balance, have significantly changed during the Olympics season, a rebound is presented in almost all measures. A closer look through examination of market share of the destinations shows that the Olympics has a positive effect on the market share of popular destinations during the seasons it took place. To this extent, the promotion effects measured by assortment unveil the interesting phenomenon of system resilience and the pattern of change and return of assortment structure in the marketing system.

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The Making of Markets for Canadian Tar Sands Oil: From “Dirty” to “Ethical” Oil¹

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Abstract

What makes a controversial product acceptable? What turns negative perceptions of a product around, and thus helps to remove restrictions for the “making of markets” for controversial products? This paper examines the mechanisms mobilized to turn negative perceptions about a product into positive ones. It examines the making of markets for Canadian ethical oil from the “market as practice” perspective through the mobilization of a propaganda-based analytical framework. Based on the analysis of press articles published between 2008 and 2012 in two Canadian newspapers, this paper shows how simple, age-old propaganda techniques were mobilized in order to shift perceptions from “dirty” to “ethical” oil in the public opinion during a very limited time span. The main contributions of this paper to macromarketing theory are two. The first is to propose an analytical framework to analyze the shaping of public opinion, which was the condition for the making of a new product and market in our case. The second contribution concerns our object of study: we employ the marketing systems perspective and the practice perspective with respect to the analysis of a single product or to a dimension of this product, namely, its semantics

Introduction

In this paper, we will present an empirical study on the mechanisms of turning negative perceptions about the Canadian tar sands oil from “dirty” to “ethical.” The concept of ethical oil was coined by the promoters of the Canadian oil industry, and refers to Canadian tar sands. While the environmental and social impacts of the exploration and exploitation of tar sands oil is very controversial (Pembina Institute 2012), the advocates of tar sands oil coined the notion of “ethical oil” in the late 2000s, arguing that Canadian oil is produced in a democratic country with solid institutions, as compared to other, so-called “non ethical” oil produced in less democratic countries (Levant 2010).

The emergence of Canada as an oil superpower is a recent phenomenon. Before the early 2000s, only a handful of oil producing companies were active in the Canadian tar sands fields, due to costs and technological obstacles. The increase in oil prices in the world market has influenced the conditions and expectations with respect to the exploitation of these resources. However, the companies interested in becoming players in this new market needed to create everything simultaneously, including the product, the facilities necessary for oil

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production and distribution, the markets for which the product was assumed to be offered to, and the networks of actors involved in this endeavor.

The “making of markets” thus includes change and invention, and we have to identify the subject matter of change and the type of invention as well. In this regard, we refer to works in the recent marketing literature which have addressed market practices and the “making of markets” (Araujo 2007; Kjellberg and Helgesson 2007; Geiger et al. 2012) from both marketing and sociological perspectives. This study focuses on the mechanisms used to contribute to the changing perceptions of tar sands oil and the invention of a notion called “ethical oil,” which contributes to making this market.

At first glance, the words “change” and “invention” have positive connotations. However, the market creators had to invest considerable effort in changing the image of tar sands oil. The making of markets for tar sands oil was promoted as upholding a promise to Canada to become a future major energy supplier, which required a change from the perception of “dirty oil” to “ethical oil”; therefore, a product had to be created whose image did not stand in the way of allegedly sustainable solutions to the problem of what to build Canada’s future energy supply on.² In this regard, the making of markets is tantamount to the “making” of those semantics that can change “dirty” to “ethical” oil (Venkatesh et al. 2006).

This paper focuses on the semantic aspect of market making, that is, on the meaning related to the physical dimensions of the product. We assume a causal relationship between the above-mentioned change in meaning and the influence on the public’s perceptions and opinions, which was intended to be brought about by rhetoric and the other communication tools of the promoters of “ethical oil.” This aspect is the source of our interest in the role that knowledge plays, or can play, as “part” of the market and marketing practices, as well as for the “design” in or change of marketing practices. Economic growth theory usually assumes that rational actors hold an interest in the information they need for decision making, including when they strive for information. In new growth theory, knowledge explains growth. What does economic theory say about actors that do not play in the field of knowledge, but in that of ideology?³

At this point, the macro perspective comes into play. Private knowledge or personal ideology may play a part in individual decision making. Common knowledge or ideology is an additional aspect that has to be considered to change perceptions with respect to a product, as well as the interaction of common knowledge with personal knowledge or ideology. The field of institutional economics (Denzau and North 1994) has addressed this in terms of shared mental models, or shared components of mental models (Haase et al. 2009).

This paper examines the mechanisms mobilized to turn negative perceptions of a commodity product into positive ones. It does so through an in-depth examination of the making of “ethical oil” in Canada. Canada holds the second largest reserves of oil in the world after Saudi Arabia. However, most of these reserves, located in the Province of Alberta, are non-conventional, and oil extraction bears significant environmental and social impacts. Until

² Cp. Economic Action Plan 2012: Jobs, Growth, and Long-Term Prosperity. ActionPlan.gc.ca

³ Ideology is a topic that has found its way, among others, into anthropology (Alverson 1986), sociology (Bell 1988a, 1988b), economics (Denzau and North 1994), critical theory (Habermas 1987, 1989), and business ethics (Lodge 1982; Goodpaster 1985). More recently, ideology has attracted scholarly attention related to institutional and cultural analyses in business ethics (Matten and Moon 2008) or organization studies (Wines and Hamilton 2008).

2008, this controversial oil received negative press coverage in Canada, as it was often referred to as “dirty oil” or “tar sands,” all of which evoked its negative environmental and social impacts. By contrast, in 2012, Alberta’s tar sands extracted oil was presented as “ethical oil” more often by the media, on the grounds that it was produced in a “democratic country in which human rights are respected” (Levant 2010; see Appendix 1: Excerpts from Ethicaloil.org). Our empirical interest is to understand this rapid shift and how this shift was constructed. We expect the detailed examination of this case study to improve our understanding of the process through which markets for commodity and controversial products are made.

The remainder of this paper is organized into three sections. In the following section, we introduce the theoretical framework of the study, based on the linkage of the marketing systems approach with the practice approach. The third section introduces the case study, analytical framework, data collection, and analysis strategies, and presents our findings. The last section identifies the key findings of our case study. The paper concludes with suggestions for further research.

The Theoretical Framework of the Study

Market theory and marketing

Generally speaking, there is little social scientific knowledge about markets and the making of markets (Scott 2009; Boettke 2010). In neoclassical economics, markets have been described and analyzed from a highly abstract perspective and interpreted as a value-neutral and efficient tool to allocate resources in society. This view of self-regulatory markets has influenced policies and rule-making processes, and the current financial and economic crisis can be partially attributed to it (Stiglitz 2010). Beyond this view, there is relatively little knowledge about markets in economics or marketing, that is, the fields of study which consider the market as their main object of study. Economists have admitted that, in economics, the market has only a “shadowy existence” (Coase 1988, 5). With respect to marketing theory, the recent literature states that “there had been actually *very little study of the market at all in academic marketing*” (Vargo 2011, 125, italics in the original). As Vargo (2011, 125) continues, “we⁴ have not studied the market much and thus do not know much about how it works.” The works on marketing systems in macromarketing by Roger Layton (Layton 2007) are an exception, as well as the market studies by economic sociologists (Callon 1998; Callon et al. 2002), which have brought the “social construction” dimension into play (Koniordos 2008, 233).

We will refer more specifically to three fields of study: markets that are continually made and remade (Araujo 2007), marketing systems (Layton 2007), and practices which are identified and analyzed by the practice approach in social philosophy. We would like to contribute to providing a more solid and thorough understanding of the activities or practices in markets, as well as of the relevance of knowledge on the one hand and ideology on the other.

The practice approach

The practice approach assumes that the social order is constituted of practices (Reckwitz 2002) which are conceived of as overarching social entities enacted by individuals

⁴ Vargo refers to marketing at this point.

(Whittington 2006; Schatzki 2006). The practice perspective has been the source of stimulating research in organization studies (mainly dealing with strategy, cp., e.g., Orlikowski 2007; Jarzabkowski and Spee 2009) and in marketing studies (Echeverri and Skalén 2011). In these fields of study, the practice approach is connected with research critical to mainstream approaches or new perspectives (like service-dominant logic in marketing, cp. Vargo and Lusch 2004).

The macromarketing perspective

The macromarketing perspective is interested in examining and understanding the processes by which markets are made and created. It aims to go beyond the dominant micro view of markets as a static encounter between supply and demand and to understand the market as a complex evolving system in a process view. Among the central postulates of macromarketing is performativity – markets are “performed”: macromarketing assumes that agents, as hybrid collectives composed of individuals from different groups, have the capacity to shape exchanges and build markets through devices and objects. To this adds the interest in the study of “really real markets” that are lively places composed of a multitude of diverse actors, of market objects and devices, or political interests and cultural influences, and norms (Layton 2007; Boyer 1997, in Geiger et al. 2012: 134). This interest in deepening our understanding of “really real markets” invites researchers to investigate the simultaneous interplay between the material/object-related dimension of the market (what material object is being exchanged) (Callon 1998) and the social/dimension of the market (the market as a socially embedded social action) (Granovetter 1985).

We refer to two areas in which the making of markets needs more investigation and research. First, we still have a limited understanding of the making of markets for commodity products. Yet, there may be several major structural differences between consumer and commodity products in the making of markets for commodities. Recent research has investigated natural gas (Lewin, Strutton, and Paswan 2011) with an emphasis on the individual preferences of the different stakeholder and a limited focus on the process dimension of market making per se. Among these differences between consumer products and commodity products are volumes, market size, the pace of change in the making of the market, targeted consumers, distribution channels, and assortment. Understanding how agents make a market and take these structural differences into account may be of interest for the advancement of macromarketing. A second research area concerns the making of markets for controversial products. One could argue that most products are controversial due to their use, potential misuse, side effects, or the conditions of production (including economic, environmental, or social dimensions).⁵ We still have to understand the making of markets for controversial products more systematically. What makes a controversial product acceptable? What turns the negative perceptions of a product around and “makes” a market for such a controversial product? This study presents a case in which the responsible network of actors (constituted of lobbyists, governments, and industry) managed to change the semantical space related to a certain product (tar sands oil) by referring to ideology, in particular, to the Lockean Five (Lodge 1982), and by changing mental models by means of propaganda.

⁵ See Maguire (2004) on the removal of DDT from the economy; Raufflet and Batellier (2008) on the controversies around sweatshop labor in textile production, among others.

The Case Study, Analytical Framework, Data Collection, and Analysis Strategy

The case and research methods

A giant is born: Oil in Alberta

As already mentioned, after Saudi Arabia, Alberta holds the second largest proven oil reserves in the world, with 1.7 trillion barrels (International Energy Agency/IEA). This unconventional oil is contained in bitumen sands, where 20% is accessible by mining and 80% by hydro-fracking. In 2006, 1.126 million barrels per day were produced, and it is expected that a total of 5 million barrels could be produced by 2023. Even though this resource was identified in the beginning of the 20th century, investment in the Athabasca region oil sands from numerous important private companies has exponentially increased since 2000, enabled by two conditions: (1) technological improvements, and (2) high (above \$75 a barrel) oil prices.

The emergence of the Albertan oil is significant on several accounts. First, it has propelled Alberta forward as the fastest growing region in North America. Several national and international oil companies have invested in the tar sands industry and obtained leases and rights from the Albertan government for the extraction of bitumen, including Syncrude, BP, Total, ConocoPhillips, Suncor, Shell, and PetroChina (September 2009, \$1.9 billion). These companies and others are represented by the Canadian Association of Petroleum Producers (CAPP), which manages public relations and lobbying. This “black gold rush” has transformed the province at an unprecedented pace.

At the same time, the exploitation of this oil bonanza is controversial in all stages of its value chain. The production of this non-conventional oil requires considerable amounts of energy to extract the oil from the oil sands, which is neither easy nor clean: after the bitumen is extracted from the sands, the leftover residue must be securely stored for decades to keep it from polluting the environment. Large areas of land are destroyed, and there is uncertainty around the future re-habitation of these lands once the oil is extracted. A study from the United States’ (US) Environmental Protection Agency concluded that the production process releases up to 82% greater greenhouse gas emissions than conventional oil extraction.

Second, large land areas in Northern Alberta are consumed in the production process; a significant portion of these land areas are traditional/indigenous lands, and there have been several reports concerning public health issues among the neighboring First Nations/indigenous communities. For example, in 2008, several dwellers of Fort Chipewyan, a First Nations’ village, died from rare cancers, probably due to the degradation of the Athabasca Lake, their main food supply source, caused by contamination related to the industrial process of the oil sands extraction. Third, the transmission of sands oil requires the construction of new infrastructures in the form of pipelines. The US is currently considering the construction of a pipeline from Alberta to oil refineries on the Gulf Coast. The construction of these pipelines, which would cross protected or fragile areas and ecosystems, is not without challenges. The main pipeline, named Keystone, goes from Alberta to the Lake Michigan area, and is promoted by Enbridge. Enbridge also proposed the construction of the Gateway pipeline from Alberta to Kitimat on the Pacific Ocean, to promote export to China and Asia. Fourth, a pipeline has been proposed to transport Albertan oil to the more populated areas of Ontario and Quebec.

On the national level, the profitable exploitation of tar sands oil was made possible by the loosening of environmental regulation in Canada. As for climate change, Canada signed and ratified the Kyoto protocol on greenhouse gases in 1997, and the energy- and emission-

intensive production process of tar sands oil is probably not compatible with the achievement of the Canadian commitments to the international community regarding climate change and greenhouse gas emission reduction.⁶

Numerous environmental organizations, such as Greenpeace, ForestEthics, and Earthwatch, have claimed that oil sands production has severe impacts on global climate change, as its exploitation destroys very large boreal forest areas in the northern hemisphere, and affects wildlife in the region. They add that the emphasis on oil extraction, transformation, and distribution prevents the development of a renewable energy economy and green technologies. The influence of these environmental organizations is significant, and they have promoted the label “dirty oil”; their position is often opposed to any extraction of bitumen. A large part of the scientific community shares these concerns promoted by the environmental organizations. On the international level, the contested environmental performance of Albertan oil is not without controversy. In the US, Canada’s first trade partner, the Obama administration is limiting the amount imported to the United States, and several states have followed California in regulating the import of high environmental impact oil. The European Union is discussing regulating their imports of oil from Canada. Energy hungry China and Asia are the markets with few regulatory barriers to entry. Table 1 summarizes these controversies.

Table 1: Controversies around tar sands oil

Stage in Value Chain	Controversies
Extraction	Land: status of autochthonous population and effects on public health.
Production/Transformation	Separation of oil from tar is energy intensive, disposal of mud is long and massive.
Transportation	Pipeline construction through sensitive areas.
National Legislation	Lowering climate change targets and reducing international commitments (Kyoto) vs. loosening legislation to allow tar sands oil production.
Export	US and European legislation on conventional vs. non-conventional oil.

Crafting the “ethical oil” argument

Published in September 2010, the book *Ethical Oil: A Case for Canadian Oil Sands*, by Ezra Levant, has popularized this argument in Canada. The book also defined “ethical oil” by comparing the Canadian oil sands with several OPEC oil production or other heavy crude producers, and arguing that Canada’s human rights and environmental records are stronger. The definition given by Levant was used by the media initially, and then by Canadian officials. The Government of Canada used the term “ethical oil” once, through Minister Peter Kent (Minister for the Environment) and Prime Minister Steven Harper. They defined oil sands as ethical because Canada is regulated, secure, and reliable, and has a fair and free legal system. Since then, the government’s position on economic development, oil sands production, and environmental regulations are very close to their definition of “ethical oil.”

⁶ Cp. <http://www.spiegel.de/international/world/the-world-from-berlin-canada-should-be-shunned-for-kyoto-ignorance-a-803670.html>

Research design: Case and data selection

Data selection

Our data is composed of all of the articles published between 2007 and April 2012 in two Canadian newspapers: *The Calgary Herald* and *The Globe and Mail*. We selected *The Calgary Herald* because it is located in the metropolitan area with most of the headquarters of the Canadian oil companies involved in the exploitation of tar sands, and it is in the oil-producing part of Canada. 94% of Canadian tar sands oil is located in Alberta (Pembina Institute 2012). As such, the readership of *The Calgary Herald* is composed of individuals and groups who are very interested in oil, as oil represents a significant part of the local economy. We selected *The Globe and Mail* because it is Canada's most prominent and established newspaper, with national coverage and readership. We expected the combination of the different coverage of these two newspapers – local and nationwide – to provide us with a solid data set.

The articles were researched in the Factiva database under the keywords “dirty” near “oil” OR (ethical OR ethic OR ethics) near oil AND “oil sands” AND Canada. We first conducted the search on the period 1997-2012. 1997 was chosen because that was when Canada signed the Kyoto Agreement. We then restricted the analysis to the 2008-2012 time span, as these four years reflected the changes in the public's perceptions. The data was collected and classified in a table. 200 articles were collected and analyzed. We also interviewed a recognized journalist as an expert with more than three decades of experience covering environmental issues in Canada to help us design the research.

Analytical framework

To analyze the data, we built a framework based on the Institute for Propaganda Analysis (IPA). The IPA was a US-based organization composed of social scientists, opinion leaders, historians, educators, and journalists who conducted research on the forms, techniques, and effects of propaganda on public opinion (see: Garber 1942; Waples 1941; among others). Created in 1937 by social activists and scientists, it aimed to address the concern that propaganda was decreasing the public's ability to develop their own critical thinking. The purpose of the IPA was to provide a guide to help the public have well-informed discussions on current issues. The IPA focused on domestic propaganda issues that might become possible threats to the democratic ways of life. Based on their research on propaganda and public opinion, the IPA identified eight techniques that were mobilized to influence public opinion, namely: (1) name calling, (2) glittering generalities, (3) euphemisms, (4) transfer, (5) testimonial, (6) plain folks, (7) bandwagon, and (8) fear. These seven techniques are presented in Table 2.

Table 2: Analytical framework⁷

Technique	Definition
<i>Name calling</i>	The name-calling technique links a person, or idea, to a negative symbol. The propagandist who uses this technique hopes that the audience will reject the person or the idea on the basis of the negative symbol, instead of looking at the available evidence.
<i>Glittering generalities</i>	Glittering generalities are notions like “nation,” “development,” and “freedom” that can mean different things to different people; they can be used in different ways. Propaganda refers to such concepts to increase both the attention to and acceptance of the contents put forth by the propagandists.
<i>Euphemisms</i>	When propagandists attempt to pacify the audience in order to make an unpleasant reality more acceptable. This is accomplished by using words that are bland and euphemistic in order to disconnect from reality altogether.
<i>Transfer</i>	Device by which the propagandist carries over the authority, sanctions, and prestige of something we respect and revere to something he would have us accept. For example, most of us respect and revere our church and our nation. If the propagandist succeeds in getting a church or nation to approve a campaign on behalf of some program, he thereby transfers its authority, sanctions, and prestige to that program. Thus, we may accept something which we might otherwise reject. In the transfer device, symbols are constantly used.
<i>Testimonial</i>	“With our next breath, we begin a sentence, 'The Times said,' 'John L. Lewis said...,' 'Herbert Hoover said...,' 'The President said...,' 'My doctor said...,' 'Our minister said...'. Some of these Testimonials may merely give greater emphasis to a legitimate and accurate idea, a fair use of the device; others, however, may represent the sugar-coating of a distortion, a falsehood, a misunderstood notion, an anti-social suggestion...”
<i>Plain folks</i>	By using the plain-folks technique, speakers attempt to convince their audience that they, and their ideas, are “of the people.” This device is used by advertisers and politicians alike.
<i>Bandwagon</i>	With the aid of all of the other propaganda devices, all of the artifices of flattery are used to harness the fears and hatreds, prejudices and biases, convictions and ideals common to a group. Thus is emotion made to push and pull us as members of a group onto a bandwagon.
<i>Fear</i>	When a propagandist warns members of her audience that disaster will result if they do not follow a particular course of action, she is using the fear appeal. By playing on the audience’s deep-seated fears, practitioners of this technique hope to redirect attention away from the merits of a particular proposal and toward the steps that can be taken to reduce the fear.

We selected this propaganda-based framework for the following reasons. Oil is a commodity, and the norms and regulations that make it an acceptable or unacceptable product that can be distributed and sold in a country or region relies on the area’s legislation, law-making, or rule-making. Governmental agencies have the final say, but it is expected that public opinion has some degree of influence. As the product studied here is a commodity, individual consumers have limited choice, because third-party certification mechanisms are still in their infancy for commodities; the infrastructure for reliable certification is still limited. All in all, we selected this framework because it is difficult to disentangle the making of this market from the influence of public opinion, due to its controversial and commodity features.

⁷ **Source:** Institute for Propaganda Analysis (1938) and www.propagandacritic.org; elaboration by the authors.

Findings

Based on the data analysis, we identified three stages between late 2007 and early 2012. The first stage ranged from late 2007 to the end of 2008, and was a defensive posture for the proponents of oil. The “dirty oil” etiquette still prevailed and most of the Alberta government’s efforts were to counter-argue the environmental issues. The death of ducks in Syncrude pond during the summer of 2008 and the news of an “epidemics of cancers” among First Nation members at Fort Chipewyan worsened the image of dirty oil. The Albertan government, as a significant promoter of the oil sands to the general public as well as to investors, was active on four inter-related fronts. First, in June 2008, it invested \$25 million in a three-year public relations campaign to rebrand the oil sands. Second, it granted leases to investors in oil sands extraction. Third, it attempted to sign cross-boundary agreements with other provinces or states in Canada and the US. Fourth, the Albertan government refrained from producing new norms on carbon emissions to make it more attractive for potential investors.

The Canadian government was mostly absent in this image debate: the Canadians deplored the duck death tragedy and blamed Syncrude, the oil company. The Government of Canada identified economic growth as a priority, and made it clear that the new climate policy and lower emission objectives would not be an obstacle to economic growth. In June 2008, the Canadian government tried to “educate” the American Congress in a lobbying effort about the benefits of Albertan oil for the US.

The second stage ranged from January 2009 to September 2010. The new Obama Administration obliged the Canadian government to intensify conversations in the US around (1) the promotion of oil sands in the US towards the construction of the pipelines, and (2) the establishment of a Canada-US agreement on carbon emissions, which would postpone emission cuts up to 2050 in a two-year negotiation. The Government of Alberta continued its campaign initiated in 2008 with the press, arguing that (1) the oil from oil sands production is a major source of revenue for the province and a contributor to the world economy; and (2) governmental investments (along with company investments) in technology in university research centers would address the environmental hazards of oil sands production.

In their dealings with the American government and Congress, both the Canadian and Albertan governments (1) promoted Canadian oil as a reliable, stable source, in stark contrast to the Middle East and Venezuela, and that importing from Canada would contribute to reducing dependency on foreign sources; and (2) reminded them that both countries have high emissions related to the energy sector: while Canada produces oil from tar sands, the US produces and consumes coal.

Two events damaged the image of the petroleum industry and oil sands during the second period (2009-2010): the explosion of the BP oil platform in the Gulf of Mexico (May 2010), and the spill of the Keystone (1) pipeline in Michigan (September 2010). Environmentalist groups attacked oil sands further on new issues, namely, carbon footprint, carbon emissions, degradation of the Athabasca River’s water quality, and the consumption of oil in the US. At the same time, European environmentalist groups campaigned against oil sands through Shell, and pressured the European Union to regulate against importing the sands.

In September 2010, the book *Ethical Oil* was published, in which all of the arguments previously promoted by both government and industry were summarized into the notion of oil

being “ethical.” These arguments included: (1) job creation and economic stimulus during a time of recession; (2) the promise of the reduction of the environmental impacts, thanks to new technological developments in the extraction of the oil sands, which will not pollute as much as other crude (or heavy crude) extraction; (3) Alberta as a reliable and stable place to do business; (4) Canada as a country that supports peace and is against terrorism; (5) sufficient regulation being imposed on the industry; and, last, (6) environmental groups presented as foreign interest groups.

The third stage ranged from September 2010 to March 2012. The new Environment Minister of Canada, Peter Kent, called the oil sands “ethical” in his first speech after his appointment, and Prime Minister Harper followed a few days later. Also, the Canadian government presented its carbon emissions regulation, and how it will control emissions by scientifically testing the environment in the Athabasca region. The new regulations were welcomed by the Albertan government, but they also called for the constitutional right to manage their natural resources. The three-year PR campaign ended, with little success. These governments continue to work hard in presenting this regulatory system as cutting edge and using the latest technology. This is a legitimacy issue.

The Canadian government was actively involved in the promotion of the Keystone XL pipeline in order to encourage the Obama administration to accept the border crossing of the pipeline, which is an international question, and therefore in the hands of the president. The Canadian government argued that Canada’s economic development is based on its oil sands. The Gateway pipeline is also being questioned, and currently, there is a national hearing process in Northern British Columbia and Alberta. Last but not least, non-Canadian environmental groups (but including Canadian non-governmental organizations that are part of larger international networks) have been left out of the debates, because they have been labeled as foreign interest groups.

In sum, a shift in the environmental debate occurred during these three years: from the defensive stance in which the industry and the governments felt they were to one in which environmental groups are requested to argue and build the case that tar sands oil is not unethical. Our argument is that the use of propaganda techniques contributed to this shift.

Table 3 summarizes the use of the techniques that were used to reframe the wording in the debate from “dirty oil” to “ethical oil.”

Table 3: Applications of propaganda techniques

Techniques	Applications
<i>Name calling</i>	Discrediting environmentalists as oil consumers themselves and environmental organizations, such as Greenpeace, as being funded by foreign opponents to oil. Making use of phrases like “radicals, foreigners, foreign interests” to discredit opponents.
<i>Glittering generalities</i>	Oil produced in a country where human rights are respected; sands oil as a source of prosperity and economic growth for Canada.
<i>Euphemisms</i>	Use of words such as “ethical oil,” which refers to Canada as a state of law.
<i>Transfer</i>	Reframing the debate from the use of words with opposite connotations, like “dirty” and “clean,” by shifting to a superior level of argumentation, or to a more elaborated type of discourse, by reference to ethics. This shift was justified by the democratic character of Canadian institutions. With it, to the opponents of tar sands was placed the burden of proof that their argumentation is not un-ethical. Proponents of tar sands oil have overarching goals in view, such as the “good” of Canadian society; opponents share parochial views.
<i>Testimonial</i>	Use of examples of workers in the tar sands industry.
<i>Plain folks</i>	Job creation for all Canadians in Fort McMurray.
<i>Bandwagon</i>	Canada as a global oil producer; moaning: “If the US does not accept, we will sell oil to China.”
<i>Fear</i>	Polarizing: Canada’s oil is ethical vs. OPEC producers are unethical, insecure, and unreliable.

Conclusions, Contributions, and Future Directions

This paper has examined the making of ethical oil in Canada based on the examination of age-old propaganda techniques used to change the semantics of a particular commodity, that is, Canadian tar sands oil. We have assumed but not explicitly addressed in this paper that making a market does have to do with building an assortment and creating the financial and physical infrastructure needed to extract and transform oil. This study has highlighted the discursive and ideological dimensions of market making as a condition of building the financial and physical infrastructure for tar sands oil. Both aspects are included in the conceptual framework of the marketing systems approach, which provides the analytical prerequisites for their analysis. On the other hand, the marketing systems approach is suited for combining with other approaches for the matter of application. Our study is thought of as a preliminary first step in this direction, insofar as it attempts to combine the marketing systems approach with practice perspectives in marketing, and also works on ideology in terms of the philosophy of science and business ethics. It is clear that our arguments have to be worked out in more detail. Notwithstanding, our study has shown that the market for “ethical oil” has been created by means that can be described through propaganda analysis. The arguments that speak in favor of the exploitation of the tar sands fields can barely be considered as theoretically well derived; and the activities undertaken by the main actors in the process of market making (in the case of our study, the creation of adequate semantics for the commodity) can barely be justified as ethical, sustainable, democratic, or just. Nevertheless, as our analysis has shown (Table 3), the Canadian federal government, industry, Albertan government, and the other actors made, at least from their perspective, a very good choice by changing the frame of the debate from the “parochial” dirty/clean contest to an overarching, positively connotated meta framework headed by the expression “ethical.” This represented a

risky and bold move, but it seems that it has been successful at shifting the debate to increase the acceptance of tar sands oil.

The making of markets presents a very stimulating research perspective to examine controversial as well as commodity products. Researchers could investigate the market making of other controversial products, such as DDT, GMOs (genetically modified organisms), or tobacco, by examining how agents mobilize propaganda techniques to influence public opinion.

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Appendix 1: Excerpts from Ethicaloil.org

What it's about

- EthicalOil.org encourages people, businesses and governments to choose Ethical Oil from Canada, its oil sands and other liberal democracies. Unlike Conflict Oil from some of the world's most politically oppressive and environmentally reckless regimes, Ethical Oil is the "Fair Trade" choice in oil.
- Countries that produce Ethical Oil protect the rights of women, workers, indigenous peoples and other minorities including gays and lesbians. Conflict Oil regimes, by contrast, oppress their citizens and operate in secret with no accountability to voters, the press or independent judiciaries.
- Some Conflict Oil regimes even support terrorism.
- As the world still requires growing amounts of oil, people, businesses and governments need to make a choice: do we continue to buy Conflict Oil from politically oppressive and environmentally reckless regimes or do we purchase Ethical Oil that is discovered, produced and transported responsibly?
- Ethical oil. It's a choice we have to make.

Retrieved May 02, 2012, from <http://www.ethicaloil.org/about/>

The Consumer as Critical Player in moving towards a Sustainable Marketing System: Refining the Agenda

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Marketing as a core management discipline finds itself in a profound dilemma which has been well highlighted in the macromarketing literature. Charged with growing demand for products and services (Kilbourne et al 1997, 6) through “selling goods, encouraging consumption and making profits” (Gordon et al 2011, 145); it operates in a global societal context where it is now widely accepted that continuous growth is unsustainable in the longer run (Mitchell et al 2010, 160; Assadourian 2010, 186). Jackson sets down the dilemma starkly: “In pursuit of the good life today, we are systematically eroding the basis for well-being tomorrow. We stand in real danger of losing any prospect of a shared and lasting prosperity” (Jackson 2009, 2).

Marketing urgently needs to consider whether and how it can reconcile its “doctrine of focusing upon satisfaction of consumers’ needs and wants” (Kilbourne et al 1997, 5) with long-run consumer welfare that takes account of the environment, diminishing resources, and needs of future generations (Prothero et al 2011, 31; Gordon et al 2011, 143). In short, what is the shape and character of a sustainable marketing system, and what is the role of consumers in bringing about fundamental change to the system vis-à-vis business, government and other agencies?

The issue is not a new one. The July 1971 *Journal of Marketing* defined societal marketing as an enlightened marketing concept whereby firms should balance consumers' wants, the firm's requirements, and society's long-term interests. Kotler (1972) made a call for all companies to move towards ‘desirable products,’ combining both long-run societal benefit and immediate customer satisfaction. Fisk set down criteria for a theory of responsible consumption, noting that “two things are needed – a new attitude toward the meaning of consumption and a social organization to implement such an attitude” (1973, 25).

These expanded views of marketing allowed a dedicated group of “marketing and society” researchers to flourish, but not as a part of mainstream marketing practice (Wilkie and Moore, 2003). Yet the need to reconcile marketing's continued emphasis on demand stimulation with much more sustainable use of the earth's environment and material resources has during the intervening years become even more urgent, with Fisk noting that “long-range consequences give strong impetus to refocusing marketing away from maximization of consumer satisfaction and towards the maximization of sustainable consumption” (2006, 214).

Cornwell and Drennan, defining a cross-cultural macromarketing agenda, made a plea for priority topics of sustainability, well-being and market structure to be brought into mainstream marketing and consumer behaviour research (2004, 118). Fisk argued, “all

marketing functions and consumption supply systems warrant re-examination through the lens of their contribution to sustainable consumption and supply chain analysis” (2006, 215) – in short making a call to revive earlier interest in aggregate marketing systems. Layton (2007) has argued cogently in support of the central role that marketing systems can and should play in the discipline of macromarketing, recently extending this work towards developing a theory of marketing systems. Elements identified by Layton as integral to a marketing system include buyers and (specialist) sellers, exchange logics, flows, roles, networks and assortments all operating within a social matrix with, at least in a normative sense, societal well being and quality of life as outcomes (2011, 267).

This paper takes up the call for a renewed interest in marketing systems, with their emphasis on processes and flows, as fundamental to reconceptualising the role of consumers (and other system players) in reorienting towards sustainability. A marketing system model is developed, incorporating factors identified by Anderson and White (2009) as essential for a truly sustainable system. The model highlights the possibility of consumers becoming a node within a ‘continuous loop’ rather than simply an endpoint in a terminating linear process.

Two features of modern marketing systems are identified by Jackson as central to driving demand. “The profit motive stimulates newer, better or cheaper products and services through a process of innovation and ‘creative destruction.’ At the same time, expanding consumer demand for these goods is driven forwards by a complex social logic” (2009, 88). Macromarketers, who consider how consumers find identity and meaning through consumption in a social setting, explore this notion of a complex social logic. Kilbourne et al argue that the basis of a long-run decline rests in the ideology of consumption – “consumption practices within these societies are embedded within the dominant social paradigm (DSP) that forms their worldview” (1997, 4). In laying out an agenda they say it is up to macromarketers to define a role making ecological issues culturally significant, arguing that macromarketing should be ‘center stage’ in the change process (1997, 18). The agenda should include: holistic/interdisciplinary methods, analytical means and social and environmental ends, trade-off relationships, need satisfaction and QOL (1997, 18–20). Subsequent work has highlighted a growing gap between positive consumer attitudes towards sustainability, and actual consumption behaviour (Prothero et al 2011, 32); and confirmed the negative impact of the DSP on environmental attitudes and willingness to change consumption behaviour (Kilbourne and Carlson 2008, 117). An experimental study further revealed that consumers can be positively influenced in their realization of required change at the societal level, but that personal willingness to change is difficult to shift because of a fear that others may not (Kilbourne and Carlson 2008, 118). This suggests that the future change agenda must embrace both systemic (marketing system-wide) and individual elements simultaneously. A study by Kilbourne et al across seven market-based industrial countries showed that the technological, economic, political, and competitive institutions making up the DSP are all directly related to materialism, underscoring the need “to explore consumption activities from a macro perspective” (2009, 274) – i.e. through adopting a holistic marketing systems view.

Prothero et al broaden the agenda through their idea of ‘empowering consumer-citizens’ noting that the concept is still emerging, but that “a plethora of research questions arise for transformative consumer researchers ... interested in sustainable consumption” (2011, 33). They also make clear that any initiatives to produce and consume within ecological limits will require simultaneous efforts on the part of public policymakers, business and consumers (36).

The purpose of this paper is to refine a research agenda aimed at better understanding how consumers (perhaps as consumer-citizens) can partner in the significant choices required to move towards a sustainable marketing system. The goal is to assist consumers in reconfiguring their fulfilment of “wants and needs” (Kilbourne et al 1997) in ways that allow them to redefine their lifestyles while maintaining or enhancing standards of living and perceived wellbeing (Moraes et al 2012, 123) – rather than having choices unilaterally imposed by others, or through simplistic urgings to ‘just consume less’ which are known not to succeed (Kilbourne et al 2009, 274).

In proposing a framework for sustainable marketing, Gordon et al observed that “given marketing’s aim to encourage and increase consumption, green marketing and social marketing may help streamline marketing somewhat, but it is doubtful that the contribution to sustainability would be more than marginal without more systemic change” (2011, 155). Polonsky et al (2003 360) noted that “solutions to broad-based issues of harm require a broader degree of cooperation amongst all stakeholder groups (e.g. consumers, not-for-profits and firms).” This is consistent with Prothero et al (2011, 33) who argued, in their discussion of consumer-citizens, that “to choose as a citizen may lead to different social, environmental and ethical and evaluations of alternatives than to choose as an individual serving one’s own interest.” Carrigan, Moraes and Leek (2011) demonstrated that through a combination of social marketing and diffusion principles, small firms in partnership with individuals were able to influence a whole community to support a significant sustainability initiative.

In a concerted push towards corporate responsibility, UK retailer Marks and Spencer launched in 2007 its Plan A commitment to sustainability, with the goal to become the world’s most sustainable major retailer by 2015. In a 2010 revision of the plan, the first (of seven) pillars became “to engage consumers.” Even a company as large as M & S came to learn that consumer engagement was critical to achieving the desired sustainability outcomes. They identified four key segments: the disinterested, those who might take episodic action, the ‘light greens’ who would act if companies made it easy for them to do so, and ‘deep greens’ who were committed to changing their behaviour (Grayson 2011, p 1021). These findings reinforce the view that business-consumer partnerships and a diffusion perspective are likely to be beneficial in forming an agenda for fostering consumer engagement in the pursuit of sustainable marketing systems.

Finally, the emergent ‘marketing-with’ philosophy expounded by Lusch (2007) as a part of SD-Logic is also helpful. Lusch views the customer as a partner in the co-creation of value, an increasing practice for innovative organizations. His call for “a compelling body of thought regarding the aggregate marketing system” (Lusch 2007, 267), with solid SD logic underpinnings and recognition of the customer as endogenous and a partner in the co-creation of value, supports a premise of this paper that consumers have a pivotal rather than passive role in aiding sustainability. Layton (2008) extends this idea into a system-embedded service-dominant logic (SESD), arguing that the unit of analysis is not the exchange itself but rather a marketing system within which service dominant exchange is embedded. A combination of consumer-business partnerships and SESD thinking holds promise for aiding consumer action towards change.

Figure I summarises the main elements of a modern marketing system with its flows, relationships, and interdependencies. The grey elements indicate flows to be reduced if not ultimately eliminated, while the green reflect new elements required for a sustainable system.

Figure I
Towards a Sustainable Marketing System

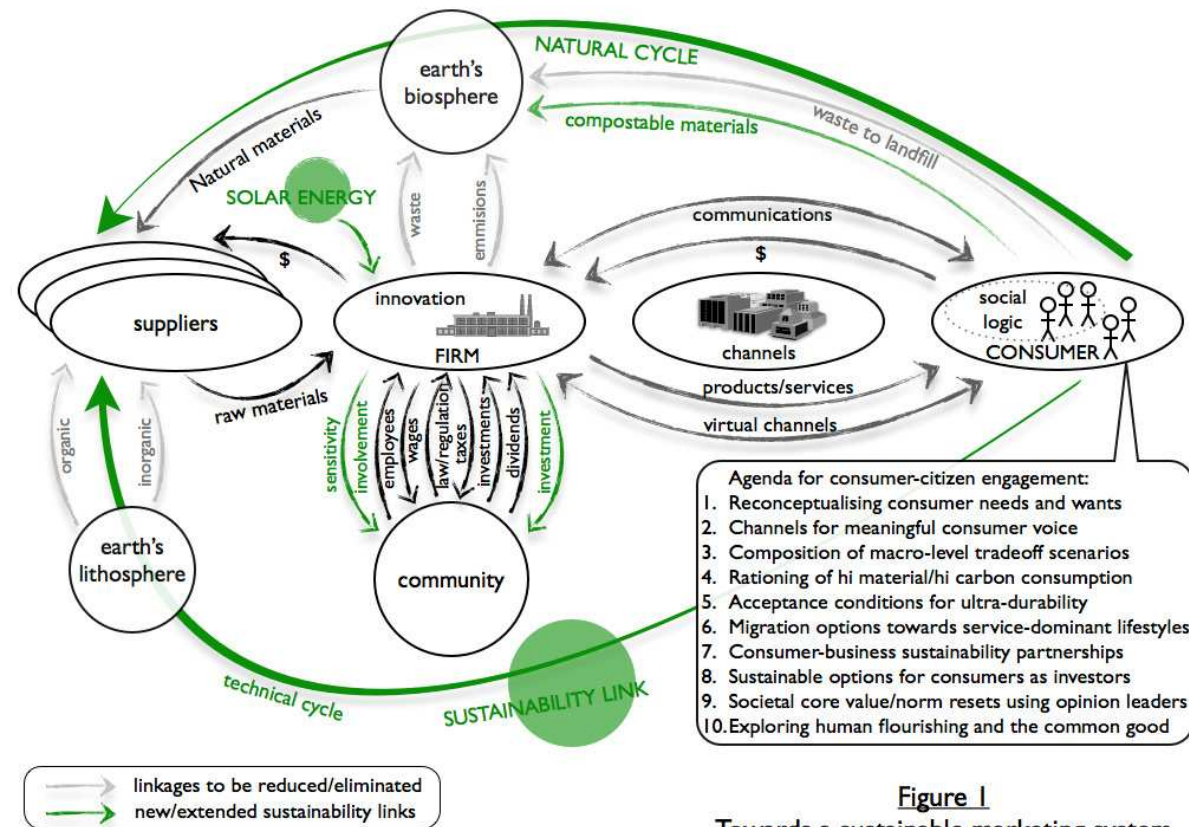


Figure I
Towards a sustainable marketing system

Source: 'green' elements adapted from *Confessions of a Radical Industrialist: Profits, People, Purpose - Doing Business by Respecting Earth*, Ray Anderson & Robin White, St Martins Press: New York, 2009.

Drawing on the above macromarketing perspectives, an agenda for researching ways in which consumers can engage with the process of change is presented, reflecting four sets of issues. Firstly, the need to understand consumers' perceived needs and wants within a DSP setting, and how they can exercise voice for choices beyond just the incremental. Consumer choice options are often prescribed within narrow bounds, resulting in frustration vis-à-vis micro options rather than macro options. Secondly, the need to understand consumer trade-offs under constrained choice conditions at the macro level (eg what choices would they make if carbon and/or certain material goods were rationed?) including perceptions of SESD lifestyles. A related aspect is consumer preferences under mandated conditions of ultra-durability and ultra-efficiency (eg minimum life spans for durables). Thirdly, exploring meaningful ways for consumers and firms to co-create value around a shared aim of sustainability. Even if they attain total carbon neutrality, the most progressive businesses are still unlikely to dominate. Likewise, even the most environmentally committed consumers do not have the market power to unilaterally force change upon firms. An identification of effective consumer-business (including co-creation) partnership approaches, along with better mechanisms for allowing consumers to invest in green-industry and sustainable new ventures, should facilitate the emergence of sustainable business models over time and at scale. Fourthly, and most fundamentally, there should be value in 'scenario-based' research that facilitates consumer engagement with questions of satisfaction through non-consumption or less ecologically intensive consumption, and well-being that relies less upon novelty and change in material goods, and more upon human relationships.

In conclusion the goal of this refined research agenda for ‘consumer as critical player’ is best articulated by Tim Jackson (2009, 102) – “Only through such changes will it be possible to get ourselves ‘unhooked’ from growth, free ourselves from the relentless flow of novelty that drives material throughput and find instead a lasting prosperity – the potential to flourish, within ecological and social limits.”

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The Influence of firm level role confliction on the social impact of business activity

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Researchers have long acknowledged the difficulties and risks faced by firms investing overseas (Boddewyn, 2005). Despite the potential for mutual benefit, interactions between the foreign firm and the host country society often create frictions which can prove detrimental to both firm success and the social and economic goals of the local society. Such frictions might include conflict with the host government when the actions of the firm run counter to the objectives of the government relating to issues of employment, tax revenues, or the extraction of natural resources (Makhija, 1993). Other conflicts might arise with local firms, who view the foreign entrant as unwelcome competition. Conflicts arise with local employees, who might be unfamiliar with the foreign firm's human resource practices (Kostova and Roth, 2002). When the firm is perceived as engaging in activities, such as pollution or unethical business practices, they might encounter tensions with the local society as a whole (Robock, 2005). These tensions and conflicts between the foreign firm and the local society are a primary reason for firm underperformance and suboptimal outcomes for the host society. Yet, the reason why these difficulties occur is often ambiguous to the firm, or in many cases they arise due to the difficulty in meeting the very different and often conflicting demands of different stakeholders. Despite the importance of this issue, researchers lack a unified theoretical framework for explaining and predicting how these conflicts arise and how firms might resolve them.

We believe that role theory, applied to the firm level, is well situated to address these conflicts. Role theory is "a science concerned with the study of behaviors that are characteristic of [actors] within contexts and with various processes that presumably produce, explain, or are affected by those behaviors." (Biddle 1979, 4). A role is the set of activities and expected behaviors associated with a position in a social system (Katz and Kahn 1978). Kahn et al. (1964; see also Kahn & Quinn, 1970; Katz & Kahn, 1966, 1978) present a model of role episodes which explains the dynamic interaction between a focal role holder/actor and the role-set. The role-set consists of individuals and entities (role senders) who depend on the focal actor in some fashion, and as a result form beliefs and attitudes regarding what the focal actor should and should not be doing as a part of the role. Each role sender communicates expectations via various message forms (e.g., instructions, regulations, evaluations), referred to as the sent role. The focal actor processes the information and combines it with its own expectations to form the received role. The focal actor's behavior is the response to the information and influence contained in the received role. The degree to which the focal actor's behavior conforms to the expectations of the role-set then influences the expectations of the role-set for the next cycle. Thus the role episode is a cyclical, continuous process influencing the behavior of the focal actor and the expectations placed on it.

Role conflict occurs when a focal actor is subjected to two or more role expectations such that compliance with one makes compliance with the other more difficult (Katz and Kahn, 1978). Role conflict can take many forms including when demands or expectations

from a single role sender are incompatible (intra-sender conflict), when the expectations from one role sender oppose the expectations communicated by one or more other role senders (inter-sender conflict), when the expectations from membership in one system are at odds with the expectations from membership in another system (inter-role conflict), when role expectations are in violation of the focal actor's values (actor-role conflict), and when the focal actor is unable to meet the legitimate demands of all the members of the role-set (role overload). Role ambiguity is uncertainty or lack of information about what the focal actor ought to do (Katz and Kahn, 1978). Each of these types of conflict is readily apparent in the process of a firm entering a foreign market. Also, by distinguishing between different types of role conflict, this suggests theories which might be useful in further explaining how firms might seek to resolve these conflicts.

Intra-sender conflict can occur when a host government expects certain levels of performance but fails to provide the resources necessary for the foreign firm to meet those demands. For example, a host government may demand a certain level of job creation by a foreign firm and yet fail to make investments in education that would enable its people have the level of human capital necessary to be employable. Such conflict may be resolved through the host government making a credible commitment, whether structurally or behaviorally (Stevens and Cooper 2010), to providing the resources necessary for the foreign firm to meet the host government's demands. Resource-based theory (RBT) might prove a fruitful theoretical lens through which to view how firms overcome intra-sender conflict (Barney 1991). RBT would suggest that firms with valuable, rare, and inimitable resources can use these to augment the insufficient resources provided by the local stakeholder. Thus, they can not only overcome this role conflict but even gain competitive advantage over firms that do not possess such resources.

Inter-sender conflict can occur when various stakeholders make competing demands of the foreign firm in operating its business in the host country. For example, the host government may expect revenues from the firm that would require production levels that may be achievable only by cutting corners or removing safeguards that would result in polluting the local environment. Such harm to the environment may be counter to the expectations of the inhabitants of the host country. One theory that may address such conflicts is resource dependence theory (Pfeffer and Salancik 1978). From this perspective the foreign firm must effectively manage its dependencies with various entities on which it depends for critical resources. The foreign firm will often take steps to satisfy the expectations of the entities that provide it with its most important resources.

Because multinational firms operate in multiple countries, they have different roles in distinct social systems. The demands of these multiple roles may come into conflict – inter-role conflict. In addition to its role as a going business concern in a given host country, the firm also has a role in its country of origin. For example, Stopford (2005) chronicles the paradox faced by Shell when the UK government enacted an embargo forbidding the sale of energy to Rhodesia (now Zimbabwe), while at the same time the South African government decreed that any corporate actions withholding resources from Rhodesia were a criminal offense. In Shell's role as a UK-headquartered firm, it was obligated to withhold resources from Rhodesia. In Shell's role as a firm with a going presence in South Africa, it was obligated to provide resources to Rhodesia. Just as we suggest that resource dependence theory might be fruitful in explaining how inter-sender conflict—conflict a firm faces in a *single role from multiple sources*—might be resolved, the theory might also be well suited to explain how inter-role conflict—conflict faced by a firm due to its *multiple roles*—might be resolved. When faced with the decision to choose which of its roles to prioritize, a firm might attempt to meet the expectations of the role which is most critical to its overall success.

Actor-role conflict can occur when the host government makes demands of the foreign firm that would violate the norms, values, and/or conventions of the foreign firm's home culture. For example, host government officials may demand kickbacks from the foreign firm that would be viewed as corruption by the foreign firm. Much of the extant literature on foreign entry suggests that the firm adapts to the local environment by adopting local norms and customs. However, this creates a paradox when adaptation would run counter to important home country values and norms. Institutional theory might be useful in helping to explain how firms might resolve actor-role conflict when two different sets of normative and cognitive institutions come into contact with one another (Scott, 1995; Shenkar, Luo, and Yeheskel, 2008).

Role overload is apparent when the foreign firm is unable to meet all of the legitimate demands being made of the foreign firm by the various stakeholders involved in their entry into the foreign market. For example, the host country government and people may have legitimate expectations for job creation, tax revenue, infrastructure development, and technology transfer that the foreign firm is not able to address effectively in the expected time frame. The behavioral theory of the firm (Argote and Greve, 2007; Cyert and March, 1963) might be particularly useful in explaining how firms develop routines that allow them to process large amounts of information and engage in decision-making in complex situations.

Role ambiguity results when the foreign firm lacks sufficient information regarding what is expected of it in its new context. Particularly in the case of a firm entering a foreign host environment, there is often a lack of familiarity with the norms and customs of the local business environment and what is expected of it by the local government. Organizational learning theories would likely be of importance in examining how firms can learn about the expectations of local stakeholders in order to resolve role ambiguity (March 1991).

Examining the various types of conflict faced by firms entering foreign contexts using this role theory structure offers several advantages. This approach is more comprehensive than approaches that focus only on differences in cultural dimensions and cultural distance. Certainly, cultural differences are a potential source of conflict; however, many of the types of conflicts that we have discussed are not grounded in culture, and those that are operate within the role conflict framework. Each of these types of conflict is qualitatively different and so no single theoretical approach is best suited to resolve them all. Another strength of this approach is that it links a seemingly disparate set of theories as frames for understanding how the various types of conflict may be resolved.

Layton and Grossbart (2006) discussed marketing as a source of societal risk with the potential to create injustice; and perhaps more broadly, as a potential force for peace and conflict. The framework discussed here will allow for the investigation of the conflicts that arise from the interplay between self-interest, ethics, justice, and morality. Further, this approach will allow for applied research which examines the tensions and conflicts born out of the misalignment between marketing systems and the broader environments in which they operate. In the international context, business models deemed as legitimate and value-adding in one context could result in conflict and ultimately rejection in another. We hope that our framework will aid in the understanding, prediction, and alleviation of such conflicts.

In conclusion, firms face numerous conflicts with stakeholders both at home and abroad when they enter a foreign country; these conflicts hurt firm performance and negatively impact the society in which they invest. By extending role theory to the organizational level, we are able to offer a comprehensive framework to organize these disparate types of conflict and consider theories that might address the resolution of these

conflicts. This will help firms and policy makers to understand and perhaps predict how the host society may benefit from or be harmed by the presence of the foreign firm, resulting in mutually beneficial outcomes for the business and society as a whole.

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Just Price, Fair Trade and Back Again

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Just Price is a concept familiar to some economists. It is likely unfamiliar to most marketers (we found no references, by title, to Just Price in the marketing literature). As a concept it comes from deep in the bowels of the history of economic thought. Actually, it predates economic thought (as opposed to thought about matters economic). 1

Since price is central to both economics and to marketing, the concept of Just Price should be of interest to both. It has long been of interest to economists. Indeed, there has been an astonishing amount of ink spilled by economists concerning “just price,” most being attempts to explain what Aquinas and the other Scholastics “really meant” but with the end of justifying and legitimizing the “market price” by arguing that the “market price” is the “just price” of the scholastics. That controversy, the just and market price controversy, is not our concern (although we do have a position on it). But *Just Price* is probably more important to marketers than to economists, especially macromarketers, because in marketing people (read marketers) are at least in part price *makers* (that is why price is part of the marketing mix) and not simply price *takers* (as they are in economics).

In this paper we to introduce the concept of just price to macromarketers by proposing a possible (hypothesized) link between the scholastic concept of *Just Price* and the contemporary concept of *Fair Trade*. The proposition that we want to explore is that Fair Trade may reasonably be interpreted as the reincarnation of Just Price. 2

The Doctrine of Just Price

The Doctrine of Just Price may have intellectual roots in ancient Greek philosophy, but it is most known as an attempt by Medieval scholastics to set standards of fairness in transactions involving trade. Frequently considered to have come to us from Saint Thomas Aquinas’ argument against usury, which he eventually expanded to include a concern with any unfair earnings made in trade of any kind. In Aquinas’ time most products were sold by immediate producers (i.e. farmers and craftspeople). In fact, most products up to that point were not sold at all but exchanged at fixed rates and in kind. Lest we forget, what we call wage-labor and banking were in their infancy. The role of merchants and moneylenders was limited but encroaching, hence the concern.

The central issue in the *Doctrine of Just Price* was the role of price in the commercial practices that were intruding into the ordered system that was medieval economy and society. It was truly a normative issue: what should price be, at what levels should it be set if it is to be just?

Just Price in Context

Within the patchwork quilt of marauding kings and lords that was the medieval period, trade and communications were greatly circumscribed. The great manorial estates, legacies from the Roman period, were the only stable social institutions in an otherwise uncertain world. Manorial estates were not, strictly speaking, economic properties but social and political entities. The lord of the manor was not a landlord but a protector, a judge, an administrator. He was bound into a network in which he, himself, was another lord's servant. But within one's own manor a lord was, as the saying goes, "lord of the land." As such he was undisputed master of the many people who lived on the land. Serfs, while not slaves, were in many respects as much property of the lord as were his house, outbuildings, flocks and crops.

Medieval society was held together by a system of mutual, though varying, rights and obligations. Whatever those rights and obligations were they hinged primarily on whatever category into which one might have been: serf, freeman, or lord. For the serf that usually meant that one could not be displaced. It also meant one could not leave his plot of land. A serf was, for all intents and purposes, literally tied to his plot of land. A serf was obliged to till his lord's fields, to work in his lord's shops, and to turn over a portion of his own crops to his lord. In addition there were head taxes, death duties, marriage fees, and payments for the use of the lord's mills, ovens, beasts, and plows.

If the lot of the serf was a poor one, the lot of a freeman could be many times worse. The free-peasant was preeminently fair prey for the marauding lord, defenseless against his own capture or against the plunder of his meager possessions. The *rights* of the serf, the right to military protection by his lord against others, were denied to the freeman. But more, the lord maintained stores in case of famine, which were then used to maintain the serf and his family. Additionally, the serf maintained the right, even if it was at the levy of a fee, to use the lord's own beasts and equipment on his own plot of land as well as on the lord's land. These also were denied to the freeman. Such rights notwithstanding, "the very essence of feudal property was exploitation in its most naked and shameless form and those who lived under it had no illusions as to its harshness" (Tawney 1926, p. 56).

No manorial estate was completely self-sufficient. There was always a linkage, however reduced from previous times, with the outside world. Even serfs needed to buy and sell a few items and the lord had, on occasion, to buy considerable supplies that he could not produce (through his serfs) himself. But for the most part the economic foundation of the medieval world was the largely self-sufficient manorial estate.

While the typical image of medieval life is of its characteristic social institution, the manorial estate, it was also graced by the presence of itinerant merchants who traveled immense distances and over unbearable circumstances. In their bags and packs were goods that they had brought with them on the perilous journey across Europe, sometimes from as far away as Arabia or India, and which they sold from stopping place to stopping place, village to village, town to town.

Sometimes characterized as hucksters or as peddlers, these traveling merchants were outcasts because they had no natural place within the fixed hierarchies of the manorial estates. They were unlanded and unbounded and they carried on their trade in a typically unfeudal manner, insisting on trade not in kind but in money.

Underneath the appearance of change and diversity was a common outline, an outline common not just to the medieval world and its characteristic institutions but common to Old World society no matter how far separated in space and time. "The main outlines of Old World Culture," Lewis Mumford wrote (1972, p. 87), have remained firm for some twenty five hundred years: a dominant minority, seeking to monopolize the goods of civilization for itself and a more or less oppressed, or at least circumscribed, majority ... who are allowed only a vicarious participation in the culture that they have helped to create and that, by their daily efforts and sacrifices, they keep going. How is it that the medieval world could accept, and to do so, as Tawney says, "with astonishing docility" (1926, p. 26), the gross facts of the social order in all their harshness and brutality? How could the medieval world, as a variant of Old World Culture, accept without a question or reconstruction its own civilization, one which "gave so much to so few and so little to so many" (Mumford 1972, p. 54)?

The answer to that is that all activities were seen as being within a single system, all aimed at a single end, and all derived their significance from that system and its end. It was the Church that embraced social institutions and within which the end of Christian salvation was to be realized. Social institutions were considered outward and imperfect expressions of a supreme spiritual reality, a kind of divinely directed moral organism in which each person had a part to play – duties and obligations rather than rights and freedoms.

The analogy by which society was described, understood, and given ethical meaning, "an analogy at once fundamental and commonplace" (Tawney 1926, p. 27), was in fact organic – it was that of the human body.

The Church is divided in these three parts, preachers, and defenders, and ... laborers. ... As such is our mother, so she is a body, and health of this body stands in this, that one part of her answers to another, after the same measure that Jesus Christ has ordained it. ... Kindly man's hand helps his head, and his eye helps his foot, and his foot his body ... and thus should it be in parts of the Church. ... as diverse parts of man served unkindly to man if one took the service of another and left his own proper work, so diverse parts of the Church have proper works to serve God; and if one part leave his work that God has limited him and take work of another part, sinful wonder is in the Church. ... Surely the Church shall never be whole before proportions of her parts be brought again by this heavenly leech and by medicine of men (Wycliff, quoted by Tawney 1926, p. 29).

Society was like the human body. It was an organism composed of different members, each with its own function – prayer, defense, merchandise, or tilling the soil. Each member must receive the means suited to its station so that it can carry out its function and no more. As Tawney notes, "if one takes into his hand the living of two, his neighbor will go short" (1926, p. 27). If one runs short, if one is deprived of the necessary means, one will not be able to perform his function. And if one is unable to perform his function in the social body that body, as with the human body, will experience problems and difficulties. Just as a man's hand helps his head, his eye helps his foot and his foot helps his body so with the social body: take away the service of one part and the organism fails. Social wellbeing exists, therefore, insofar as each class and each member within a class performs its functions and enjoys the rights proportional thereto. But each of the various class functions is of value only if it is governed by a consideration of the social whole: The health of the whole commonwealth will be assured and vigorous, if the higher members consider the lower and the lower answer in like manner the higher, so that each is in turn a member of every other (John of Salisbury, quoted by Tawney 1926, p. 29).

If the various classes in fact pressed each other hard – the lord the peasant, the merchant the artisan, the burgess and the villager – they did so with at least “an assertion of universal solidarity, to which economic convenience and economic power must give way” (Tawney 1926, p. 28-29).

“The theology of medieval speculation,” Tawney notes, “colored the interpretation of common affairs, as it was colored by physics in the eighteenth century” (1926, p. 26-27). The basic metaphor was an organic metaphor. It is not that social life *was* a human body; rather that it *was like* a human body. And naturally if it was like a human body there were strong implications regarding how people should conduct the affairs of life. “The theology of medieval speculation” provided a symbolism, a symbolism “at once fundamental and commonplace,” that served as an image for interpretation as well as a guide for action – the doctrine of economic ethics. “Medieval economic thought,” Henry William Spiegel rightly notes, “taught what ought to be, and its character was a normative one” (1971, p. 56). The dominating spirit, “the health of the whole commonwealth,” was not at odds with the lord, the peasant, the craftsman, nor the warrior. Rather, each had a role to fulfill in the body social. But the life of the merchant, the life of finance and trade, never really fit harmoniously into the medieval synthesis. The financier and the tradesman alone – and not the lord the peasant, the craftsman, nor the warrior – were seen as hostile to this unitary conception of society.

It was considered right and proper that people should seek such wealth as was necessary for a livelihood in their own station in life. But to seek more was not industry but avarice, a deadly sin. The craftsman was seen as laboring for his living, seeking what was sufficient to support himself in his station and not more. But merchants and financiers aimed not merely at a livelihood, but at a profit. The traditional distinction was expressed in the words of Gratian (quoted by Tawney 1926, p. 37):

Whosoever buys a thing, not that he may sell it whole and unchanged, but that it may be a material for fashioning something, he is no merchant. But the man who buys it in order that he may gain by selling it again unchanged and as he bought it, that man is of the buyers and sellers who are cast forth from God’s temple.

What the medieval theorist condemned as a sin was that effort to achieve a continuous and unlimited increase in material wealth. Quoting a Schoolman of the fourteenth century, Tawney notes (1926, p. 38):

He who has enough to satisfy his wants and nevertheless ceaselessly labors to acquire riches, either in order to obtain a higher social position, or that subsequently he may have enough to live without labor, or that his sons may become men of wealth and importance – all such are incited by a damnable avarice, sensuality, or pride. The reasoning behind such damnation was that if one would ceaselessly labor to acquire riches, *and succeed*, it would threaten the social body as a whole. We must remember that social well-being exists insofar as each class performs its functions, and by extension each member within each class performs his functions, then to succeed in ceaselessly acquiring more and more means, at best, that one member of one class attains enough to live without labor and thereby not contribute to the social whole and, at worst, that he also denies others the means toward their proper contribution to the social body: if one takes into his hands the living of two his neighbor will go short. In modern terminology the medieval world held trade to be essentially a zero-sum game. Reflect on the following passage from an early, unpublished essay by John Locke, a passage that Spiegel characterized as characteristically medieval:

When any man snatches for himself as much as he can, he takes away from another man's heap the amount he adds to his own, and it is impossible for any one to grow rich except at the expense of someone else. (Quoted in Spiegel 1971, p. 165)

To restate the problem, itinerant merchants existed but were outcasts because they had no natural place within the fixed hierarchies of the manorial estates. As such they ranked very low in society. Yet no one would have dispensed with their services. This, then, is the context within which the Doctrine of Just Price both arose and must be understood. Laboring craftsmen and merchants alike justly deserved a return provided that gains were not in excess of a reasonable remuneration for the labor extended. The unpardonable sin was that of the speculator or middleman who snatched private gain by the exploitation of public necessities. To buy in order to sell dearer would be to aim at a profit, to turn a means into an end. That is true enough and, in medieval thought, morally weak. But it would not be sufficient for such strong condemnation except that it would also deny to others their means toward a proper end. Hence it is reprehensible and condemnable because it ultimately threatens not the individual but the social organism as a whole.

If suspicions of economic motives are to be more than grousing generalities they must be translated into terms of the particular transactions by which trade is conducted and properly acquired. And so it was the ideas of the Just Price and the pronouncements against usury, the best-known elements, were guides put forth for proper and reasonable action that would, if followed, place one's activities within the realm of right and proper, and hence, ethically justified. A major concern of both was everybody, regardless of station in life, receive just rewards and that those rewards be sufficient to permit a continuing contribution to society.

Fair Trade

The fair trade movement initially emerged in the 1940s when churches and philanthropies in developed countries sold handicrafts from emerging countries and then turned the profits directly to the craftsmen (Glazer, p. 443). The movement has become an alternative to the current economic trade system by cutting out the intermediary in the trade transaction, and establishing a fair price for the producers. Eliminating intermediaries increases profits for producers because the price at which the good is purchased is the amount the producer receives without an intermediary taking a portion of the profit. Fair trade also emphasizes fair treatment of individual producers by providing them with wages and social premium reflective of the production process and their living conditions. The social premium, which is set by the FLO (Fair-trade International) Standards Unit, "is an additional sum of money paid on top of the agreed Fairtrade price [to be] used for investment in social, environmental or economic development projects...[These] projects are decided upon by the producers within the farmers' organization or by workers on a plantation...[they are] frequently used to invest in education and healthcare, farm improvements to increase yield and quality, or processing facilities to increase income" (www.fairtrade.org.uk).

The current trade system uses economic markets as a benchmark for establishing a trade price deemed fair, or at least justifiable by laws of supply and demand. Economic markets, especially commodity markets, are prone to fluctuations yielding unstable and often unprofitable market prices for the farmer or producer. As an alternative, fair trade takes a holistic approach to setting prices and issuing payments in the trade transaction. Fair trade members are involved throughout the trading process, including the wholesalers, retailers, and producers. Their motivation is to establish a fair price for the producer of the good, which

translates throughout the supply chain and is ultimately paid for by socially conscious consumers willing to purchase higher priced products to support the fair trade cause. The fair price is not only both higher than the market price and avoids the volatility of the market price, but also "...provide[s] fair wages and good employment opportunities to economically disadvantaged artisans and farmers worldwide" (Hulm 17).

NOTES

1. In his archeological studies of the human sciences Michel Foucault [1973, pp. 127-128] pointed out that historians want to write histories of biology in the 18th century without realizing that biology did not then exist. His point was that "the pattern of knowledge that has been familiar to us for a hundred and fifty years is not valid for a previous period." If biology was unknown, he continued, "there was a very simple reason for it: that life itself did not exist. All that existed was living beings, which were viewed through a grid of knowledge constituted by natural history."

Similarly, economists try to write histories of economics before Adam Smith (Gordon 1975) although economics did not then exist. If economics was unknown it was because the economy did not exist. What did exist was social life, and that was viewed through a grid of knowledge constituted by religion and theology. As with biology and economics, so, too, with marketing: some try to write histories of marketing thought in the 19th and even the 18th centuries but the pattern of knowledge familiar to us as marketing did not then exist, because marketing as an institution did not exist. What did exist was trade, or exchange, and this was viewed through a grid of knowledge constituted by economics.

2. In a recent paper Italian economist Fabio Monsalve (2010) stated his interest in the topic as a way "of rethinking a more ethical economics" (p. 3). Similarly, we want to eventually rethink a more ethical marketing. That is a much more ambitious project than the one undertaken here.

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Constructivism in Advertising: Exposing Ideological Potentialities of Marketing

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Extended Abstract

The 1920s constructivists' advertising posters with their flat colors, geometric shapes, and sharp lines are now celebrated as the Art and displayed in the world's leading museums. This paper takes a historical perspective on the constructivists' advertising and considers these works within their political, socio-cultural context and purpose. These works are examined as the artists' attempts to re-conceive marketing in Soviet Russia as a productive activity promoting a human development and serving a collective advancement of a society (Gough 2005; Kiaer 2005). The paper suggests that their experiments in marketing lay bare the ideological potentialities thereof and as such today represent an interesting contribution to critical marketing thought (Saren et al. 2007).

Russian constructivism was not a homogeneous art movement; still, its various fractions embraced the machine-age functionality of things and shared tendency to move from art studios into factories and living spaces. Underlying the drive "Into Production" was the idea that a social transformation is possible through "material consumption" (not just "material production," as a majority of Marxists posited) (Arvatov 1923[1997]). Constructivists conceived proletariat as a consumer class and consumer goods as instruments that would embody socialist values and empower people to change according to the goals of the Revolution. The realities of the Soviet semi-capitalist New Economic Policy (NEP) in the 1920s meant few opportunities for participation in mass production. Much of constructivists' effort focused on what they called "commercial propaganda" for the newly emergent state-owned enterprises. In lieu of "products in consumer hands," advertising posters, packaging, and logo designs were to lead the attack on the trivial tastes represented by old bourgeois goods and ready public to adopt new objects that would bring a progressive culture and socialist living (Rodchenko cited in Gough 2005, p.113).

The biographical stories, publications of the time and art historians' accounts indicate that constructivists believed in power of advertising to influence people through an appeal of visual imagery to individual consumer desires. They diligently studied successful techniques in the West only to strategically rework them for the purposes of "Soviet advertising." That is, the advertising that should encourage people to adopt new "progressive products" along with certain dispositions and behaviors, and educate the masses of the socialist values and propagate new *byt* (living) (Arvatov 1923[1997]; Gough 2005; Kiaer 2005). Then, to enhance potential impact of an "ad construction," constructivists sought to abolish artistic concerns with composition and such; instead they focused on producing a bold (often reductive) image of a product that would exalt its single characteristic, a core consumer benefit (Rodchenko in Lavrentiev et al. 2004).

Constructivists marketed a variety of products from books, stationary, and light bulbs to cigarettes, biscuits, and rubbers. Regardless of a product, their ad constructions shared several fundamental elements. First, overly simplified graphics or photographic elements were used to depict a product. A striking, if crude, image was to allow a largely illiterate audience to learn of a product. Second, each advertisement carried an overt didactic message. Commonly, a message informed consumers of products and pointed to new socio-cultural sensibilities and practices associated with their use. For instance, a now iconic poster for rubber baby pacifiers (Russian Constructivist Posters 2007; see Figure 1) evidently promoted a social change. In the country, where babies were pacified with a piece of cloth or a mother's finger, a rubber pacifier was a modern hygienic object with the power to change child care from an individual to collective practice, hence transform a life of a Soviet woman and society at large, as women were free to join the workforce (Hoffman 2004). Relatedly, third, constructivists presented a product as an agent rather than an object of a consumer contemplation or desire. This principle is clearly illustrated by the poster for a rubber trust, where a rubber boot is shown shielding the earth from the rain (Russian Constructivist Posters 2007; see Figure 2). Finally, an ad construction agitated for the Soviet regime and helped consumers envision a socialist future. A rubber boot was clearly an object of desire since much of the population was still barefooted. Then, industrially produced rubber boot would protect the feet of backward peasant masses, thus make them into a capable workforce, and significantly, convert them into a progressive proletariat (Hoffman 2004). Moreover, a rubber boot shielding the earth represented a promise that in a socialist future, all people would enjoy the benefits of consumer goods (dry feet and comfort), previously available only to a few.

Existing studies show that to stimulate consumer demand, Western businesses go beyond product attributes and bestow their goods with certain socio-cultural, political meanings and associations. In doing so, they end up propagating particular ideas, ideals and values about gender, family, personhood, nationality and citizenship (e.g., Leiss, Klein, and Jhally 1986; McGovern 2006; Marchand 1985; Wernick 1991). Our analysis suggests that in the Soviet case, constructivists strived to strategically use marketing for socio-political propaganda. By recognizing the continuous existence of a consumer desire (commodity fetishism) and explicitly attempting to reorient that desire for a socialist future, constructivists boldly unmask the ideological potentialities of marketing. As we find, their efforts to reconstruct common goods as “progressive socialist objects” not only expose the connection between a political-social order and marketing but reveal that a specific representation of a product implicates a particular form of personhood and idea(l)s about citizenship. Overall, by illuminating the ways constructivists tried to conceive “commercial propaganda” in the Soviet Russia as distinct from the Western advertising in the 1920s, our study contributes to the field of critical marketing, and specifically to the scholarship on the history of marketing in non-Western, non-capitalist economies.

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Figure 1



Advertisement Poster (Alexandr Rodchenko; Vladimir Mayakovsky). 1923.

Text:

There was no better and there are no better pacifiers

Ready to suck till the old age

Sell everywhere

Rubbertrust.

Source: <http://www.russianavantgard.com/> Image in Public Domain.

Figure 2



Advertisement Poster (Alexandr Rodchenko; Vladimir Mayakovsky). 1923.

Text:

Rubbertrust. Protector from Rain and Slush.

Without Galoshes Europe Can Only Sit and Cry.

Source: <http://www.russianavantgard.com/> Image in Public Domain.

Ben Franklin: Pioneer of Marketing Research?

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Extended Abstract

Ben Franklin is well known as one of the founding fathers, a businessman, a scientist as well as many other things. Yet, in this project, I investigate his role as a pioneering market researcher. Marketing research is considered by many to be a twentieth century phenomenon. Yet, using a historical analysis in the subject areas including the papers of Benjamin Franklin with the *American Philosophical Society*, I investigate how he pioneered the use of several modern day research techniques such as contributing to the origins of conjoint analysis, use of placebos in experimentation as well as the conduct of focus groups. His fingerprints can also be found in experimental designs (Franklin Magic Square), the significance of secondary data in helping craft Article 1 of the constitution which helped design the census forms in 1790, as well as in forecasting techniques. These achievements are also pretty remarkable given that he “failed in arithmetic and made no progress in it” in school, as noted in his autobiography. Here, I briefly discuss three of major marketing research contributions which I attribute to Ben Franklin:

The Origins of Conjoint Analysis

Conjoint (trade-off) analysis has become one of the most widely used Marketing Research tools in recent times. The technique estimates how much each of the attributes is valued on the basis of choices that subjects make amongst alternatives that are varied in systematic ways. Yet, the roots of trade-off analysis can be traced to Ben Franklin’s 1772 letter to Joseph Priestley, the inventor of oxygen. Priestley was deliberating whether or not to accept the offer of becoming a librarian for the Earl of Shelburne, and had asked for Franklin’s advice. What principle might Franklin suggest in simultaneously analyzing a number of alternatives in terms of number of attributes available in aiding him make his decision? Dr. Franklin’s response can best be summed in his own words. He wrote:

“Dear Sir:

In the affair of so much importance to you wherein you ask my advice, I cannot for want of sufficient premises, advice you what to determine, but if you please I will tell you how. When these difficult cases occur, they are difficult chiefly because while we have them under consideration, all the reasons Pro and Con are not present to the mind at the same time; but sometimes one set presents themselves, and at other times another, the first being out of sight. Hence the various purposes or inclination that alternately prevail, and the uncertainty that perplexes us.

To get over this, my way is to divide a half of sheet of paper by a line into two columns: writing over one PRO and over the other CON. Then during three or four days’ consideration, I put down under the different heads short hints of the different motives that at different times occur to me, for or against the measure. When I have thus got them all together in one view, I endeavor to estimate their respective weights; and where I find two (one on each side) that seem equal, I strike them both out. If I find a reason Pro equal to some two reasons Con, I strike out the three. If I judge some two reasons Con equal to

three reasons Pro, I strike out the five, and thus proceeding at length where the balance lies; and if after a day or two of further consideration, nothing new that is of importance occurs on either side, I come to a determination accordingly. And though the weight of the reasons cannot be taken with the precision of algebraic quantities, yet when each is thus considered separately and comparatively and the whole lies before me, I think I can judge better, and am less likely to make a rash step; and in fact I have found great advantage from this kind of equation in what may be called moral or prudential algebra.

Wishing sincerely that you may determine for the best, I am ever, my dear friend, your most affectionately...

s/Ben Franklin

The weighting and scoring procedure may appear to be elementary compared to what can be done using the more sophisticated conjoint and other marketing research tools of modern days, yet historically this is the first evidence of how to use trade-off processes.

Use of Placebos in Experiments:

In addition to his expertise in other research techniques, Franklin also used experiments to study consumer behavior. The use of placebos are now a common practice in marketing research as evidenced by recent articles in the *Journal of Marketing Research* by Burns (2005) and Borsook and Becerra (2005). The earliest evidence of the use of placebos however occurred when Louis VI asked Franklin and other distinguished individuals as Antoine Lavoisier, Jean-Sylvain Bailly and Joseph Ignas Guillotin to investigate the medical claims of “animal magnetism” or “mesmerism” in 1784.

The term “mesmerism” was coined to illustrate a popular curative effect developed by Dr. Franz Anton Mesmer, who maintained that an invisible fluid, which he called animal magnetism, could affect all sorts of objects, from animals to trees, and even heal the human body. Dr. Mesmer did not find a favorable audience in conservative Vienna earlier, yet was hugely popular in France in the late eighteenth century, with over a hundred patients visiting him daily. King Louis VI of France wanted to know if there was any scientific merit to such treatments, while Mesmer was looking forward to receiving recognition and credibility and approval of his work.

Franklin was the only foreigner in the panel, and because of his problems with gout and a large bladder stone, the experiments were conducted in his residence in France. Franklin suggested experiment involved using placebos (telling the patients that they were being subjected to magnetism, without carrying through with the treatment), and illustrating how individuals felt better even with a “dummy” treatment, thus seriously questioning the validity of Mesmer’s claims. He even subjected his own ailing body (he was 78 years old then) to see if it was susceptible to the alleged magnetic force, and did not find any significant benefits.

Junto as a Pioneering Focus Group

Focus group as a research technique is widely considered to be a twentieth century phenomenon. Many trace it back to Merton and Kendall (1946) who devised the technique during the Second World War. Yet, using a historical analysis we can see how Franklin pioneered use of such as focus groups, during his *Junto* meetings on Friday nights. In his autobiography, he explains how the discussions were conducted:

“What new story have you lately heard agreeable for telling in conversation? ...Hath any citizen in your knowledge failed in business lately, and what have you heard of the cause? ... Have you lately heard of any citizen’s thriving well, and by what means? ... Have you lately heard how any present rich man, here or elsewhere got his estate?... Do you know of any fellow citizen who has done a worthy action deserving praise or imitation? ... Is there any man whose friendship you want and which the *Junto* or any of them can procure for you? ...In what manner can the *Junto* or any of them assist you in any of your honorable designs?”

The details of these *Junto* meetings illustrate the use of a focus group type of a technique used for policy decision making. Like modern days, the group was small (ten members) and was moderated by Dr. Franklin.

Other Marketing Research Contributions:

Moreover, Franklin’s contribution to the recognition of the value of secondary data, an important type of data in marketing research, can also be traced to his incorporating the *Library Company of Philadelphia* in 1931, when he was just 27. Most of the initial 45 books bought for the library were reference books.

Finally, Dr. Franklin left his mark on sampling issues by proposing methods of collecting census data. His first musings on this subject appeared in 1751 in his essay, “Observations Concerning the Increase of Mankind and the Peopling of Countries,” which also demonstrated his expertise in forecasting. In it, he both anticipated the Malthusian theory of population growth and quite accurately forecasted the rate of American population increase for the following hundred and fifty years. He demonstrated that while the American population doubled every twenty five years, Europe and Asia were static or grew very slowly in the eighteenth century. England’s population took approximately three and a half centuries to double.

There was, however, an interesting inconsistency in his analysis of population growth. On one hand, he maintained a Malthusian pessimistic view that European miseries were caused by population expansions without enough subsistence, yet simultaneously advocating a pronatalist view of rapid population growth for the American colonies (Hodgson 1991). The first census of the United States was conducted in 1790 by the order of Article I of the Constitution, a document that Dr. Franklin helped craft. Ironically, he died the same year and did not live to see the results.

Conclusion

Even though Benjamin Franklin predates the use of professional marketing research, there is evidence to demonstrate his pioneering efforts in conducting focus group interviews, experiments via the use of placebos, motivational research studies and even designing conjoint analysis studies.

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Re-conceptualizing consumption as if nature mattered

Insights from ecological economics

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Introduction

Consumers consume what producers produce, and we can only consume what we can produce (Thurow 1980: 118), and nothing more. Yet, this is exactly what we are doing. We are overshooting earth's capacity to sustain life and to provide the natural resources which our economy is completely dependent upon. When we in marketing discuss matters related to consumption; what do we actually mean when we use this word and concept? We take well-established words such as "consumption" and "production" to have self-evident meanings.

What the symptoms of the ongoing ecological crisis tell us, is that both consumption and production are still very much linked to nature and the environment and its biophysical reality. Consumption and production is transforming the physical resources of the Earth with considerable ecological consequences; even though economic and marketing theories, on paper, might have succeeded in abstracting the physical dimensions from the consumption and production processes, by only focusing on such words and concepts as "utility" and "value" (Daly 1996). Can one of the reasons behind the ecological crisis (and subsequently an economic crisis) be that the concept of "consumption" in standard (neoclassical) economic and marketing theories (i.e. the Dominant Social Paradigm (DSP) in e.g. Kilbourne 2004; Kilbourne and Carlson 2008; Prothero et al. 2011) has, theoretically and conceptually, lost its connection with nature, but reality has not?

Lusch and Webster (2011) have argued that marketing's objective is to create value for all stakeholders. Nature, future generations, economies in transition (who all depend as much as we on the same natural resources), and other species – are all examples of stakeholders that marketing should be creating value for. A consequence of the way consumption is currently conceptualized in economics and marketing, is that value does not now, nor will it in the future reach the aforementioned stakeholders.

Purpose

The purpose of this paper is therefore to: present an explanation of how the concept of consumption was disconnected from nature, and the potential implications of this, and finally, to offer a possible alternative for reconnecting consumption (and value) with the physical material basis provided by nature. And as result: to re-conceptualize consumption and bring more (ecological and subsequently also more economic) sustainability into marketing.

Method and approach

This is a conceptual paper. The transdisciplinary field of ecological economics functions as the paper's theoretical framework. This is because the field of ecological economics is specialized in the physical aspects of material and energy flows from nature that are essential for consumption and production, but are absolutely invisible to conventional

economic analysis (Takeda 2003). Some of the most central insights gained in ecological economics, and especially the work of Herman Daly (one of the founders of the field, and one of the most influential and leading ecological economists in the world) will be presented for improving the understanding of the relationship between the economy and the environment, and how all this is connected to consumption and relevant for marketing. In other words: to bring insights concerning sustainability from ecological economics into marketing.

Results and discussion

Is buying and shopping then the same as “consumption”? No, not as it is seen in this paper –Kenneth Boulding (1945) provides a distinction between these two, when he argues that in the case of buying a loaf of bread from the baker; the transaction part where a liquid form of asset (money) is exchanged for an illiquid (loaf of bread) – is not in itself consumption (but transaction), and consumption occurs only at the time when the bread is eaten. According to anthropologist Richard Wilk (2004), in English at least, cognitive and linguistic analysis shows that the earliest meaning of the word consumption is “destruction by fire”, which is a process that takes something useful, and after that, turns it into waste.

How consumption was disconnected from the nature

During the Pre-classical economics era, land (nature) and labor were considered to be mother and father of value, respectively. While, during the Classical economics era, land was still considered to be a central source of wealth, along with labor, and continued to be a separate non-substitutable input in the production function. Some influential Classical economists (e.g. Ricardo, Malthus and Mill), emphasized, perhaps because natural resources were treated as non-substitutable in the production function, that there were physical constraints to (economic and consumption) growth. During this era, land was beginning to lose its position as the primary source of value, and labor taking the top position in the production function, to which capital was also introduced, hence, the “classical triad”-equation of aggregate production: $Y=f(L, K, N)$, where Y =aggregate output, L =land, K =capital, and N =labor. (Daly and Cobb 1989; Gómez-Baggethun et al. 2010; Hubacek and van den Bergh 2006; Martinez-Alier 1987)

During the era of Neoclassical economics, some economists continued to pay considerable attention to nature, in the form of natural resources (i.e. in physical terms). An important incident during this era, which relates to how the connection to nature was lost, was “the marginalist revolution”. This revolution meant that economic analysis was more and more being restricted to the domain of exchange values. Between the 1910s and 1930s, neoclassical economists begun writing about how technological innovations and solutions could result in an increased substitutability between the factors/inputs (land, labor, and capital) in the production function. The result of this would eventually be that there is no reason to worry about physical scarcity (i.e. natural resources and nature does not matter). (Ibid.)

Reconnecting consumption (, production and the economy) with the environment

In the beginning of every (standard) economics textbook, the reader (i.e. all of us) is presented with the illustration of the circular flow of the economy. In that picture, the economy is seen as an isolated system that has no exchanges of matter and energy with its environment, nature. Exchange value is seen to circulate between households and firms in a closed loop. What is especially interesting and relevant for this paper, is the question of what is actually flowing in the circle? The most common answer is either production or consumption. However, these two both have physical dimensions, as we cannot create

something from nothing, and neither create nothing from something (Daly and Farley 2010). If it is not materials that are circulating, then what is it? Daly (1996) argues that:

“What is truly flowing in a circle can only be abstract exchange value – exchange value abstracted from the physical dimensions of the good and factors that are being exchanged. [And] Since an isolated system of abstract exchange value flowing in a circle has no dependence on an environment, there can be no problem of natural resource depletion, nor environmental, nor any dependence of the economy on natural services, or indeed on anything at all outside itself.” (p. 47)

Thomas Kuhn called it a paradigm, while Josepheh Schumpeter (1954) called it a preanalytic vision. As scholars, before we can begin to analyze, there has to be something to analyze. What is included and what is left out from this analysis? “Vision” is what Schumpeter (1954) called this preanalytic cognitive act when our right brain delivers, what is to be analyzed, to our left brain for analysis. What is left out by the right brain cannot be captured or understood at a later stage through more refined analysis by the left brain. The vision has to change. The vision of the DSP is that the environment is a subsystem of the economy, according to Daly (1996; 1985; 1999), it is then no surprise that this current mainstream theory is not too worried about the environment, natural resources, depletion and pollution.

The preanalytic vision and conceptual model of ecological economics sees the ecosystem (nature, the environment, the planet) as the whole and the human system, the economy, as a subsystem that is completely dependent on that larger whole. With this preanalytic vision in mind it is much harder to forget the material basis for consumption and production that nature provides, and much harder to accept the conceptualization of consumption as something disconnected and decoupled from the biophysical world (nature).

Implications and contributions

The current standard conceptualization of consumption, as disconnected from the physical world, clashes with (a biophysical) reality. The only place where this disconnection has occurred is in theory. In reality, consumption and production transform raw materials (provided by nature) into waste (that nature tries to absorb). A theory based upon a certain vision that does not recognize this, is a faulty vision; and when the vision changes, so does theory. It might perhaps be to exaggerate to state that when viewed from the preanalytic vision of ecological economics: a whole new world would open up. In fact we are very much stuck on the only one we have; but what certainly happens, is that the change of vision helps us to look at the world and a concept such as consumption in an entirely different way, in a way which we otherwise might not have been able to. If marketing is to take sustainability seriously, what kind of preanalytic vision should marketing then use? The point is that the chosen preanalytic vision is essential; “the difference could not be more basic, more elementary, or more irreconcilable.” (Daly and Farley, 2010, p. 23). And to the best of my knowledge, no marketing theory has yet to take a stance on this. Should they? If we want to talk about sustainable marketing and not misleadingly discuss consumption and production – then they should.

Hopefully, this paper will prove valuable in integrating the insights gained in the field of ecological economics with marketing theories’ preanalytic vision of the relationship between the economy and the environment, and consequently how this has lead to a certain conceptualization of ‘consumption’ where nature does not matter. Even though the presented insights and ideas are not in any way new ones in ecological economics, they are relatively new and might even be game changing to the field of marketing.

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The Marketplace of Life: Marketing systems the emerging concept of Water Marketing

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Abstract:

In this paper, we examine the interrelationships between the ongoing crisis in water resources management and macromarketing activities. A brief historical analysis on the history of water resources and emerging water markets indicates that water has been perceived and utilized in different socio-economic contexts both as a business-related private commodity and public good. By highlighting the economic contradictions between an expanding bottled water industry and water scarcity in various parts of the world, we propose that the commercial, administrative and institutional complexity of water markets can be approached and examined via the lens macromarketing theory. We conclude that the consideration of a water marketing system can have a positive effect on economic and social development by elaborating on the implementation of public policies for the sustainable consumption of water, commercializing environmental awareness and communicating consumers' responsibilities towards the use of water.

Introduction

As the global population continues to grow and many parts of the world are expected to become more economically developed and affluent, one of the serious challenges for marketing will be how to manage markets for goods and commodities once considered abundant and, effectively, 'infinite', but are increasingly viewed as scarce and diminishing. Demand for many categories of basic commodities and necessities will almost certainly increase dramatically whereas natural resource constraints will limit available supply. Obvious examples of categories that illustrate this dilemma include markets for energy, oil, and water. For example, in the UK energy market deregulation and privatisation has produced a complicated and almost impenetrable range of tariffs, charges and pricing regimes that consumers must choose between. Affluent and high energy using consumers are in one sense incentivised and rewarded whereas lower energy users (such as those on low incomes) pay more. The political challenge for energy policy is therefore how to develop the energy market so that efficient and reduced energy use is rewarded and incentivised, or how to sustain a private, profit focussed market to reward consumers for buying and using less and less. The global market for water resources has many parallels. The resource base for the commodity is practically finite and there are no substitutes. The demand for the resource will increase dramatically and costs will therefore inevitably increase. These characteristics mean that unlike some other markets here is no 'semiotic' solution to the looming crisis (as proposed by Prothero and Fitchett, 2000 for example) whereby marketing can respond by reconfiguring value in the symbolic rather than the material. The marketing challenge is therefore to imagine mechanisms whereby consumers can be satisfied by consuming less and less, while also expecting to pay more and more. The only alternative to this (realistically assuming that technologies such as desalination will not be able to produce sufficient additional supplies) is

that distribution and access to fresh water will become increasingly unequal, with greater numbers of the world's poor having limited or no access to this vital commodity.

A brief look on the history of water resources and markets

According to the ancient Greek historian Herodotus (1985) the phrase “*earth and water*” was used to represent the formal request of the Persians from city-states which planned to surrender. The symbolic use of the demand for “*earth and water*” was indicating that the conqueror imposed unconditional subordination and gains sovereign right over the lives, land and liquids of the people in the city-state or country. In the ancient Mediterranean area, where due to climate water management was vital both oligarchic and democratic regimes approached the problem of water resources with great concern and meticulous institutional arrangements as regards the organization and use of water system elements (Crouch, 1993; Koutsoyiannis et al, 2008). Centuries later, Smith's (1776) paradox of value¹ (also known as the diamond-water paradox) showed that diamonds compared to water hold a higher price in the market, although water constitutes a basic element for survival and well-being. The ‘theory of marginal utility’ (Kauder, 1965) specifies that as the supply of water ‘increases’ any particular unit of water becomes less valuable for individuals. The popularity and wide-reception of the vertical demand curve of water, a model which has been taught to generations of economists (Samuelson, 1995) and also in business-related subjects, affirms the prevalence of the abovementioned economic assumption. There was a widespread perception amongst economists that water resources were unlimited and Malthus' (1798/1976) pessimistic prognosis that global population would exceed resources was examined superficially only in economic history courses. Such assumption has been challenged the last decades on the bases that we face a crisis in water resources management (Hanneman cited in Rogers et al., 2006; Molden, 2007).

The dilemma about whether water resources should be considered as a common good or commodity has a long and controversial history closely related with the undergoing urbanization, modernization, industrialization processes and agricultural growth (Bakker, 2003). In most European cities potable water was mass produced as public good provided via the universal access of networks that ensured the protection of public health. Nonetheless, in cities like London, Birmingham², New York and Paris private companies provided water to affluent neighbourhoods and as result in areas of low income consumers used to rely on public taps, rivers even theft of water so as to protect themselves from epidemics such as cholera and typhoid (McDonald and Ruiters, 2005). As Trentmann and Taylor (2005) note in the 1895 East London water shortage, the battle between consumers and water companies was questioning the widely held perception of water as public good related with public health, urbanization and housing.

In the last decade the water industry has been transformed in many economies from a public to a private enterprise including the UK. The most striking example on the commercialization and transformation of water from a public good to private commodity can be found in the case of Chile. In 1981 free market mechanisms dominated the economic

¹ Apart from Adam Smith, who seems to be the original presenter of the argument, Heraclitus, John Locke and John Law have previously approached the paradox of disparity (Blaug, 1996) and even Plato had claimed that “only what is rare is valuable, and water, which is the best of all things...is also the cheapest” (Hanneman cited in Rogers et al., 2006).

² One of most known examples of private water resources comes from Birmingham in 1880 when Joseph Chamberlain, the reformer Lord Mayor of the city, argued that water services are vital for good health and connected private wells with the town water supply, owned by the elective representatives of the people (Marsch, 1974).

understanding of water supply and demand and a governmental reformation back in 2005 provided to authorities with the remit of reallocating water rights in cases where the promotion of social equity along with environmental concerns needed to be taken into account (Wollman, 1968; Bauer, 1998). In Texas, New Jersey, Florida and Australia already exist and develop water management districts and markets to avoid over-exploitation and ensure regulation and environmental distribution of water (Turner, 2004) and countries like Israel and Turkey have signed agreements for the sale and transfer of water resources (Allan in Rogers and Lydon, 1994). As Kirby (2000) argued 70% of water supplies are used in agriculture and the global supply chain of food will be affected since by 2020 we will need almost 20% more water demand for food. Water banks (Frederic, 2001; Larsen, 2004) have been already established in semi-arid regions of the South-western United States and a Goldman Sachs report suggests that water will be the “petroleum for the next century”, adding that, “by 2025 one third of the global population will not have access to adequate drinking water” (Goldman Sachs Global Investment Research, 2008).

Water consumers and the role of macromarketing

From the advertising triumph of Perrier, launched as the first water brand (Dibb, 2000), to the scandal of Coca Cola’s Dasani contaminated water, the bottled water industry has become one of the biggest success stories in the modern food and beverage sector (King, 2007). Bottled water brands seek to compete and attract consumers by differentiating their product in terms of taste, style, price, packaging, convenience, environmental concerns and well-being. Ionized, alkalized, energy-enhanced and special oxygenated water represent some of the health and performance competitive advantages of water brands (Gleick, 2010). The bottled water industry has expanded and quadrupled its sales and profits up to 60 billion dollars over the last twenty years (Forsyth, 2010). As Fishman (2011) has recently argued the bottled water industry seems to symbolize the overindulgence and inequality of modern consumer societies, whilst almost one billion people have no access to clean water.

It has been indicated by macro-marketing scholars (Hunt, 1977, 1981; Mittelstaedt et al, 2006; Nason, 2006) that the interactions between the marketplace and marketing systems synthesize a complex socio-economic mosaic affected and shaped by commercial, administrative, legislative and cultural components. From the brief analysis behind the politics and exchanges of water resources, we notice that the marketplace of water has come under the influence of economic competition and debates, advertising practices, public policy regulations and environmental concerns. Apart from a study on the implementation of public policies for the sustainable consumption of water in Melbourne (Philips and Brace-Govan, 2011), there is negligible marketing research in the area.

The complexity of water marketing needs to be examined to analyze the impact of institutions, economic public policies, technological change and laws on water consumption and marketing. Secondly and based on the abovementioned examples of diverse local and international water markets, macromarketing theory can be used to investigate how political structures, geographical features, ethnic and socio-cultural norms (amongst others) affect each market where transactional activities associated with water resources occur. We can also approach the commodity versus public good debate by examining ideological beliefs such as economic liberalism, individualism/collectivism and competition/collaboration and their impact upon commercial exchanges and consumers’ actions related to water. The economic and social consequences of water marketing can be examined through the prism of externalities, - such as measurement of costs, prices and flow resources - and the understanding of environmental damage due to inconsiderate use. There is, finally, an opportunity to consider the possible applications of marketing systems to make a positive and progressive contribution to the looming crisis over water consumption, use and markets via

commercializing awareness, communicating water consumers' responsibilities and promoting environmental related campaigns.

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Imagining Marketing: As if Things Mattered

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Introduction

This paper follows along the lines of Sherry (2000), Venkatesh, Kerababa & Ger (2002) and others to assert the central importance of material, things, or stuff, to macromarketing theory. It is argued that the material is traditionally treated as being insubstantial in marketing thought. Materialism may stem not from being too worldly but from not taking the importance of the material world seriously enough. Consequently obsession with goods may not be ameliorated by talk of ‘de-materialization’ and so forth but rather when the importance of material is acknowledged and afforded its due weight.

Material is insubstantial in Marketing

The lore of marketing practice insists that stuff is immaterial to marketing, via the assertion that the ‘sizzle’ is not only separable from, but is superior to, the dumb ‘sausage’. Academics perpetuate this line of thought, for instance when (Kotler, 1967) in defining the various levels that can be associated with a product, equates the “core” product not with its stuff, but with the benefit offered, which is distinguished from the “actual” product, which is equated with purely formal qualities of its attributes such as; product and service features, branding, style, customer care and quality. In the ‘relationship’ supposed by Fournier (1998) to exist between the brand and consumer, the ‘thingness’ of the product is hidden behind the screen comprised by the manipulation of the signs associated with human substance, which are in turn attributed to the thing that is indexed by the brand. S-D logic extends this line of thought by asserting that, “matter is embodied with knowledge”, by means of the skillful machinations of the *operant* on the dumb *operand* (Vargo & Lusch 2001: 9). In this strange view, the rich complexity of non-human nature is reduced to an inchoate mass that is only given form by being ‘embodied’ by technology so as to prove to be pleasing in a manner that is valued by the user or the customer.

Mainstream consumer behavior texts also typically adopt a psychological construction of their subject that assumes a sovereign consumer who is either disembodied, or for whom the body is passive, in possession of an immutable core self who chooses from an array of product offerings in representing this core to others. This image is relayed in the *Journal of Consumer Research*, where an examination shows that conservatively, over one third of the papers historically focus on the role of the consumer as a disembodied information processor. From this flows the prevalent assumption of the consumer as an emperor who is surrounded by a constellation of alienable objects that they can own and which are valued to the extent that they fulfill some kind of function for their owner, or for their role as signs to communicate aspects of the deep self of the owner to others. In this view all material objects such as clothing are rendered as superficial. This is linked to the view that largely prevails today that those societies with less material culture are more authentic than those that are obsessed by western consumerism.

This idea of dividing the ‘extrinsic’ form (the sizzle, the face, the image) and privileging it over the ‘intrinsic’ substance (the sausage, the character) is widespread and traceable back at least to Descartes distinction between ‘*ego cogito*’ and ‘*res corporea*’. For hundreds of years,

sentient inputs to economic production were treated as commodities or factors of production. Now humanity has progressed to the stage where the genome of living creatures can be altered at will, being ‘embodied’ with operant resources for the benefit of the consumer (Vargo & Lusch, 2004)..

Belk’s (1985) paper on materialism was laudable in summoning academic interest to a neglected issue. Here materialism is not defined in relation to matter, but to aspects of human stuff such as individualism, possessiveness, envy and non-generosity (Belk, 1985). It is these that are linked to a lack of wellbeing (Ryan & Dzlurawlec, 2009) and summed up in concepts such as narcissism (Twenge & Campbell, 2009) and selfish capitalism (James, 2008). ‘Materialism’ thus indexes a quite different set of meanings from those signified by ‘material’. Where the former defines a narrow, selfish, form of human relation to the world, the latter is usually defined as signifying stuff, substances, bodies and media that which have no overtly pejorative significance. This opens up the possibility that the concept of ‘material’ is not well understood within marketing, being undervalued and therefore considered as undeserving of further attention because of its ephemeral and superficial nature.

The Importance of Material

Material presents itself in a taken-for-granted manner that underplays its formative role; for instance the way in which a house has its sunny side and its shady side and is divided into rooms that are oriented to these, has *the character of inconspicuous familiarity* (Heidegger, 1962: 139); just as the objects that daily frame our activities and identities have a certain humility (Miller, 2010). Perhaps, rather than considering materialism as referring to too much worldliness, the difficulty actually stems from the fact that material is valued too little? This contention receives some support from Csikzentmihalyi & Rochberg-Halton, (1981) via their distinction between terminal materialism, which relates to the collection of objects for the sake of it, from instrumental materialism, where material is engaged with in pursuing growth, development and links to others people. However the solution that they proffer elides the problematic that surrounds the material, by arguing that what is required is more symbolic consumption – an argument that is replayed in ‘sustainable marketing’ through the concept of ‘de-materialization’ (Fuller, 1999). Such arguments may be seen to denigrate the material in general and thereby exacerbate the problems associated with materialism. Perhaps instead material should be accorded its due weight and significance. Miller (1996: 157) argues that the material plays an important role in self-recognition, drawing attention to the Trinidadian who purchased 25 pairs of blue jeans because, although he felt he could buy them, he could never feel that he possessed them, to argue that; “As long as commodities are seen as authentically American, his wearing of them seemed inauthentic”.

The above discussion on the material as medium calls attention to the materiality of language and particularly its performative aspect (Austin, 1962). A compelling hypothesis posits that the origins of human language systems lie in the use of such simple gestures used by hominids to get things done together. The human capacities to share intentionality and to construct joint goals through such materially constructed contexts should not be underestimated (Tomasello *et al.*, 2008). Materiality affects language in other ways too. For instance “up” and “down” relate to embodied states of health and illness respectively; one is literally “down” when ill and “up” when healthy. From this material context then one would expect that positive expressions would be linked with “up” and negative experiences with “down”. In one experiment where positive words were presented in the upper half of a computer screen subjects processed it faster than when the same positive word was presented in the lower half (Meier & Robinson, 2004). In a similar vein researchers have found that the physical heat or coldness transmitted by a cup of coffee can alter a person’s perception of others and their behavior towards them (Williams & Bargh, 2008).

Belk (1988) provides an enhanced role for the material world, whereby objects form part of the identity or ‘extended self’ of the consumer. Whilst alongside the work of Csikzentmihalyi & Rochberg-Halton, (1981) this can be taken as an advance on the more general view, it is a long way from the alternative understanding, whereby material frames and constructs consumer identity. Here Miller’s (2010) discussion of the role played by the sari and the house are insightful. On the other hand Giesler & Venkatesh (2004; 2005) in offering their view of the consumer as cyborg, recognize the “epistemic monopoly” that persists in consumer research whereby the consumer is “epistemized”, as an entity that dwells in the mind, being represented as a cognitive subject; information processor, or cultural subject.

Research on embodied cognition reverses the notion that one smiles because one is happy, to argue the reverse (Robson, 2011: 38). Food choice too can be affected by the body shape of those around us, with dieters being affected differently to non-dieters (McFerran et al. 2010).

Summary

From the above and from many other references that cannot appear in this short paper, there appears to be compelling evidence to support the idea that the material matters. If this is accepted then this has profound implications for marketing, many aspects of which will should be re-thought in light of this; from the prevailing assumptions that guide the teaching of consumer behavior, to those that underpin S-D logic and the development of sustainable marketing.

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Integrated Marketing Communication, unhealthy food and power: an under-investigated dynamic

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Introduction

The food and beverage industry is a powerful institution within Western society. It involves thousands of companies and stakeholders and millions of products (Brownell & Warner 2009). Through a range of activities the industry influences how and what food is produced, how food is made available to use, and at what price. There have been significant changes in eating habits and preferences over past decades (Wadden, Foster, & Brownell 2002), and the public health community has consistently and repeatedly highlighted parallels between food marketing and increases in childhood overweight and obesity rates e.g. (J. L. Harris, Pomeranz, Lobstein, & Brownell 2009; Hastings, McDermott, Angus, Stead, & Thomson 2006; *Marketing of Food and Non-Alcoholic Beverages to Children* 2006; McGinnis, Gootman, & Kraak 2006; Mehta, Coveney, Ward, & Handsley 2010; *The role of media in childhood obesity* 2004; Zimmerman 2011).

Integrated Marketing Communication (IMC) resulted from a shift towards consumer-focused marketing during the 1970s and 1980s (Groom & Biernatzki 2008), and represents a paradigmatic shift in the way marketers view marketing communications (Gould 2004; Kitchen, Brignell, Tao, & Jones 2004). IMC proponents argue that shifting to an IMC approach means individual communications tactics become part of a broader, synergistic communications whole designed around the consumer (Kitchen 2005).

This paper seeks to explore the dynamic between the food and beverage industry's promotion of unhealthy foods and beverages to children and adolescents, IMC, and power. It proposes a conceptual model that identifies three characteristics of IMC that through the enabling processes of legitimacy, hegemony and exploitation help to reinforce and expand the powerful position of this industry. Coupled with these practices is society's acceptance of such behaviour within the context of our neo-liberal, consumer-culture environment. The proposed conceptual framework builds on existing works within the macromarketing discipline related to the food industry, e.g. Witkoski's (2007) analysis of food marketing and obesity in developing countries and discussion of ethical and public policy issues, and Redmond's (2009) analysis of regulatory failure of packaged foods in the United States.

In 1986, Kotler encouraged marketers to use a combination of power and public relations "to accomplish their purposes" (p. 117). The food industry's position, marketing strategies used and audiences targeted, the broader socio-economic environment in which this industry operates, and the power dynamics inherent in these practices present an archetypal macromarketing issue. This issue enables us to consider the broader contexts and environments in which marketing activities occur (Moyer & Hutt 1978), and focus on the social and economic impacts of marketing at a collective level (Bartels & Jenkins 1977; Shultz 2007).

IMC, power, and the enabling processes of legitimacy, hegemony and exploitation

Figure 1, below, proposes a relationship between three characteristics of IMC – subtlety, multiple communication tactics, and co-creation (Harrison & Jackson) - and the power of the food and beverage industry and marketers who promote unhealthy products and brands to children and adolescents. It positions concepts associated with the generation and maintenance of power – exploitation, hegemony and legitimacy – as ‘enabling processes’ in this relationship. These processes occur within a broader socio-economic context shaped by consumer culture, neo-liberalism, and protection of freedoms and liberties within the legal system (Parker, Spear, Haolovach, & Olson 2011; Pomeranz, Teret, Sugarman, Rutkow, & Brownell 2009). While legitimacy, hegemony and exploitation are interrelated and symbiotic, the following discussion explores the relationship between these elements by pairing one characteristics of IMC with one of these ‘enabling processes’ of power. Examples taken from industry are used to translate these concepts into practice.

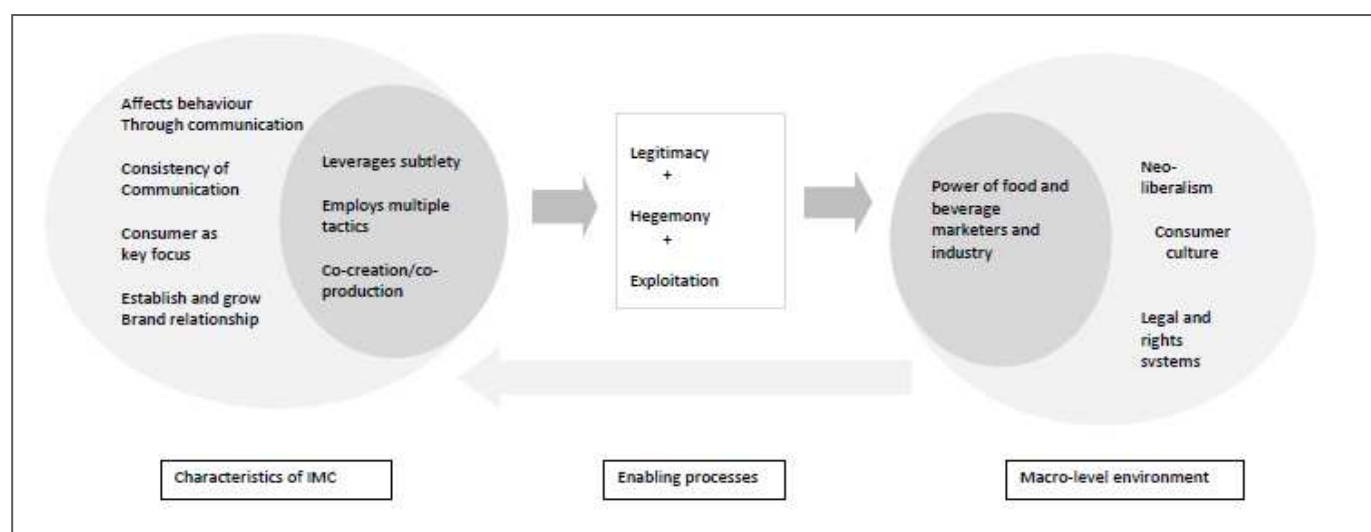


Figure 1. The relationship between IMC and power as enabled by legitimacy, hegemony and exploitation

Subtlety and legitimacy

Consumer cynicism to traditional forms of advertising and overt marketing has increased (Harris & Whalen 2006; Zwick, Bonsu, & Darmody 2008). In response, marketers have developed a plethora of marketing tactics and channels that blur the lines between editorial content and advertising, information and entertainment (Zwick, et al. 2008). Consumers of all ages, but especially children who lack cognitive maturity, may be less likely to identify when they are exposed to marketing material (Harris, Brownell, & Bargh, 2009; McGinnis, Gootman, & Kraak, 2006).

The following discussion builds on earlier work of authors such as Nairn and Fine (2008), Martin and Smith (2008), Djiskterhuis, Smith, Baaren and Wigbaldus (2005), Bargh (1997) Bargh and Chartrand (1998) and Taylor (2009), by arguing that subtlety is used by food marketers to legitimize their place within popular culture and Western society. From a Weberian perspective legitimacy theory helps to explain why people consistently and voluntarily submit to authority (Humphreys 2010a). Mechanisms used by organizations to gain legitimacy within a society can be explicit, such as offering rewards or incentives, or implicit – such as positioning products or brands within everyday cultural contexts (Humphreys 2010b).

Schor and Ford (2007) explain that marketers understand that subtle forms of marketing driven by cultural beliefs, values or symbolism can aid in building a brand's value. Marketers thus occupy a powerful position as cultural brokers within neo-liberal society, contributing socio-cultural meaning to goods beyond their functional purpose (McCracken 1986; Zukin & Maguire 2004). Food represents one manifestation of culture. By subtly embedding or positioning brands or products in close proximity to established cultural objects or occurrences, companies are in effect taking a shortcut in establishing credibility and acceptance with their target audience and more broadly, with society. Where once there was a distinction between 'culture', and 'commercial culture', Taylor draws our attention to the "convergence of content and commerce" (Taylor 2009 p. 406). Marketers, in essence, not only adapt elements of culture from the top-down, but also influence it by creating it from the bottom up.

Taylor provides examples of several collaborations between marketers and popular musicians to produce cultural products that are at once legitimate and commercial (see details in Table 1). For marketers, Taylor claims that the ideal is for brands "to become part of popular culture, not simply to emulate it" (2009 p. 414). These insights become all the more powerful when we consider the myriad of subtle promotional formats that are used as part of an IMC approach: product placements in films, television shows, music videos; adver-games; viral marketing; event sponsorship; and publicity (See table 1 for specific examples). Despite their variety subtle tactics all depend on a sort of 'cultural camouflage' for their success. Aside from the possible ethical issues associated with stealth or covert marketing (Martin & Craig 2008), subtle marketing tactics also suggest another manifestation of power imbalance whereby one party knows the motive of the promotional activity while the other may not.

Multiple channels and hegemony

Marketers adopting an IMC approach are encouraged to use multiple communication channels or "touch points" to reach their target audiences (Shimp 2010 p. 20). Marketers therefore play another influential role as buyers or users of media space to ensure these messages are communicated. However, media fragmentation and channel proliferation have resulted in media exposure overdrive (Nairn & Fine 2008); promotional messages are so prolific in our society that they have become a form of "social wallpaper" (Preston 2004 p. 365). As we become ever more culturally conditioned to the frequency of such messages there stop being 'a lot' of marketing material: it becomes the norm.

Gramsci's description of hegemony applies to controlling cultural content, such as that communicated through the mass media, to "engineer consensus" that serves the interests of a dominant class (Knuttila, 2005 p. 150). Consensus is engineered by portrayal of world views or ideals as being common sense, normal, realistic or popular (Knuttila 2005).

Producing and delivering messages across multiple communication channels requires significant resources, including purchasing media space, as the marketing budgets of food and beverage corporations will attest. In 2009 the fast food industry spent in excess of US\$4.2billion on advertising on television and other media ("Fast Food FACTS in brief"). In an Australian example Cadbury Freddo Frog's *Adventures of Freddo* campaign used a combination of television, cinema, adver-gaming, dedicated website, online banner advertisements, a stage-show, email, and outdoor posters to reach their target audience ("Cadbury/ The Adventures of Freddo; Mojo Melbourne releases The Adventures of Freddo, Season 2 - The Mystery of Slater Island" 2010).

Through examples such as this (and others outlined in Table 1) it is argued that through their combined marketing might the food and beverage industry is in effect

controlling the cultural content of commercial media channels. In this situation we must not forget that the media which sells marketing space also operates as a business and that it is in that a media network's best interest to ensure a favourable environment for their marketing clients (McManus 1994).

As new additions to a consumer society children and adolescents are exposed to popular neo-liberal ideals. Marketing of brands and products using multiple channels represents part of the collage of neo-liberal culture and society, which through the process of hegemony, no alternative is presented. While members of the public health community have expressed concerns over the number of marketing channels used to deliver messages to children, and the rate at which children are exposed e.g. (Layton 2011; Mehta, et al. 2010), their message appears less prominent within the current neo-liberal climate than the voice of industry as portrayed through the media.

Co-creation and exploitation

The concept of "value co-creation" refers to a management technique whereby marketers rely on the active participation of allegedly "empowered, entrepreneurial, and liberated" consumers (Zwick, et al. 2008 p. 164). From a critical perspective co-creation can also be seen as encouraging a form of political power through the exploitation of creative labour (Zwick, et al. 2008). We argue that co-creation is inherently exploitative when private companies who adopt this tactic do not adequately compensate co-creators for their work.

Earlier in 2012 an eight-year-old child from the United Kingdom developed a new chocolate 'Treasure' bar through the television program *Jim'll Fix it* (Colombini 2012). Media reports that followed reported that Nestlé were considering making the product a commercial reality (Colombini 2012). The child received 50 limited-edition 'Treasure' bars for his trouble as well as media recognition (Colombini 2012). By comparison, a position as a Customer Product Development Manager with a British snack food company was recently advertised with a salary of £28,000 plus car and benefits ("Marketing Jobs" 2012). The comparison between 50 chocolate bars and marketing salaries is stark. While the employers of the advertised positions would likely expect a degree of professional experience and life-skills perhaps not associated with an eight-year old child, nor do they appear to take full account of the creative processes, customer insights and innovation provided by the child-winner.

The age of the co-creator in this instance also raises concerns. The United Nations explains child labour as referring to "any economic activity performed by a person under the age of 15, defined by the International Labour Organization (ILO) of the United Nations" ("Child Labour" p. 2). The UN also highlights that child labour can range from beneficial activities such as assisting with the family business, or farm, or helping with housework, to more destructive forms that may endanger a child's health or interfere with school attendance ("Child Labour"). At the destructive end during the 1990s high-profile company Nike faced public backlash over employing children in the production of their products (Kenyon 2000). More recently, notebook brand Moleskine faced backlash from its target audience of designers after attempting to engage this audience in a co-creation opportunity to design a new logo for the company ("Moleskine logo contest dubbed 'Molescheme' by angry designers" 2011). While the 'Treasure' example discussed should not be placed in the same category, it serves as an interesting example whereby more than a decade after the Nike incident, companies are engaging children and adolescents in co-creation, often performing tasks traditionally allocated to paid professionals.

Marketers may argue that such activities are voluntary, nullifying arguments regarding exploitation of labour. This paper argues that the voluntary nature of co-creation becomes

problematic in light of the profit seeking motives of companies employing this technique. Co-creation that is employed by non-profit organisations is less problematic because consumers' work becomes a donation of time or skill that seeks to benefit society, and does not result in profit for shareholders. It is highly unlikely that children and adolescents are shareholders in companies; therefore they will not receive the benefit of their efforts. Zwick and colleagues (2008) also note that in effect, consumers pay a higher price for products to cover the marketing costs, some of which they contributed free of charge. Further, by engaging in co-creation marketers also exert their power by controlling the ways and forms of brand engagement (Zwick, et al. 2008).

Conclusion

The conceptual diagram presented and subsequent discussion of its elements has highlighted the relationships between three aspects of IMC, the powerful position of the food and beverage industry within Western society, and three enabling processes that work to establish and maintain this relationship.

At a micro-marketing level, the power of marketing to influence the behaviour of target consumers is recognized (Royne & Levy 2011). However analysis and understanding of the power dynamics and processes between consumers and industry at a macro level does not yet seem to be fully appreciated by macromarketers or policy makers. With both governments and industry feeling pressure over issues such as food marketing and its association with childhood obesity, macromarketers need to explore these dynamics, their relationship to current marketing communication tactics and their impact on society. This article encourages macromarketers and policy makers to consider marketing's influence on power dynamics between the food and beverage industry and vulnerable consumer groups – children and adolescents – as brought about by certain characteristics of IMC.

Table 1. Examples of subtlety, use of multiple communication channels and co-creation

Issue	Example	Reference
Leverages subtlety	Coke Product placement on American Idol During 2007 the program featured more than 4,000 occurrences of product placement	Shimp (2010) ("Coke: Wooing The TiVo Generation ", 2004)
	Hershey's, Cadbury, featured as product placement in Children's film <i>Hop</i> , as did Baby Carrots	("brandchannel,")
	Movie <i>Rango</i> featured produce placement for Jarritos soft drink and PopTarts	("brandchannel,")
	Movie <i>Dairy of a Wimpy Kid</i> featured product placement for Twix, Tostitos, Snickers and Doritos	("brandchannel,")
	Movie <i>The Green Hornet</i> featured produce placement for Coca-Cola, Red Bull, Jamba Juice, Monster Energy Drink,	("brandchannel,")
	<i>The Adventures of Freddo</i> campaign Note: requires parental consent	("Cadbury/ The Adventures of Freddo; Mojo Melbourne releases

		The Adventures of Freddo, Season 2 - The Mystery of Slater Island," 2010)
	M&M's Red vs. green games and website Note: does require you to enter your age	("Red vs. Green,")
	Mýa recording music for Coke commercial	(Taylor, 2009)
	<i>Project X</i> hip-hop show sponsored by Pepsi	(Taylor, 2009)
	DreamWorks appear to have stopped using product placement in animated films	("brandchannel,")
	McDonalds approaching hip-hop artists to include references to BigMac in their work	(Taylor, 2009)
Multiple channels	<i>The Adventures of Freddo</i> campaign	("Cadbury/ The Adventures of Freddo; Mojo Melbourne releases The Adventures of Freddo, Season 2 - The Mystery of Slater Island," 2010)
	In 2009 the fast food industry spent in excess of US\$4.2billion on advertising on television and other media	("Fast Food FACTS in brief,")
	McDonalds' 13 websites associated with its products and brand	("Fast Food FACTS in brief,")
Co-creation	Moleskine notebooks faced backlash after inviting designers to design and upload a new logo for the company. Angry designers created a 'Molescheme' blog in retaliation, claiming the company was seeking 28,000 hours of unpaid design work.	("Moleskine logo contest dubbed 'Molescheme' by angry designers," 2011)
	Pepsi China invited consumers to create script and TV spot for Pepsi in China featuring Chinese star Jay Chow. Winner received \$12,500; 14 finalists received \$1,250. More than 27,000 scripts were received.	(Madden, 2006)
	'Treasure' chocolate bar developed by eight-year-old in competition could be rolled-out by Nestle Child participated in competition on TV show <i>Jim'll Fix It</i> and received 50 limited edition Treasure bars	(Colombini, 2012)

	McDonalds competition encouraging consumers to upload their 'remix' of the 'two all-beef patties' jingle, the winner of which was aired on MTV for a week.	(Taylor, 2009) p. 413
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What does it take to achieve responsible management?

A comparison of the PRME-approach and Karl Homann's institutionalist framework

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Extended abstract

The notion of responsibility in management has gained center stage during the last couple of years. However, the old question which is more important in achieving socially responsible management, social responsibility education or legal controls, remains largely unresolved. Since organizations, industries, and countries devote noteworthy resources to this issue, it is highly unsatisfactory that little is known about the impact of both approaches to achieve responsibility in management.

This work in progress aims at developing a research agenda that is suitable to shed some light on this matter. It compares the Principles of Responsible Management Education (PRME) – a set of principles emphasizing the role of management education – with Homann's framework – an approach emphasizing the role of the institutional framework and enforcement. Potential outcomes of both approaches are discussed as well as the underlying assumptions. The discussion forms the basis for the development of a research agenda that might help to estimate the impact of different sets of activities towards establishing responsibility in management.

Responsible Management

The notion of “responsible management” is not clear. It covers a multitude of understandings, ranging from Milton Friedman's claim that the social responsibility of business is to increase its profits (Friedman 1970) to very diverse requirements from different stakeholder groups (Freeman 1984). However, the global compact seems to represent a growing consensus about what responsibility in business means. The UN Global Compact's ten principles in the areas of human rights, labor, the environment and anticorruption increasingly enjoy universal consensus. They are derived from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption (www.unglobalcompact.org): “The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption”.

Although, there is much to be said about interpreting responsibility through the ten principles of the global compact and about the way, firms take a lead in the current discourse about it, for the goal of this research proposal it is sufficient to just stay with the UN Global compact's understanding of responsibility.

The Principles of Responsible Management Education (PRME)

The PRME are in sync with the argument that the education of future managers plays a key role in furthering responsible management. The PRME principles have been developed building on the United Nations Global Compact. On the PRME homepage, the goal of the PRME is described as follows (www.unprme.org): “The mission of the Principles for Responsible Management Education (PRME) initiative is to inspire and champion responsible management education, research and thought leadership globally. The PRME are inspired by internationally accepted values such as the principles of the United Nations Global Compact. They seek to establish a process of continuous improvement among institutions of management education in order to develop a new generation of business leaders capable of managing the complex challenges faced by business and society in the 21st century.”

On their homepage the PRME initiators claim that issues of corporate responsibility and sustainability still need to become embedded in the mainstream of business-related education. The academic network of the United Nations Global Compact therefore assigned an international group to work out principles for integrating the Global Compact’s core values into management education at business schools and universities worldwide. The results were handed to The United Nations Secretary-General Ban Kimoon in 2007, who is since then promoting the endorsement of the six principles of responsible management education as shown in table 1.

Table 1: The six principles of responsible management education

<p>Principles of Responsible Management Education</p> <p>Purpose: We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.</p> <p>Values: We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.</p> <p>Method: We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.</p> <p>Research: We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.</p> <p>Partnership: We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.</p> <p>Dialogue: We will facilitate and support dialogue and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability</p>

It is obvious that the PRME represent a stream of action that is focusing on management education as a means to achieve responsible management.

Karl Homann’s Framework

The philosopher Karl Homann notes that firms and managers in many industries face high competitive pressure. In many cases this will result in a conflict between morality and profitability. In a two by two matrix Homann (1994, 116) distinguishes among four different cases (see table 2).

Table 2: Homann’s responsibility-profitability-matrix

		responsible behavior	
low profitability	III. Economical conflict	I. Positive compatibility	high profitability
	IV. Negative compatibility	II. Ethical conflict	
		irresponsible behavior	

Only in case I we find a positive relation between responsibility - in the sense of a morally desirable behavior – and a high profitability. One explanation could be that consumers appreciate this kind of (costly) behavior and are willing to pay a premium.

Case II represents a case of ethical conflict. The firm is making a high profit. However, this profit is generated at the expense of a management behavior that cannot be considered responsible. This might include a behavior that is formally legal but violating central values.

In Case III the firm acts morally desirable but is damaging its profitability. Other companies might not act as responsible and save costs. This might well result in a competitive disadvantage for the responsible firm, if customers are price-oriented.

Case IV could represent a case in which the firm is acting irresponsible and gets punished by the market.

Obviously, the interesting cases are the cases II and III. They are the ones that put managers in dilemma situations and make them face difficult choices. Homann argues that nobody could reasonably expect managers to come to decisions that would put their firm in a serious competitive disadvantage and in the long run would endanger the firm’s existence (Homann 1991, 108). He therefore does not primarily count on the integrity of managers, no matter how responsibility oriented their education might have been. He rather interprets the institutional environment as the place for morality and responsibility. For Homann it is the purpose of institutional designs and their enforcement, to ensure responsibility in management. The approach therefore represents control and enforcement rather than education.

Discussion

A comparison of both approaches – the PRME and the Homann framework - shows that above all the assumptions about the manager as a human being differ between both attempts. Whereas the PRME/education approach assumes an actor who will be morally strengthened through responsible management education, Homann's institutional environment / control approach seems to assume a much "weaker" manager, who – under competitive pressure – might act irresponsible.

At first sight, Homann's approach seems to be much more in sync with economic theory. Self-interest seeking is one of the basic assumptions in economic theory. In some influential economic paradigms such as the new institutional economics, the assumption of self-interest seeking is even intensified to the assumption of opportunism ("self-interest-seeking with guile") covering behavior such as making false promises, holding back relevant information etc. (Williamson 1985, 47 pp.). Under the assumption of opportunism, legal control and enforcement seem more promising as compared to the PRME approach. However, it is obvious that the implementation of an institutional environment that guides and controls managers is a very difficult task. Especially in an international context, large institutional voids are the rule rather than the exception. Thus, the old question, which is more relevant in achieving socially responsible management, social responsibility education or legal controls, still remains unanswered.

A Research Agenda

The question whether the implementation of the PRME will help to develop a new generation of responsible business leaders or whether we need tight controls to guide management behavior is a highly relevant one since management decisions have a strong impact on anybody's life. Even though this is a worthwhile question, it is not easily answered. In the following passage, some obstacles will be mentioned and some first suggestions on how to cope with them are proposed as a basis for further discussion.

- 1) A first challenge is to measure to which degree organizations, industries and countries have introduced aspects of corporate responsibility and sustainability into management education. This is not an easy task however, the reports of PRME member-universities and their reports could be a first starting point.
- 2) To estimate the impact of a responsibility oriented education seems even harder. Correlations between a management education along the PRME and the behavior of managers might not even be meaningful. The endorsement of the PRME could be the reaction to events that have occurred recently. This would result in negative correlations and not demonstrate any form of cause and effect. Longitudinal data, perhaps focusing on certain issues such as corruption might be more meaningful and measurable through the existing indices.
- 3) To measure the impact of rules and regulations on management behavior seems to be just as challenging. Additionally, rules that work in one firm or country might not work in another one. The qualitative analysis of critical incidence in firms such as Siemens or in countries entering the WTO or the EU might help to gain interesting insights in the effects of education and control.

In summary it can be stated, that the question which is more important in achieving socially responsible management, CSR/ethical education or the institutional framework is a worthwhile topic in spite of the obvious methodological problems.

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Psychoanalysis and Marketing Ethics

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Because the ethics of psychoanalysis is complex this paper makes two general but important points; firstly that psychoanalysis assumes a subject that appears better fitted to the widespread pattern of misbehaviour observed in marketing practice; secondly, that it provides a different explanation for the role of law and moral codes.

The Ethical Subject

Hunt & Vitell (1986; 2006) made a significant contribution by constructing the ethical subject as a self-present, rational, information processor, whereby a central processor delegates teleological and deontological processing to various sub-routines and integrates these to form the judgements and intentions that lead to ethical behaviour. Theorists inspired by psychoanalysis take a radically different view whereby the subject is formed by interlocking agencies comprising the ideal-ego, ego-ideal and the superego which arise as formations during key points of transition. The experience of the foetus in the womb is a plenitude, or a totality of being with the mother, which must be given up if the infant is to enter fully into social life. The formation of an ideal-ego where the infant fuses itself to the image of the mother constitutes the first of the succession of images of perfection of what we aspire to be. This initiates too the process of separation from the mother by opening a space for representation. Separation is only completed following the resolution of the Oedipus Complex when the child accedes to the symbolic law. Following identification with the symbolic father the incestuous desire for the mother is repressed into the unconscious and defences are erected against the truth of this desire. The law frees the child to the extent that all who are subject to the law are bound by the same set of prohibitions. However something profound is lost, the plenitude of fusion with the mother, henceforth prohibited. The body of the child becomes 'clipped' as she is trained to abhor the pleasures she took for granted as an infant. Two new formations of the ego now arise comprising the ego-ideal and superego. The ego-ideal is the formation of the self closest to the view of the subject expressed in the H-V model and is the stance we take in evaluating our behaviour relative to that of others from the position of the symbolic law of society, or 'Big Other'. From this perspective the subject evaluates and compares the relative values of different 'goods' and 'bads'. The subject is regulated by the Pleasure Principle, acting with calculative intent to make decision that will result in the most pleasure and the least pain. Similar to H-V (op. cit.), the subject from the position of the ego-ideal may take into account the effect of the consequences of their actions on others, although ultimately it is their own happiness and survival that counts. The superego is the obverse obscene side of the ego-ideal, aiming to retrieve some element of the blissful union that existed prior to the institution of the symbolic law. It acts as a hostile force extracting an excessive perverse enjoyment from enforcing the law to its letter or beyond its limits and also in breaking the law. The superego causes pain for the ego in throwing out of kilter the homeostatic balance sheet of the pleasure principle. It pays no heed to the safe pleasures of the ego-ideal, operating beyond the pleasure principle in seeking to bypass the moderating role of the ego.

From the above, the first main difference between the orientation to marketing ethics pursued by H-V and that of a psychoanalytic orientation is that the former assume a unified subject, whereas in the latter, the subject is split. The H-V approach assumes that the subject is self-aware and self-present, a subject who is supposed to know their motivations which are presumed to be fully available to them, that can be accurately recalled and measured by questionnaire surveys. These assumptions are problematic from a psychoanalytic perspective, which argues instead that there is an imaginary element to how we come into being as speaking subjects, which reflects not who we are, but rather the ideal-ego, or who we imagine ourselves to be, as if we are another person who is a coherent, harmonious and good subject. The unconscious in this discourse is not a place, but rather consists of what is repressed, that is repeatedly excluded from consciousness. A crucial role for psychoanalysis is to distinguish the imaginary subject of the statement, from the unconscious subject that occasionally punctures this self-presentation. Where questionnaire surveys consistently present researchers with good subjects, a different story emerges when one considers reports of corporate misbehaviour; some forty years since Drucker (1969) wrote of the shame of marketing, this is routine and conducted on a grand scale.

The Law

A second major difference between the H-V orientation and the psychoanalytic approach concerns the relation of the subject to the law. The development of ethical codes is a major preoccupation for marketers who believe firmly in the existence of strong and enforceable codes (Hunt & Vitell, 2005; AMA, 2008; Grein & Gould, 2007; Lacznia, & Kennedy, 2011). From a psychoanalytic perspective, the subject's relation to the code is anything but simple. The ego-ideal will strive to observe the code to the extent that this preserves its own equanimity, but the superego is an entirely different matter. The conflict can be summed up in the scenario presented by Kant, recalled by Lacan (1975) 'Suppose, says Kant, that in order to control the excesses of a sensualist, one produces the following situation. There is in a bedroom the woman he currently lusts after. He is granted the freedom to enter that room to satisfy his desire or his need, but next to the door through which he will leave there stands the gallows on which he will be hanged.' (Lacan, 1975: 108). Kant takes the outcome for granted – by weighing up the benefits and costs, it is clearly better to live another day - employing this as an example of how humans have the ability to overcome their sensuality. No doubt the subject who is presented with a self-completion questionnaire would follow suit. Lacan turns Kant's example around; in psychoanalysis one regularly encounters subjects who can only fully 'enjoy' a night of passion if they are threatened with some form of 'gallows'. Law allows the subject to think that he can get what he wants if were not for its prohibition and there is something in the subject that drives him, whereby he can only truly enjoy life if he is violating some form of prohibition. Such 'enjoyment' is painful; the ego experiences pain precisely when the orderly cost-benefit homeostasis of the pleasure principle is abandoned.

As interpreted by Lacan, Kant's example illustrates the difference between the calculating ego-ideal, and the obscene superego. The motivation to break the law is not for some ethical reason, for instance because its breach will result in a superior outcome for a stakeholder, but because of the necessarily dangerous thrill it provides. The breach of the law is instantiated not because of a lack of impulse control (Singhapakdi & Vitell, 1990) but because of the very existence of the law is itself a reminder of the blissful state that existed prior to its foundation. Many of those who work in marketing organizations like to live dangerously, deriving 'enjoyment' from excessive enforcement of the code or from its breach. The superego is the obscene 'nightly' law, the dark underside that necessarily accompanies the public law. It also represents the community' at its purest, exerting the strongest pressure

on the individual to comply with its mandate of group identification (Zizek, 1994: 54). In this view what really binds a community together is not the espoused set of ethical principles that are enacted by the ego-ideal and espoused and defended by the ideal-ego, but the set of unspoken rules that guide its members to know what laws can be safely broken. Attachment to community thus comes about through identification with the suspension or transgression of the law. There is an irony here in that the breach of the law creates more communal affinity than its observance. This is because the rules that define the breach of the law must necessarily remain silent and unarticulated, as a form of omertá.

The symbolic law alone cannot hold the marketing organization together, especially the community that ‘knows’ that it can enjoy in secret, so long as enjoyment is not admitted to the ‘Big Other’. In this view organizations have a double-sided nature. On the one hand they profess allegiance to the law and to their publicly announced values. On the hidden, obscene side of organization lies the demand to enjoy the flouting of this code. Like Gyges of Lydia (Plato, 2000), marketing subjects behave as model citizens in the public space of the ‘Big Other’ or Ego-ideal, where they are observed and subjected to scrutiny by others. When unobserved they can act with seeming impunity, deriving enjoyment by flouting the very laws they proclaim to uphold. This is the obscene side of organization that everyone in an organization knows, but no-one (apart from the whistleblower) talks about. This perhaps explains why following some major scandal where a whistleblower alerts the public about corporate misbehaviour, it is usually they who are punished and not the perpetrators.

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Sustainability in Clothing Supply Chains - Implications for Marketing

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Abstract

Recommendations for sustainability strategies for business have predominantly taken an individual firm level perspective. Yet, sustainability efforts are by essence collaborative and span firm level boundaries. Multiple stakeholders espousing often divergent goals need to work together over long periods on sustainability collaborations. Well recognized externalities in the firm's economic existence need to be addressed by multiple stakeholder skill sets and are fraught with high risks and uncertainties. These are conditions ripe for syndication, as financial and corporate syndicates have demonstrated.

The rules of syndication cover the structure of membership, setting of goals and objectives, governance, incentives and sharing of rewards and costs between stakeholders. Stakeholders can harmonize their goals, rent other stakeholder skill sets and achieve scale economies, while they hedge their risks by diversifying across the uncertainties that they individually confront. Syndication has implications for value oriented marketing strategy, some of which are for product and process innovation, contracts and relationships, positioning and marketing communications, and customer equity models. The clothing supply chain, specifically knitting and hosiery from India, provides an illustrative case study. Business networks and configurations in clothing need to evolve a syndicate model to further accommodate multiple stakeholders, self-regulation and mutual self-interest.

Keywords: Sustainability; business syndicates; ethical sourcing; plural governance; multiple stakeholders; marketing

Introduction:

The many dimensions of sustainability are fraught with entry barriers, fragmented knowledge, distributed power to act, decentralized property rights, and high risks and uncertainties, and conflicting concerns of multiple stakeholders. In its conclusions from an extensive roadmap study for sustainable clothing supply chains, Defra (2011), an interdisciplinary national agency, calls for an action plan to go beyond “primarily individual actions and to develop concerted action.” Concerted action requires environmental groups, companies, government agencies, communities and societal thought leaders to achieve harmony of goals and develop common strategies. These are conditions ripe for syndication, as financial and corporate syndicates have demonstrated. The purpose of this paper is to contribute to our understanding of how syndication may help sustainability dimensions of business models.

A key issue it raises and addresses is: *What are the theoretical foundations of syndication that need adaptation for management of sustainable business models?* The management literature has a developed theory of syndication, and has identified several motives for this organizational form. Pratt (2000) describes the long history of syndication for risk sharing, with a perspective of insurance cooperatives. Maningart *et al* (2006) examine syndication among financial entities and separate two levels of motives. One is management

of fund as a portfolio through diversification. A second is management of specific investment and to discover future opportunities through association. Graebner and Eisenhardt (2004) examine corporate syndicates. Network position of organizations for purposes of innovation and performance is the motive. Corporate syndication includes research consortia, trade associations, investment syndicates, standards setting bodies, business groups, and boards of directors. This paper argues that sustainability driven business models need all these syndication motives: namely, insurance cooperatives, portfolio of projects through diversification, agreements on flow of future projects, and multi-stakeholder network effects for innovation and performance. Therefore, the most significant adaptation of existing models of syndication is to allow inclusion of large numbers of participants across different tiers of the supply chain, some of whom are not businesses.

Sustainability Syndication is an organizational form to improve sustainability for multiple stakeholders employing contractual and other governance mechanisms. The rules of syndication cover the structure of membership, setting of goals and objectives, governance, incentives and sharing of rewards between stakeholders. Why does syndication of multiple stakeholders have the potential to affect sustainability in a network? One benefit is that members can expand their scale of operation through pooling of resources, and by linking their resources along different tiers of the supply chain. Another benefit is that all members can hedge their risks by diversifying across uncertainties the individual members confront. Yet another benefit is to reduce barriers to entry into bigger projects, and improve efficiencies and scope of action. *In essence, syndication is a formal process of collaborative contracting between smaller participants in risky environments.*

While we have argued that companies have interests in sustainability syndication, they have a variety of potential partners. Government agencies are major stakeholders in sustainability, and attempt to influence multiple stakeholders through policy. The next section outlines one specific example: the use of syndication to expand access to and reduce risks in government regulated permit trading.

Tradable Discharge Permits Rationales for Syndication

Governments are trying to impact sustainability from the policy perspective with different instruments, for example with emission trading schemes or emission taxation and subsidies. A system of allocating permits has existed for about four decades with the creation of tradable discharge permit (TDP) markets. Cap-and-trade in GHG (greenhouse gas) emissions markets is the best example of this, but there are others, such as ITQ (Individual Transferable Quota) in fishery co-management, or APS (Ambient-Permit System) in water pollution through effluents. Hung and Shaw (2004) list three classes of pollutants: uniformly mixed assimilative such as volatile organic compounds, uniformly mixed accumulative such as carbon dioxide, and non-uniformly mixed such as heavy metals (accumulative) or BOD in water (assimilative). Effluent from dyeing units in knitwear and other water pollution units are of the non-uniformly mixed assimilative sort and have been harder to bring into a permit trading regime. However, recent developments have simplified their traceability and use through trading-ratio systems. It is easier to examine how syndication may be useful in the case of carbon TDPs, as an illustration. Units of pollution are quantified and businesses are allocated or have to buy amounts of pollution permits. Exceeding pollution without commensurate permits is steeply penalized. Subsequently a market of bid or brokered exchange allows buying and selling (and donations) of permits. Unutilized capacity which reduces dirty output can also yield excess permits to the seller that earns it an income. A price discovery mechanism follows from this process for pollution permits.

How is government sustainability policy on TDP related to syndication strategies? There is recognition of the need to involve smaller firms in TDP markets. For instance in carbon permit markets, the Japanese Voluntary Emission Trading Scheme (ETS) was initially restricted to large GHG emitters, but expanded later to small polluters in 2008 as emissions from them rose 44.6 % from 1990 – 2005 (Lyster 2007). Yet participatory barriers exist, as minimum lot sizes and volatile TDP prices in carbon markets increase the financial burden of risks for small firms to prohibitive levels. The problems are even more relevant for small firms and TDPs in other forms of pollution, such as water pollution. Other policy hurdles for sustainability exist arising from agency problems. Information asymmetries exist on expenses and unobservable or unverifiable effort by firms on emissions abatement, and on transaction costs of reporting, verification and monitoring. There are significant problems due to free riding and information rents in the way policy is implemented (Hung and Shaw 2004). A strategy to address these policy problems is through firm syndication.

Let us examine some reasons why firms should consider carbon TDP syndication. Small businesses can benefit from participation in ETS. Their needs are to make trades for specific, relatively short time periods. However, transaction costs for participation in permits trading can be a significant burden on small and medium enterprises. These costs stem from a variety of sources, both one-time opt-in costs such as registration costs, and recurring costs such as monitoring, verifying, and reporting (MVR) costs. Not the least are costs of participation in trading markets, and forecasting risk. For futures in all exchanges minimum trading sizes are 1000 (tCO₂e) (Mansanet Bataller and Pardo Tornero 2008). Uncertainty in national allocation plans, and potential for inconsistent imposition of caps over the long term lead to amplified risks. Permits may be bankable and therefore the supply of permits in a given year by firms is not always predictable. This leads to a highly risky market for permits and price may vary widely from time to time.

The rules of syndication cover sharing of uncertain rewards between members for joint effort in the supply of permits, in an environment of agency problems. A well designed syndication process allows smaller firms to overcome entry barriers and access TDP markets. Syndication reduces non-systematic risks as firms diversify across their own business risks. The risk aversion of a syndicate is a fraction of that for individual firms that comprise the syndicate. This is the insurance cooperative effect noted in the literature (Pratt 2000). The availability of the syndication option also helps monetize otherwise prohibitive clean technology investments. In sum, we propose that: *Firms overcome constraints due to both individual risk capacities and lack of scale economies and can achieve superior sustainability objectives by devising syndication agreements.*

Clearly, syndication has the potential to offer these advantages in all types of tradable permits for all classes of pollutants. The advantages of syndication clearly go beyond TDPs, as following sections of the paper discuss. While the focus of this paper is on theory, potential applications could be addressed by illustration with accessible case study. An industry where sustainability syndication is especially relevant is the knitwear clothing supply chain. In the sequel the paper uses the context of water pollution by effluents in the clothing supply chain. The next section describes sustainability concerns in a global clothing supply chain, and the following section briefly outlines the Noyyal Knitwear & Hosiery (NKH) case. The following section discusses specific implications for marketing arising from syndication models and illustrates these from the NKH case. The paper concludes with recommendations.

Sustainability in the Global Clothing Supply Chain

The textile industry has among the longest, most complicated chains, involving agriculture, chemical fibre, textile, and apparel, retail and service, laundry and waste treatment businesses. A recent study (Eurosif 2012) of procurement in supply chains identified clothing industry as one of the most globalized and complex. Many world brands have fully outsourced their production to contract manufacturers in emerging markets. The industry is fragmented and dominated by SMEs (small and medium enterprises) which account for over 80% of the market (Defra 2011). Therefore, *prima facie* syndication may be a viable strategy for the clothing supply chain.

The near £500 (or \$809) billion clothing industry is extremely water-intensive, and has generates high GHG emissions over its products' life cycle. It is estimated that the textile industry used 25% of chemical compounds produced of which the majority is used in wet processes, such as dyeing (ibid.). There is scope for significant improvement in both types of emissions. Best-practices studies show that gains can be very substantial, with reductions from 7 kg CO₂-e for a T shirt to 0.7 Kg CO₂-e. Modern process houses are using dye stuff and chemicals from multinational companies (MNC) such as CIBA, Dyestar, Clarion, BASF etc. to ensure azo free, eco-friendly dyestuff supplies. Therefore, its sustainability footprint is potentially an important differentiation strategy for clothing brands.

In fact, the problems of climate change from GHGs and water pollution due to chemical effluents combine to increase the severity of water stress. The environmental impact of climate change interferes with the hydrological cycle leading to flood flows, and raises sea levels leading to groundwater salinity. Immediate examples of the impact of flood flows are the disasters in Thailand (2011) and in Pakistan (2010), where large areas downstream of major dams were flooded in both instances. River basin management is a major issue in climate change. The world's major rivers are all at risk (Palmer *et al* 2008) due to water overuse and climate change. Renewable fresh water is unevenly distributed over the planet. For instance, India has 17% of the world population but only 4% of this life sustaining resource. Climate change and development pressures are respectively reducing the supply and increasing demand of water at alarming rates. The resulting dis-equilibrium is sliding rapidly into unsustainable levels, where the future already looks bleak. Reports on managing groundwater resources in rural India ruefully conclude that community based initiatives "unfortunately do not add up to the primary strategy for the sustainable management of groundwater resources."¹ The Government of India recognizes the increasingly serious nature of water stress. A guiding principle recently enunciated by its ministry is "*Water needs to be managed as a community resource held, by the state, under public trust doctrine to achieve food security, livelihood, and equitable and sustainable development for all.*" (Draft National Water Policy 2012. p. 5).²

In sum, climate change and water stress have far reaching implications for food-water-energy security, and multiple stakeholder involvement is essential for policy.³ Many types of stakeholders are directly involved or affected by the impact of climate change and water stress

¹ DFID/British Geological Survey, 2005, p.69; quoted in WISE Report, Clean Energy Technology Action Plan for Climate Mitigation, Sep 2009.

² http://mowr.gov.in/writereaddata/linkimages/DraftNWP2012_English9353289094.pdf

³ NCAR (National Centre for Atmospheric Research) has Governance and Adaptation as a program for water which positions itself as "governance arrangements defining the role and scope for public involvement in natural resource management have important impacts on the vulnerability of coupled human-natural systems to climate-related disruption and their capacity to adapt to evolving risks posed by climate change."

on river basins. Emerging markets are particularly vulnerable as institutions for multi-stakeholder involvement in policy are not well developed. Scope for major gains in sustainability exists in the clothing supply chain, and yet practice has not matched the potential in emerging markets. Our illustrative examples of how this potential for sustainability may be met through syndication relates to the knitwear industry and its water stress in a river basin in southern India. The location accounts for over 80% of knitwear exports, which is a sector that represents close to half of all Indian clothing exports.

The Tirupur Case: Not Minding the Knitting

One cluster of clothing businesses is in the K&H capital of India, Tirupur, in Tamil Nadu state on the banks of Noyyal river. Global brands like Marks & Spencer, Migros, Levi's and Reebok source knitting and hosiery (K&H) products from Tirupur.⁴ Since the 1980s this cluster has grown rapidly, and as it turns out, unsustainably, to an average annual turnover of INR 12,000 crores (US\$2.66 billion). The cluster has an active textile exporters association (TEA) and an annual trade fair that is well attended by international buyers. The exploding population of the township has drawn investment in capital assets as well as migrant workers from all over the country. Attendant social problems have arisen such as poor sanitation, crumbling infrastructure, absence of education and health services, and an unregulated commercial sex industry. But perhaps the biggest problem is that of water stress, as K&H manufacturers have co-located dyers and yarn processors which are highly water intensive operations.

A small dam on Noyyal downstream of Tirupur had even been completed more than a decade earlier. Water from the dam's irrigation canal was used by coalitions of farmers (known locally as ayacutdars). Ayacutdars have now ceased to use the dam's reservoir water as they claim it has become too toxic with Tirupur's effluents. This claim has been validated by studies. For example, Govindrajulu (2003) examines the effects of Noyyal K&H (NKH) pollution in a primary research study, and finds significant impact of water pollution on the rural community in health, agriculture, livestock and drinking water. Ironically, as water runs out in Noyyal, dyer units have sought to purchase water from tube wells of farmers. A major World Bank supported proposal to pipe water over a long distance, from the Kaveri river, is likely to be approved by the state government.

The Noyyal River Ayacutdars Protection Association (NAPA) moved the Madras High Court in 2006 against NKH polluters as the culmination of a protracted effort for a zero liquid discharge (ZLD) target. The courts had supported the standard that effluent needed to be evaporated for ZLD compliance. This target has proved unreachable over the last five years, with current technology that leaves at least 15% water in effluent chemicals. The Madras High Court has now found dyers in contempt of court, and ordered all CETPs (common effluent treatment plants) not meeting ZLD to shut down. Over 800 units they service have since had to cease operations over periods of time. The story thus far has mentioned only a few of the stakeholders in the NKH clothing chain; a fuller list of stakeholders and their conflicting concerns is in the Appendix. In the sequel I draw upon specific instances from NKH to illustrate the marketing implications of syndication from a value perspective.

⁴ Others labels that buy from Tirupur are Nike, Lacoste, St. Michael, Benetton, Jockey, Kiabi, C&A, Tape L Oiel, J.C. Penny, Gallery Lafayette, Wal-Mart, H&M, Old Navy, Quick Silver, Decathlon, Mother Care, Primark, Manor, S. Olivier, Euro Disney, Group Andre, Tom Tailor, Tommy Hilfiger, Adidas, Carrefour, La Redout, 3 Suisse, Zara, Karstadt Quelle, Monoprix, Devianne, Fila, Oxbro, Replay, Diesel, Nautica, Abacrobi & Stitch, MRK.

Implications for Marketing

Sustainability driven syndicates have implications for business functions, including marketing. This section identifies four areas of marketing that require re-thinking. These are Products & Process Innovation, Contracts & Relationship Marketing, Positioning & MarCom, and Value & Revenue Models. Examples from the K&H clothing supply chain are drawn upon to illustrate the challenges.

Product & Process Innovation: A firm's sustainability innovations are structured around efforts to continually improve a "damage function." The abatement costs from environmental measures are determined in terms of the ability of the measures to abate damage. The optimal policy is to minimize abatement costs subject to environmental constraints, otherwise termed the cost-effectiveness criterion. This is one key test of a TDP system (Hung & Shaw 2004). A syndicate can achieve abatement in damage functions by product and process redesign using the following criteria.

- Improvements in materials, packaging and designs to minimize waste and enhance recycling.
- End-user or Consumer behavioural changes that reduce energy and natural resource use.
- Reduction of various ecological footprints, such as water use and emissions, over the extended product production life cycle.
- Renewable energy component in the production and transportation of the product.
- External collaborations with suppliers and sustainability credos.
- Biodiversity preservation and conservation efforts and firm social responsibility.

For instance, in the clothing industry at Tirupur, leading suppliers have initiatives like wind energy sponsorship (Reliance Dyeing, Victus Dyeing, KPR Industries) and Reverse Osmosis (RO) effluent treatment plants (ETP) with zero effluent discharge (Reliance Dyeing Mills, Victus Dyeing, Aar Pee Colour, Classics, Allwyn Processors, Chemtech Processors, Rajlakshmi, Renaissance).⁵

Open business models have been proposed (Zott and Amit 2010) that provide strong justification to partner with other stakeholders - suppliers, distributors and collaborators of all kinds - in order to commercialize innovations. For instance, in clothing such collaborations in common effluent treatment plants (CETPs) would be necessary to roll out new technologies. According to scientists, zero liquid discharge (ZLD) can be implemented in Tirupur with new technology developed to make effluent treatment cost-effective at six to seven paise per litre,⁶ even with enhanced recovery of water, salts and dyes. By way of comparison, the operational cost of one of the existing CETPs is 25-30 paise/l.⁷ Currently firms often use a durable organizational form such as cooperatives; or a registered company; or a public sector

⁵ <http://www.fibre2fashion.com/industry-article/market-research-industry-reports/overview-of-tirupur-knitwear-industry/overview-of-tirupur-knitwear-industry6.asp> Cited April 16th 2012.

⁶ A paise, a hundredth part of a rupee, is about 1/50th of a US cent.

⁷ <http://www.downtoearth.org.in/content/towards-zero-discharge>. Cited April 16th 2012.

enterprise.⁸ However, syndication will allow wider participation of firms that may not be in the specific industrial estate or may perform roles in other tiers of the clothing supply chain.

Cotton cultivation has brought a variety of partnerships and conflicts. Cotton is responsible for about a third of agricultural GDP in India, and accounts for about 45% of pesticide use, though it covers only about 5% of farmed land. Bt cotton, a transgenic variety, has been supported by the Biotechnology Ministry for about ten years, as it promised lowered insecticide use. Its introduction has brought controversy while it created new business networks of biotechnology firms such as Monsanto, seed companies, agricultural research into genetic engineering and farmers. However, the Textile Ministry has recently been supporting organic cotton for a growing environmentally conscious world market. Specialists say the two types of cotton, transgenic and organic, are at odds and since full segregation is impossible, markets for organic cotton are increasingly contaminated. The risks in cotton farming have grown dramatically for smaller enterprises, and the need for insurance cooperatives may have become far more urgent.

Contracts & Relationship Marketing: Collaborative relationships improve the damage function. Several questions arise for collaborations in sustainability syndicates. Are there specific conditions for applying relationship contracts and neoclassical contract theory to this context? What is the scope of contract theory for sustainable business models? Where is its potential contribution, and where are the boundaries and limitations? Contractual frameworks are widely observed in syndication. A syndicate is like an aggregator who has an economic role safeguarded by contracts.

Lee (2011) points out the role of contract terms in two specific forms of resource integration: scale and link resource integration. He explains “In scale resource integration, partners pool their resources by performing the same functions jointly in the value chain. In link resource integration, partners collaborate without resource pooling by performing different functions in the value chain.... Equity sharing refers to forming an interfirm relationship agreement that involves ownership sharing.”(p. 112). The CETP is an example of scale resource sharing, whereas renewable energy use to improve carbon footprints from transportation for export, warehousing, and delivery channels is an example of link resource sharing. In clothing, as an example of link resource sharing, the Tirupur Exporters Association (TEA) had entered into bilateral agreements to open warehouses and storage centres in Europe for exporters from Tirupur. The advantages they offer are On Time Delivery, superior inventory and buyer services.⁹

As contract theory deals with externalities it is relevant to sustainability. Especially for managing emission-intensive networks, information communication in credible ways, incentives for unobserved effort and monitoring and observation and verification transaction costs are major concerns. Patent sharing among consortiums and intellectual property rights are additional concerns. Pricing and sharing rules among syndicates help to deal with these contractual concerns. In the absence of syndicates, a command-and-control approach would be necessary which requires the passage of specific acts in state parliaments. In clothing, some states have passed a specific act for the management of the CETPs, for instance, the Delhi Common Effluent Treatment Plants Act 2000. Under this act CETP management has to

⁸ <http://www.downtoearth.org.in/node/12328>. Cited April 16th 2012.

⁹ <http://www.fibre2fashion.com/industry-article/market-research-industry-reports/overview-of-tirupur-knitwear-industry/overview-of-tirupur-knitwear-industry1.asp>. Cited April 16th 2012.

be entrusted to a society of the users in the industrial estate, and contractual arrangements are circumscribed by the companies act. Disciplinary action is through recourse to state pollution control boards (PCBs) and involve disconnection of water and electricity supply, or in extreme cases, shut downs of facilities.¹⁰ Syndication would allow more flexible contractual agreements and less recourse to third party enforcement.

One unique consideration is whether locational differences will increase “hot spots” as a result of contractual standards derived from command-and-control policies. In clothing, the contrast between zero liquid discharge (ZLD) and other less stringent water quality indexes, such as biological oxygen demand (BOD) are used for treated water. Two different pollution state control boards (PCBs) in India have used differing standards. The BOD has been set by one state at 10 mg/l (the Central government’s standard for treatment is less stringent at 30 mg/l). Given the economic advantages that the BOD state has over ZLD at Tirupur, it is now feared that the shut industries in Tirupur will migrate dyeing processes and create a hot spot in the BOD state, by putting pressure on its dyeing units.¹¹

There are other agency considerations that influence contract design. Hung and Shaw (2004) for instance identify effects on pollution zone exchange rates, transaction costs, free riding and setting of binding environmental constraints in addition to hot spots. Studies show that incentive based policies derived from contractual approaches are superior to command-and-control approaches. Tao *et al* (2000) find that the latter lead to “overcontrol” and that net annual benefit from trading (that takes into account direct pollution cost-saving after deducting additional reduction from overcontrol) is in favour of trading mechanisms. In general, trading systems have effects that vary depending upon the contractual approach to inclusion of externalities.

Positioning & MarCom: Eurosif (2012) reports that the European Commission published the “Roadmap to a Resource Efficient Europe” as one of the flagships of the “Europe 2020 Strategy”. The roadmap calls for a common methodological approach to footprinting over the product’s extended life cycle. The objective is to set price signals and clear environmental communication. For apparel and textile brands, the legal pressure to improve ethics in their supply chain is increasing. Ethical sourcing and carbon footprint labels provide illustrations, such as AFNOR in France, METI in Japan and Cool Labels in South Korea. In clothing, Tirupur has acute infrastructural shortages and essential projects are financed, fully or in part, by knitwear exporters organizing around common cause. Buyers active in the region, such as the Swiss chain Migros, have tags on their products with the message that part of the proceeds from sales are earmarked for child welfare in the region of the product’s manufacture. Other community oriented sustainability initiatives noted are: ¹²

- Forestation/Coconut & other useful tree plantation (Reliance Dyeing, Victus Dyeing, Fabrocrats besides others).
- Schools for the children of the workers employed by the industry and providing transportation for the students with the help of buyers like Migros, C&A, Switcher etc or with the help of others or NGO .
- Hospitals with the help of the buyers like C&A and others or NGO.
- Medical Centers for the benefit of workers employed in the industry and their families with the Help of buyer Switchers and others.

¹⁰ <http://www.downtoearth.org.in/node/12328>. Cited April 16th 2012.

¹¹ Ibid.

¹² <http://www.fibre2fashion.com/industry-article/market-research-industry-reports/overview-of-tirupur-knitwear-industry/> overview-of-tirupur-knitwear-industry1.asp. Cited April 16th 2012.

- Day care centres for the young non-school going children of workers employed in the industry with the help of Migros or other buyers/NGO.

Marks & Spencer, the major retailer, has published their commitments to their Plan A, titled “Doing the right thing.” A major objective is to engage business partners, including pertinently its top 100 clothing factories, in quantified sustainability targets. Communication objectives infuse M&S’s efforts for Plan A: help customers identify and buy Plan A quality products; engage employees, communities, customers and suppliers in sustainability; create a culture of innovation on sustainability; and help to facilitate behaviour change through clear nutrition labelling and information. As all businesses survive in a collective business environment the wisdom of sustainability collaboration among all stakeholders, many of whom are not businesses, should translate to enlightened self-interest. Ethical sourcing is a form of cause related marcom that increases the profile of all participating firms.

Value & Revenue Models: Contracts help generate emission reduction certificates and allow private firm endowments on emission reduction to be aggregated and traded as commodities. Intermediary companies are aggregating GHG reduction efforts to improve purchasing efficiencies. Energy services companies, for instance, are aggregating rooftop solar panels through contractual agreements on the generation side. Similar aggregation approaches are seen for TDPs in clothing. Down to Earth, a publication focusing on environmental reporting, recently investigated revenue models for water pollution treatment in the electroplating industry:

For the smaller units, the authorities installed a CETP and engaged a private firm to operate it. The company collects effluents from the units and charges those 63 paise/l for transportation and treatment, and the company recovers 85 per cent of the water after filtration. The water is being supplied via pipeline to a dyeing factory nearby for reuse. The RO reject is evaporated and the remaining solid waste is sent to a hazardous waste treatment facility. Reportedly, the quantity of wastewater received and billed by the treatment plant has increased from 1.3 million liters in January 2008 to over 4 million liters last month. The ZLD facility for the electroplating units has started showing results.¹³

Under such pricing mechanisms, all firms get treated equally and uniformly without price discrimination. However, TDP markets allow price discovery and exchanges to trade emission permits between large numbers of anonymous suppliers and buyers using third degree price discrimination techniques that are more cost-effective. Some government jurisdictions are holding reverse auctions with fixed budgets to purchase TDP reductions. The agency awards winning bids based on cost effectiveness of reductions. This provides incentives to companies, utilities and land owners (Hoffman 2005). As a result, firms get differential rewards based on their business models, and price discrimination creates efficiencies. Similar measures are seen in clothing. Some state jurisdiction, such as Maharashtra (MIDC) is now penalizing industries that have avoided joining a treatment society. Water charges are metered and rates are doubled, and if remedial joining of a CETP is not undertaken within a grace period, water charges are doubled again.¹⁴ A favourable outcome of incentives that employ reserve price discovery methods, like auctions, is that penalties are not needed and command-and-control has huge monitoring costs. More parties can participate in sustainable development efforts through price discovery mechanisms. A differentiated pricing and management approach for incentive based water use is in the offing. The Draft National Water Policy (2012) recognizes “A system to evolve benchmarks for water uses for different purposes, i.e., water footprints, and water auditing should be

¹³ <http://www.downtoearth.org.in/content/towards-zero-discharge>. Cited April 16th 2012.

¹⁴ <http://www.downtoearth.org.in/node/12328>. Cited April 16th 2012.

developed to promote and incentivize efficient use of water. The “project” and the “basin” water use efficiencies need to be improved through continuous water balance and water accounting studies. An institutional arrangement for promotion, regulation and controlling efficient use of water will be established for this purpose at the national level.”(Section 6.2, p. 15).

The value chain includes end consumers that also need to participate in sustainable practices. Voluntary participation is possible when branding and certification allows educated consumers to exercise a choice. However, mandatory participation through taxes and subsidies are also possible, and producers may need these subsidies for clean technology investments, as consumers may not pay the full costs of including the externalities. These sentiments are clearly present in the clothing chain.

In the case of Tirupur, the high court played a crucial role in mandating ZLD. But factory owners say implementing ZLD has increased costs 25 to 30 per cent. “Consumers must be willing to pay the extra cost. Everyone wants cheap, good garments and at the same time they accuse us of destroying the environment,” says a dyeing unit owner... an established criterion that polluting industries must spend three to 10 per cent of their turnover on wastewater treatment. Tirupur factory owners say they have to spend more. “The government must subsidize the treatment if industry and livelihoods are at stake,” says the former deputy director of CPCB.¹⁵

Can subsidies be transferred *without* government tax impositions, through contractual methods, in a network of businesses? Syndicates share in joint returns in accordance with sharing rules, and therefore follow a form of equity based revenue models. Therefore, it would be possible to manage subsidies within a syndicate. The effects may change the resulting internal rate of return which is then unlikely to correspond to an individual firm’s internal guidelines when it is a member of a syndicate. Under usual forms of incorporation managers have a fiduciary duty to maximize shareholder value, and a subsidy within a network approach may therefore lead to fiduciary problems. Benefit Corporations are a class of corporations that relax this fiduciary duty, and are required to create a material positive impact on society and the environment. B-corps claim financial advantages from network effects in addition to their mission to uphold a new standard of conduct that does not increase liability to non-shareholders. An example of a clothing industry certified B-corp is Patagonia, the outdoor clothing maker. Cooperatives are established legal entities that conform to law and return operating gains to their members based on patronage rather than capital ownership. They could potentially serve many tiers of the supply chain as federated cooperative associations. For instance, Migros [active in Tirupur] is a supermarket chain that is owned by its customers since it is a cooperative society. About 2 million of Swiss population Switzerland's total population of 7.2 million are members. Migros has obligated itself to spend one percent of its annual turnover for financing cultural projects, and calls it the “cultural percent”.¹⁶

Sustainability Syndicates are distinguished from both B-Corps and cooperative societies in that (1) they are self-ruled through self-enforcing contracts rather than mandated by court determined law; and (2) they are temporary with shorter life cycles over the duration of a project, rather than permanent registered bodies. Clearly, Both B-Corps and cooperatives can participate in a syndicate just as any other legal contracting party. Other institutional arrangements are envisaged. An intention that is controversial in that it is unclear on the citizen’s right to water is expressed in the Draft National Water Policy (2012): “The “Service Provider” role of the state has to be gradually shifted to that of a regulator of services and

¹⁵ <http://www.downtoearth.org.in/content/towards-zero-discharge>. Cited April 16th 2012.

¹⁶ <http://en.wikipedia.org/wiki/Migros>. Cited April 16th 2012.

facilitator for strengthening the institutions responsible for planning, implementation and management of water resources. The water related services should be transferred to community and / or private sector with appropriate “Public Private Partnership” model.(Section 13.4. p. 29).”

Conclusion

The paper identifies motivations for syndication from finance and corporate literature and argues that sustainability includes similar motivations. The various motives are risk sharing, scale resource sharing, link resource sharing, new opportunities, innovation and performance. Stakeholders should specifically seek to support and participate in Tradable Discharge Permit markets, as these enhance all sustainable practices to a greater degree than command-and-control measures. Emerging economies are increasingly seeking efficiencies and legal remedies to climate change and development impacts on natural resources. The logic for syndication in this context is scale resource sharing and risk mitigation. The global clothing industry reveals several partial solutions in practice that display elements of syndication, but most often do not fully realize its potential. We identify several sustainability challenges for marketing, and illustrate them through the clothing chain. Chief among these are product & process innovation geared to abatement of the damage function, and resulting in value creation; contracting & relationship marketing to deal with agency problems and improve value delivery; positioning & marcom to communicate unobservable sustainability value to end-users; and value & revenue models to suitably capture and distribute the value created. Cooperative agreements and benefit corporations coordinate interests of many tiers of the supply chain and deliver internal subsidies to collaborators. The logic for syndication they provide is derived from linked resource sharing. The key proposition the paper advances is, therefore: *Firms overcome individual constraints and achieve superior sustainability objectives by devising syndication agreements.*

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Appendix

Key demands for coordination between multiple stakeholders in the knitwear industry are:

1. State-Judiciary: Administrative and executive authorities are slow to translate court injunction on target level reductions. Court injunctions on reductions beginning from 1996 were not monitored and enforced in a timely way.
2. Pollution Control Board (State Government) – Dept. of Environment (Central Government): National and provincial/state policies are often aligned, and often at odds. National environmental acts need to be locally applicable to plug disparities in environmental law. Loss of Ecology (preventions and Payment of Compensation) Authority (LEA) – Industry Associations: Methodologies of computing compensation are challenged in Court by industries and awards by LEA are delayed to farmers, households, and fisheries.^{17 18}
3. NGOs – Pollution Control Board/National Regulators: Standard setting and MVR (monitoring, verification and reporting) agreements between non-governmental organizations (NGOs) and Pollution Control Boards.¹⁹ Environmentalists lament the disrespect for civil rights in advancing developmental projects in emerging economies.
4. Pollution Board – Pollution processing plants. Pollution processing plants have a critical part to play. At NKH a moving target based on current state-of-the-art technology rather than a zero liquid discharge mandate would have encouraged development.
5. Pollution processing plants-Polluter Units: Incentive contracts from polluters that rewarded CETPs for advancements in treatment standards.
6. Banks-Pollution processing plants: International and local transfer of funds under Clean Development Mechanisms and other supply chain financial arrangements.
7. Banks-NGOs: Watershed development has now been undertaken at a location in the Noyyal River Basin by Siruthuli, an NGO, and NABARD (National Bank for Agriculture and Rural Development).
8. Global Brands - Value Added Resellers/Suppliers: ISO 14000 certification requirements and Green Mark auditing from suppliers.

¹⁷ Appasamy & Nelliya (2007) examine several issues on compensating the loss of ecosystem services due to pollution in Noyyal river basin.

¹⁸ From Clean Ganga website: At one stage, some farmers stopped farming altogether and became water entrepreneurs: they simply sunk tube wells on their lands and sold this water to the booming textile industry. They charged between 200-260 rupees (\$4-\$5.30) for a tanker-load of water (12,000 litres of water). That worked as long as the water lasted. Once the water levels made water extraction economically unviable, the honeymoon was over. It was back to subsistence farming, minus the groundwater they could have used over the years.

¹⁹ “Bargaining occurs not only over legally constructed entitlements, but also socially-constructed entitlements, and it occurs not only at the local level, but also at the global level.” (Vandenbergh & Cohen 2010)

9. Associations/ Coalitions - Global Brands: Global Brands would require these cross-border associations to certify adherence to common standards.
10. Value Added Resellers/Suppliers–Polluter Units: Supplier financing for clean tech investments and mandatory certification. A failure of Contracts-Markets integration.
11. Pollution processing units-R&D Institutions: Consortium contracts for technical solution to effluent evaporation, involving multiple Institutes of Technology and CETPs. Stakeholder dyads listed must participate in policy formulation as a coordinated or concerted discovery process, as all are diminished by unsustainable growth. Plural governance mechanisms allow a discovery approach for policy to align otherwise diverging dyadic interests.

Emergence of a Sustainable Business Model. The case of Desertec.

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Energy production is one of the major sources of emissions of gases widely seen as one major factor affecting global climate change (see e.g. Stern, 2006). Researchers conceive renewable energies as one promising path towards reducing emissions and increasing resource efficiency of energy production (see Desertec 2009). Pioneers of clean energy have been envisioning to use locations in southern deserts to produce clean energy and deliver it to northern industrialized regions on an industrial scale (DLR 2003).

Desertec is an industry initiative backed by industry players, insurance industries and research institutions who are currently developing business models for producing solar energy in the Maghreb region and partly export it to European energy grid (Desertec, 2009). The technological backbone is Concentrating Solar-Thermal Power for the generation of electric power and an innovative transmission technology for distributing electric energy with a comparably modest energy-loss of 3 percent per 1000 Km.

This case-study traces the genesis of the current Desertec business model through the lens of the morphogenetic approach (for methodological background see Eisenhardt, 1989 and Yin, 2009). The morphogenetic approach aims to decipher social change by elucidating the interaction between individual agents and social structures as an open social process (Archer, 1995; Miller and Tsang, 2011; Mutch 2010). Social structures condition individual actors, enabling certain routes of action while containing others. While agents face limitations in their freedom to act, they are able to shape the process that eventually results in the elaboration of new social structures. Critical realism assumes that the emergence of new social structures is a non-deterministic process entailing potential surprise.

This approach elucidates crucial characteristics of the emergence of sustainable business models. From the perspective of the morphogenetic approach, the process contains a sequence of phases, where different purposes and objectives dominate the process of social interaction. In the pioneering phase, researchers and activists focused on the potential of solar power as a means for reducing energy emissions. Main players were the Club of Rome and a group of energy researchers. In this phase, agents focused on technological performance and identified Concentrating Solar-Thermal Power as a key technology for producing emission-free energy on an industrial scale.

In the subsequent phase, agents started to move their focus from potential to feasibility. Agents reflected that southern countries face the best conditions for solar-power production whereas northern metropolitan regions consume the major share of energy and generate the bulk of emissions. As a consequence, agents aimed to establish the collaboration between peripheral southern and metropolitan northern states as a crucial element of the

green-energy agenda (e.g. Federal Ministry for the Environment, Nature Conservation and Nuclear Safety Germany (2006)).

In a subsequent prototype phase, activists lobbied for feed-in tariffs in European markets. These tariffs proved crucial to compensate for the cost-handicap that technologies in early phases of their life cycle face in comparison of technologies that have progressed in their walk through the learning curve, like oil, gas or nuclear energy. Feed-in tariffs proved vital for the establishment of two prototype concentrated solar-thermal power plants in Germany and Spain.

In a third concept-phase, agents started to establish a platform with regional research institutions from Maghreb-countries to create a joint research series, the founding of the Desertec foundation and subsequently the founding of the Desert industrial initiative (Desertec, 2009). This organizational change started to move to add two new features: (1) the use of High-Voltage Direct Current Transmission as a technology for efficient energy transmission that minimizes the energy loss of power transmission to approximately 3 percent per 1,000 KM. (2) The use of electric power for regional development policies, for example delivering electric power to the growing desalination (processing sea-water for fresh-water supply) processes in the region, that is expected to be an area for growing demand for power in the region.

Currently the initiative is in the implementation of the first commercial project, a concentrated solar power plant in Tunisia to be finished in 2013. Currently changes in technological development are showing their impact on further shifts in the business model. Technological progress and the evolution of clean energy markets has started to favor decentralized modes of clean-energy production, notably wind-energy and photovoltaic power. This makes investment into transmission networks more feasible. However, concentrated solar-thermal power production becomes more important for local energy consumption and becomes a backbone for balancing the fluctuations between demand and supply in European power networks (through storage technologies).

The study elucidates the emergence of a green business model. Most notably the study traces crucial change of value propositions, contractual forms and value-network configurations that emerged as an unintended consequence of the actions of individual agents. The study also identifies the role of ecological and scientific activists in opening up business opportunities for industrial enterprises.

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B-to-B Medical Marketing: A Review of the Controversial Issues

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Abstract

This paper provides a template for examining the marketing behavior of manufacturers of pharmaceuticals and other medical products. A broad spectrum of practices and concerns not unlike those characteristic of more traditional Business to Business marketing are reviewed.. Particular attention is focused on the role that review boards play in regulating clinical trials and on their attempts to ensure that marketing agendas do not pollute evidence based medicine. Recommendations for reforming and regulating medical marketing practices are made.

Key Words: clinical trials, ethics, medical marketing, opinion leaders, review ethics boards.

Introduction

This paper offers a template for analyzing the marketing behavior of the North American medical products industry. It also reviews current practices and issues that have recently received considerable attention in both the medical and ethics literature. While discussion has focused on the responsibilities of both physicians and pharmaceutical (pharma) companies in reforming medical marketing practices, the role that Review Boards (RBs) must play in fostering ethical medical marketing has been all but ignored. That oversight will also be corrected.

The paper will first describe the strategies used by business-to-business (B2B) marketers - along with the resultant ethical issues - that concern the medical community and the RBs in North America. In Canada these Boards are formally known as Review Ethics Boards (REB) and in the United States as Institutional RBs. Their function and procedures, however, are similar. Second, the problems created where marketing strategies intersect with medical ethics will be discussed. Last, recommendations for resolving or at least hopefully mitigating the clash between marketing strategies and medical standards/ethics will be set out.

Review Board Structures

The following Canadian and U.S. Review Board requirements provide some insight viz. their respective structures and responsibilities. For Canada:

"The REB shall consist of at least five members, including both men and women, of whom:

(a) at least two members have expertise in relevant research disciplines, fields and methodologies covered by the REB;

(b) at least one member is knowledgeable in ethics;

(c) at least one member is knowledgeable in the relevant law (but that member should not be the institution's legal counsel or risk manager). This is mandatory for biomedical research and is advisable, but not mandatory, for other areas of research; and

(d) at least one community member who has no affiliation with the institution". (<<http://www.pre.ethics.gc.ca/eng/index/>>, Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (TCPS Government of Canada 2012).

For the United States: "A committee of physicians, statisticians, researchers, community advocates, and others that ensures that a clinical trial is ethical and that the rights of study participants are protected. All clinical trials in the U.S. must be approved by an IRB before they begin. 2. Every institution that conducts or supports biomedical or behavioral research involving human participants must, by federal regulation, have an IRB that initially approves and periodically reviews the research in order to protect the rights of human participants." (<<http://clinicaltrials.gov/ct2/info/glossary#institutional>>, U.S. National Institutes of Health, 2008).

How the Approval System Works

The mechanism for the approval of medical drugs, devices and tests in North America, and many other developed countries as well, consists of the multi-stage adjudication system set forth in Diagram 1.

[Insert Diagram 1 about here]

Four phases are involved once the pre-clinical studies involving animals and/or lab work are completed. "In Phase I trials, researchers test an experimental drug or treatment in a small group of people (20-80) for the first time to evaluate its safety, determine a safe dosage range, and identify side effects" (Clinical Trials. gov, <<http://clinicaltrials.gov/ct2/info/glossary#phaseI>> U.S. National Institutes of Health, 2008). "In Phase II trials, the experimental study drug or treatment is given to a larger group of people (100-300) to see if it is effective and to further evaluate its safety" (Ibid.). "In Phase III trials the experimental study drug or treatment is given to large groups of people (1,000-3,000) to confirm its effectiveness, monitor side effects, compare it to commonly used treatments, and collect information that will allow the experimental drug or treatment to be used safely" (Ibid.). It should be noted that the potential marketability of products that survive Phase III level testing increases dramatically. "In Phase IV trials, post marketing studies delineate additional information including the drug's risks, benefits, and optimal use" (Ibid.). Drugs or devices have often been approved in other jurisdictions as well, so sample sizes are often international in scope and may number as high as 10,000 to 15,000. Rare side effects occurring in a small percentage of the population are investigated. Possible cumulative time series based effects and contraindications are, hopefully, detected.

The Context of the Conflict

A number of issues arise at the interface between medical research and corporate marketing/profit objectives. The marketing/profitability imperative is driven by one or more of:

1. The need to recoup research and development (R&D) expenditures as soon as possible.
2. The need to recoup acquisition costs related to the takeover of other firms that have developed potentially marketable technologies for drugs, tests or devices. The best time to purchase appears to be after the completion of Preclinical and Phase I and II trials since these seem to account for a substantial share of research failures (Peterson, 2007).
3. A desire to exploit first mover advantages where the danger of a “race to market” with potentially competing innovative drugs or devices may be apparent.
4. The drive to develop alternative applications for existing drugs and;
5. Attempts to extend drug or device patent protection by reformulation to combine them with other existing medications. E.g., combining a non-steroidal anti-inflammatory with an existing acid inhibiting drug to reduce gastric side effects. The combination can create a new patent by combining two existing drugs.

Once the infrastructure for conducting research through clinical trials is juxtaposed to the corporate requirement for marketing and profitability, the stage for potential ethical conflict begins to emerge. To clarify the nature of this arena for conflict, Diagram 2 is introduced

[Insert Diagram 2 about here]

A number of key constructs in Diagram 2 require elaboration. First, the two key players and their influences in this interaction between marketing and research are the RBs (indicated by double outlines) and the corporations involved in trying to bring their medical products to market (indicted by single outlines). The approval of the RBs responsible for different areas is required to carry out clinical trials involving humans. The corporations are, in most cases, multinationals that must acquire government approval if they are to market their drugs inside North America. Connecting lines and arrows indicate the target audiences and the areas in which the RBs exercise administrative power in their relationship with business. More importantly however, they also indicate the interactive stages where serious ethical conflict emerges between the players. Each of these contentious areas is dealt with below.

Review Boards—Making Them More Effective

Continuing effort is needed to ensure that RBs are consistently structured and equally powered with the necessary adjudication skills in all existing health catchment regions. This should be assured through the imposition of requirements, not the establishment of guidelines. The point is to ensure consistency of evaluation in clinical trials applications and monitoring, otherwise the risk of corporation’s cherry picking locations with “easy” RBs for their trials could become an issue.

RBs in turn, need to ensure that applications, protocols and subject consent letters for the same clinical trial are consistent between the different research sites within their own catchment areas. Further, where multiple health region RBs have subjects participating in the same clinical trial these research protocols should be harmonized as well. All RBs should also have access to a resource person who has some understanding of the pharmaceutical industry and who can identify the corporate marketing agendas embedded within clinical trial

applications. As well, there is a need to provide other board members (many of whom are physicians) with an understanding of the corporate marketing policies and behaviors that are considered to be acceptable - or unacceptable - in other private sector industries.

Corporate Clinical Trials—The Nature of the Problem

The quality of clinical trial research proposals submitted to RBs is often less than stellar. . One estimate by the publicly funded Therapeutics Initiative, which reviews 25-33% of drugs for effectiveness on behalf of the Canadian Federal Government, suggests that economic interests may have biased up to 90% of the published (drug) literature (Thomson, 2004).

RBs in both Canada and the United States have been especially critical of the following clinical research practices:

A number of independent studies report positive correlations between pharma company funding of research and clinical trial findings favorable to the company's experimental drug. As an example of this introduced bias, Heres et al., (2006) examined 33 company-sponsored studies of second-generation antipsychotic drugs. In "head to head" studies involving competing brands, the reported total outcome was in favor of the sponsor's drug 90% of the time (Heres et al. 2006, Bhandari et al., 2004).

Contrarily, "publication bias" refers to a tendency not to publish unfavorable clinical trial results for an experimental drug. Corporate sponsors have little interest in providing negative information regarding a product in which they may have already invested millions of dollars. Even journal editors may show a predilection for publishing successful, as opposed to failed clinical trial results (Schafer, 2004). Consequently, positive research results for the drug being studied may tend to accumulate in the published literature while the unsuccessful trials tend to languish in the "file drawer". The result is that the medical community then tends to see successful drug studies in the literature but not reports on failed trials of the drug.

Avorn (2006) appears to share Schafer's concerns. He cites the problem of Bayer admitting to a "mistake" in suppressing a study that showed dangerous side-effects associated with their drug Baycol. And of course the scandal surrounding Merck's suppression of studies that showed Vioxx doubled the risk of myocardial infarction and stroke is now well known (Ibid.)

"Muzzle clauses" in the contracts of investigators involved in clinical trials can also be a source of concern. These clauses are intended to prevent researchers from releasing any information about the clinical trial without the sponsor's permission. This can be problematic if physicians discover what they consider to be safety concerns related to the trial. If they release information, they breach the confidentiality of their agreement and may be subject to lawsuit. If they sit on that information however, they have breached their responsibility to act in the best interests of the research subjects that they recruited for the drug trial. Canada's debacle in the Olivieri case received worldwide coverage in medical and ethics journals and is a classic example of a failed attempt to deal with this problem (Schafer, 2004).

Bias is introduced in studies where no control groups and/or placebo arms are involved in the study. Consequently, the fundamental study design and results are questionable. Studies have been found where poor comparators were used. The sponsor's drug is compared to a placebo (no treatment) instead of the most effective comparator drug available (Bero & Rennie, 1996). The sponsor's drug is compared to an ineffective comparator that is given to the control arm instead of the most efficacious competitive drug

on the market being used. Some research designs were even approved that allowed the sponsor's drug to be tested at higher dosage levels than the comparator drug. Cost comparisons are sometimes avoided when new experimental drugs (that are usually more expensive) are not compared to equally effective and far less expensive generics.

Sample bias can compromise results through study entry criteria like excluding pregnant women and deliberately under-representing ethnic minorities. Questionable randomization procedures have occasionally developed in research protocols. O'Neil (2008) refers to fears that pharma companies are moving some clinical trials to third world countries where lower costs, lax regulations and uneducated research subjects make for more freedom in research design. The classic case of this involved the randomization of African subjects to a placebo arm of the study for an HIV drug when in fact there was an existing "gold standard" treatment available. Consequently HIV pregnant women in the placebo group received no treatment at all.

The rapid development of private research databases is another emerging issue. These facilitate in-house analysis by pharma companies, causing a concern that negative findings associated with experimental drugs will not be subject to scrutiny by the RBs (Avorn, 2006). There has also been a substantial increase in the number of clinical trials that now request subjects give blood and tissue samples for "future genetic based research". As with consumer marketing, large medical research databases appear to have become the currency of the new millennium.

Ghostwriting is a marketing/research strategy where a drug company will carry out research and then offer a prepared manuscript to a potential "author" whose name would carry considerable weight. Of course, only research results favorable to the product are forwarded to such a prospective author. By attaching a respected name to the research report, company marketers hope to achieve more rapid acceptance of their drug/device in the marketplace (Healy, 2004) than if they attempted to advertise the product themselves.

Time series analysis of experimental medical products is also problematic. Economic pressures to bring a drug to market as soon as possible result in a cross-sectional (static analysis) as opposed to a longitudinal (or dynamic) analysis. This fosters large Phase III trials where sample sizes are substantial, but the elapsed time may be insufficient for dynamic or cumulative effects of the experimental product to emerge. Phase IV or post-marketing trials however are longer term and much more effective at detecting these time series based cumulative effects. The problem is, there is no requirement that Phase IV post-marketing or tracking studies be conducted or, if conducted, that they be reported. The tragic consequences of OxyContin, Neurontin, Paxil, Accutane, (Caplovitz, 2006) Baycol, Aprotinin and Vioxx (Avorn, 2006) speak clearly to the dangers of long-term cumulative effects that have emerged only after extended periods of time in the market place.

Because drug and device firms are not obliged by government regulation to carry out publicly vetted or publicly published Phase IV research programs, the law and the ethical issues surrounding Phase IV research clinical trials are ill defined. A company that is concerned about the longer term side effects of their drug might carry out a longitudinal tracking study as a means of exhibiting due diligence. If negative results were found however, they would arguably have an ethical responsibility to make those side effects known and, if they were serious enough, to voluntarily pull the drug from the market. The evidence suggests, however, that may not happen (Caplovitz 2006, Avorn 2006) since multi-million dollar investments in a drug would be sacrificed in an instant. This decision is weighed off however against the danger of civil litigation when drug side effects have done their damage, for example, Vioxx.

This ethical/legal conundrum may also lead to Phase IV trials not being carried out since, as in the case of Bayer, even if they suspect negative side effects but don't conduct clinical trials to confirm them - there is no obligation to publicly report them (Avorn, 2006). Finally (as mentioned previously) with the rapid development of large-scale databases, Phase IV studies can also be conducted in-house using multivariate observational analysis. This guarantees the privacy of the Phase IV statistical results and avoids public scrutiny.

It is important to note that in 2000, Phase IV studies accounted for just 3.1% of all clinical trials worldwide that were registered with the U.S. National Institutes of Health (USNIH, 2008). In 2008 Phase IV trials accounted for 16.7% of all registered trials - clearly a trend in the right direction. It is also prudent to note however, that these only represent the registered Phase IV trials that are subject to USNIH public scrutiny.

Corporate Clinical Trials—Improving the Process

Comprehensive registries and medical journals are needed to record all trials – both favorable and unfavorable viz. drugs, devices and medical tests. The objective is to ensure that all clinical trial evidence is available to help physicians make evidence-based decisions. For example, the Cochrane Collaboration is a U.K. originating international organization that makes medical reviews or treatments and therapies publicly available. Phase IV trials clearly need to be included in the public disclosure process since they are most likely to pick up time series cumulative effects after drugs have been on the market. Clearly defined acceptable research standards need to be established and uniformly enforced. Issues like sample bias; unfair selection of comparator drugs and comparisons with placebo when efficacious alternatives are available; unfair dosing equivalency tests and questionable statistical analyses to name just a few, need to be prevented through the collective skills of professionally qualified RB specialists.

Phase III and IV trials especially, should be closely scrutinized for latent market seeding strategies. Market seeding occurs when legitimate "evidence based" medical research is subverted by a hidden marketing agenda. Rather than paying physicians an administrative fee for enrolling patients in a clinical trial, in drug seeding the real objective is too increase the market share of the experimental drug by encouraging doctors to prescribe the new drug under the guise of conducting a legitimate clinical trial. This is particularly important where “me too” drugs are being introduced. Consider for example the plethora of statins introduced to control cholesterol.

Results of analyses conducted by government-sponsored organizations that are independent of the corporate sponsors of clinical studies (including post marketing Phase IV studies) should be publicly available – especially to the RBs. Arms length evaluation is vital. The Food and Drug Administration in the United States has been criticized because of financing it received from the medical products industry. Needless to say the independence of the American RB system under the Bush Administration was considered to have been compromised. (Avorn, 2007).

RBs need to be particularly diligent where high profit, high volume “me too” drug trials are concerned. This is because of the concern that market seeding strategies can easily creep into the research protocols. For example, relevant drug categories include statins for cholesterol, antithrombotics and antiinflammatories (in demand by a massive market segment of older

Opinion Leaders

The second level of the ethics/marketing interface in Diagram 2 involves the interaction between the medical products companies, the opinion leaders that they retain, and the RBs that are sensitive to the relationship between these other two parties in the process of granting approval for the clinical trial.

Marketers try to influence opinion leaders because they, in turn, affect the purchasing habits of other buyers who respect their knowledge base in a particular area. In the case of medical drugs, tests and devices, opinion leaders include specialists, research faculty, heavy prescribers in a drug/device category and product champions who will speak favorably about a company's product. Opinion leaders often derive financial gain from interacting with medical products marketers. Consequently, a number of ethical issues merit discussion. First, physicians receive fees for the recruitment and tracking of subjects admitted into the clinical trials - and in some instances these fees are substantial. This is the interaction of greatest interest to RBs because physicians must balance their research obligations to, and financial remuneration from, the sponsor with their responsibility to act first and foremost in their patients' best interests. This is especially important because many research subjects are often vulnerable people with serious or terminal diseases who are prepared to consent to almost any clinical trial out of desperation. RB's are, in particular, sensitive to the degree of protection of research subjects' rights spelled out in the consent letters they are obliged to sign as a condition for participating in the medical trial. These letters are traditionally drafted by the drug sponsor and presented by the doctors to their patients for signature.

Opinion leaders are also retained to provide presentations regarding research results, to lecture at conferences that are financed in whole or in part by the corporations that retain them to act as consultants and to offer symposia for continuing medical education in their fields of expertise. These interactions, arguably, are the business of the participants. The cause for concern however, is the degree of independence that such opinion leaders are able to exercise given the financial and personal relationships that have developed between themselves and the corporations with which they interact. Concerns arise that these "relationship marketing" (Gross et al., 1993) strategies may positively influence the doctor's perceptions of the corporation and its products - especially for example, qualitative evaluations of drug efficacy. Excluding free drug samples, Campbell (2007) estimates that 78% of U.S. physicians have been financially involved with the industry (35% reimbursements; 18% consultancy; 16% speaking engagements; 9% advisory boards and; 3% clinical trials recruitment).

Drug detailing and sampling are more traditional marketing tactics but they of course presume drug/device sales representatives are bringing appropriate research literature and clinical trial results to the doctors in efforts to influence their prescription pattern choices. The problem here rests with the nature of the screened research results previously discussed. In other words, unsuccessful clinical trials tend not to get published so physicians in general (including the opinion leaders) are exposed mainly to supportive studies of the drug/device (Turner, 2008). Also, the opinion leaders tend to be involved in the clinical trials and can be positively predisposed toward the sponsoring company's drug/device (Andersen, 2006). This contributes to their prescription pattern for the drug and, because of their role as opinion leaders, it can also have a positive affect on the perception of their peers toward the product (Steinman et al., 2006).

A secondary issue arises with the influence of relationship marketing. Personal selling is used so that the pharma representatives can establish a personal interaction with physicians. While this may not prove as successful as influencing prescription patterns through opinion

leaders, it nevertheless is an effective and widely used “business to business” marketing strategy (Meredith, 2000).

Off-label prescription usage is becoming an extremely important issue. Based on research and clinical trials, drugs and devices are approved by RBs for very specific applications. Once approved however, companies have been promoting their use for other medical conditions – without further clinical trial reviews by the government in order to approve the new applications. Pfizer admitted guilt in the case of Neurontin. The drug was originally intended for the treatment of epilepsy. The company subsequently used opinion leaders to market it to physicians for a range of other indications. Steinman et al. (2006), estimate the company spent \$40 million U.S. in advertising and promotion with 50-66% of that budget going to professional education between 1996 and 1998.

Opinion leaders---What Should be Done?

Full and public disclosure should become an industry standard whenever corporations interact with opinion leaders, be they specialists, university researchers, heavy prescribers or physician advocate speakers. Anyone in a position to influence the prescription patterns of other doctors, in particular primary care physicians, has an ethical, if not legal obligation to publicly declare any kind of current or past financial relationship with a sponsoring organization. This includes everything from clinical subject placement payments to consultancies and board positions. It is encouraging to note that this disclosure trend is now gaining acceptance both in Canada and the United States.

Realistically, industry sponsorship in medicine is very unlikely to be eliminated. To expect the same degree of transparency and full disclosure that is required in private sector negotiations or when “going public” is, however, not unrealistic. Similarly, there is a need to fully disclose corporate sponsorships for conferences, travel, continuing education symposia, and on-line conference sessions. Again, the problem is not the sponsorship per se, rather, it is the fact that some (by no means all) companies have claimed “research firms” were the sponsors of what were, in fact, company conducted studies. This is done, of course, so that physicians will more readily accept the study results as unbiased.

The same argument applies if doctors believe the opinion leader speakers at a seminar are financially independent of sponsors. Doctors participating in clinical trials could exercise more transparency by disclosing exactly how much money they receive for subject recruitment. While RBs require that the subject consent letter discloses that the doctor is receiving recruitment fees, exact amounts aren’t mentioned. In some cases, when the recruitment fees are paid into a research center or fund controlled by the participating doctors, even the RBs won’t know the amount being received.

General Practitioners—Dimensions of the Problem

General Practitioners (GP) represent one of the largest but most difficult groups for RBs to deal with. These primary care givers for the most part operate outside the RB's focus of attention because they generally do not act as investigators in registered clinical trials. This leads to a number of ethical issues.

Evidence points to the increasing use of primary physicians to conduct “longitudinal drug monitoring” trials with remuneration for their participation. At issue is whether these studies constitute “real research” with properly structured Phase IV research protocols that would meet RB standards or whether they constitute “drug seeding” marketing strategies. Two articles from a pharma marketing magazine (Deshpande et al., 2004, 2005) certainly

point to the latter possibility. Both articles provide advice to pharma companies on how they can use drug-monitoring studies to attract physician participation in order to generate new drug sales. This approach appears to be supported by the Andersen et al. study (2008) where GPs were paid \$800 US per patient to recruit subjects for an asthma study. Results indicated a subsequent increase in the use of the trial sponsor's drug.

USNIH data show Phase IV trials in Canada increased from 3 in the year 2000 to 237 in 2008 – a 7900% increase (USNIH, 2008). Laudably, these are registered trials that would meet RB research protocols and should make a legitimate contribution to the medical literature. This does not however preclude a concomitant drug-seeding motive in such studies (Andersen, 2008).

The number of unregistered longitudinal drug monitoring trials is unfortunately not known, nor is it known whether these trials would meet RB protocol standards. Additionally, the amount of remuneration flowing to GPs who enroll their patients in these “trials” is also not known.

Long-term cumulative effects from non-RB approved drug monitoring trials that may be clinically important can be withheld from regulatory authorities and not published in appropriate medical journals. GPs may therefore be unaware of newly discovered adverse events related to a drug that could change their prescription patterns.

Detailing and drug sampling for GPs elicit most of the same concerns as those discussed for opinion leaders. Issues of incomplete information provided by sales representatives regarding unsuccessful trial results can have a detrimental impact on prescription patterns since physicians may only be shown favorable clinical trial results for a drug. Free drug samples may also have some impact on prescriptions patterns. Chew et al. (2000) concluded that the availability of drug samples led their primary physician respondents to prescribe drugs other than their preferred choice – especially if it avoided costs to the patient. Campbell et al. (2007) in a survey reported that 78% of their 1,255 physician respondents had received free samples. Pharma companies would not undertake that level of free sample distribution unless it had a track record of producing results. Marketing research has long established that providing free samples is one of the best ways of producing product trial and adoption. The ethical marketing conundrum is that sampling also means drugs are made available to patients who might not otherwise be able to afford them - albeit at the cost of influencing the GP's prescription habits.

As with opinion leaders, off-label prescribing is an issue with GPs as well. Radley et al. (2006) estimate that 21% of all drug use in the United States among office based physicians was for off-label indications and that 73% of off-label uses lacked strong scientific evidence. Again this speaks to the issue of off-label applications being promoted by companies when the appropriate clinical trials have not been conducted and the efficacy of the drug for the new indication has not been approved by RBs. It should be noted that many of these off-label applications may benefit patients. This must be weighed against the fact that the drug is promoted for a use in which it was never appropriately scientifically tested or if tested in a clinical trial - shown to be ineffective. The cases of Warner-Lambert's \$434 million U.S. Department of Justice fine and Kaiser's recent \$142.1 million fraud judgment against Pfizer for Neurontin marketing abuses adequately demonstrate the previous point (Bloomberg Businessweek, 2010).

General Practitioners.—A Prescription for Corrective Action

The greatest concern is the unexamined role that primary care physicians have in conducting Phase IV longitudinal tracking studies. Transparency is needed for a number of reasons. First, to determine whether “real clinical trial research” that would pass muster with RBs is being undertaken - or whether there is, instead, a large amount of drug seeding underway at the GP level. Second, there is a need for timely disclosure of all Phase IV studies conducted by GPs to ensure that valuable research information is not being suppressed - especially, if undesirable cumulative side effects are being discovered. Third, and less germane but nevertheless relevant to Canadian taxation authorities, is the issue of market seeding that masquerades as R&D. The latter expenditures qualify for favorable tax treatment in Canada. The former do not.

Studies like those done in the United States need to be conducted at the primary care physician level in order to determine the amount of off-label prescription activity in Canada. REBs should be concerned because off-label drug applications have, in many cases, not been exposed to full-scale clinical trials.. Recall that off-label sales of Neurontin for psychological disorders, pain, migraine and other uses were approximately ninety five times greater than the revenue generated from REB approved epilepsy treatment sales!

Institutional Facilities—Problems & Concerns

RBs exercise authority indirectly and only partially where institutional facilities are involved. Clinical trials are conducted using patients at publicly funded hospitals, community clinics, and extended care facilities among others. In this context, the RBs have a say in evaluating the research protocols as well as the rights of patients – especially their right to confidentiality. The ethical line of intervention is determined by whether the physician is conducting a study independently out of his/her private office or whether the subjects have been recruited, or will be treated, in a publicly funded facility. Here, too, a number of ethical issues arise.

Drug/device representatives would scrub in and attend surgeries as well as move freely throughout emergency departments and wards – in some cases they would even be involved in the delivery of drugs to patients. At issue is the problem of patient confidentiality since subjects in clinical studies had not given permission in their consent letters to allow company sales representatives access to their identity or medical records.

Company representatives were paying “preceptor fees” (in some cases \$1000 per day) to accompany surgeons in operating rooms and clinics. The stated objective was to learn how physicians actually used their drugs/devices. The ethical concerns here are again the protection of patient confidentiality and the issue of private funds flowing to doctors and, potentially, influencing their choices of medical products.

Medical products representatives were also donating substantial quantities of free samples to hospitals and clinics. The marketing objective was to have their products slowly infiltrate the facility and subtly influence staff usage patterns of drugs, devices and medical supplies. Once again the conundrum involves the trade-off of pharma marketing objectives against the laudable effect of donating drugs and devices - especially to publicly funded institutions.

Drug representatives were interacting directly with hospital staff in promoting product efficacy. The problem again relates to the completeness of presented clinical research results in favor of, or more importantly, against the drug in question. Preferably, the drug

representatives should have been presenting to hospital pharmacologists who possess far greater knowledge of drug efficacy and safety and are much better equipped to evaluate drug alternatives.

Whether ethically sound or debatable, it is unlikely that institutional marketing programs will be readily abandoned by the pharmas. In their study of institutional/pharma customer relationship interactions, Lukkari and Parvinen (2008) concluded that institutional influencing and adaptation mechanisms were a key success factor for pharma companies. Fisher (2007) however, cautions that while long-term customer relationships may blur acceptable versus unacceptable practices. The ethical acid test for appropriate interaction between institutions and pharmas should focus on any behavior that exhibits a conflict of interest.

Institutional facilities: The Rules that Should Apply

The Fraser Health Authority in Vancouver has limited the access of drug and device representatives in its institutional facilities. That RB also bans the donation of free samples as a way of influencing clinical prescription patterns or the use of free medical supplies (Jones, 2007).

Drug representatives must now be identified with vendor badges and they have restricted access to facilities including doctors and medical staff in terms of any drug presentations they make. These presentations must now be made to pharmacologists who will vet the information for accuracy in terms of meeting evidence-based medicine requirements before handing on the filtered information to other hospital staff.

Preceptorships with doctors have been banned. Sales representatives can no longer scrub in for operating room procedures or have clinical exposure to patients. Toronto Health Authorities don't even allow donated pizzas for lunch as part of sales pitches.

Four state governments in the United States now require drugs/devices companies to disclose their marketing expenditures to doctors, hospitals and universities (Blumenthal, 2004).

The preceding examples are primarily aimed at marketing tactics employed by corporations. Interaction with public facilities is not severed but rather the emphasis is now on making expenditures transparent and separating out corporate marketing activity from real contributions based on corporate research activity.

In fairness, it must be noted that others advocate a tougher stand to "institutional infiltration". Brennan et al. (2008) suggest that far beyond limiting sales representatives, doctors and medical professionals with any linkage whatsoever to drugs/devices companies should be banned from all formulary and purchasing committees serving institutions like hospitals.

Problematic Opinion Leader/ General Practitioner Interactions

There is growing cause for concern regarding the influential effects of communications that flow from opinion leaders (such as specialists, medical researchers and product champions) to the larger body of practicing primary care physicians. A significant body of research in marketing at both the consumer and B2B levels documents the influential impact that opinion leaders have on the purchasing habits of other buyers. RBs however, also have reason to be concerned about the ethical impact of corporate relationship marketing

strategies on the opinion leaders who will in turn, influence other physicians. Areas of ethical concerns include the effect on qualitative research results that might occur when specialists and researchers who carry out Phase 1-3 clinical trials receive remuneration for recruiting trial subjects; the remuneration paid to specialists and product champions to lecture at conferences, continuing medical education programs and symposia about a sponsor's drug; the medical grants to researchers and the contributions to academic institutions that raise the ethical issue of a less than fully arm's length relationship between the participants.; and the effect that recruiting GPs to carry out Phase IV tracking studies has on the prescription patterns of their peers – especially those sharing the same office.

The marketing literature strongly supports the notion that opinion leaders are much more effective than sales representatives in promoting the use of products for the obvious reason that opinion leaders are perceived by their colleagues to be unbiased and trustworthy sources of information. The amount of money spent by the drugs/devices industry on engaging direct physician participation indicates that this fundamental premise is well understood.

Opinion Leader/ GP Interaction—Dealing with the Problem

More attention needs to be given to the influential role in information transfer that specialists and other experts have in shaping opinions among primary care physicians. The objective is to ensure that the information conveyed in continuing medical education sessions, journals and conferences is indeed independent of biased corporate research protocols. This priority begins with RBs taking responsibility for insisting upon good clinical trials research. This is easier said than done, given the potential for difference in adjudication skills among RBs.

There is also a need to examine the potential educational influence exercised by sales representatives on doctors as a result of relationship marketing approaches. The concern is that, with the explosion of knowledge in the medical treatments industry, some doctors may be relying in part on sales reps as an information refinement source. The problem is to ensure that the drug and device representatives are not acting, either overtly or accidentally through the presentation of biased research, as a selective information filter. Clearly good evidence-based medical treatment presupposes good unbiased information is flowing to the doctor. However, sales representatives are primarily loyal to their medical products employer and are paid to make sales calls on doctors for a reason.

There is a substantial volume of research in B2B marketing that relates to opinion leaders and to the effectiveness of relationship marketing techniques that are used by sales representatives. This information needs to be conveyed to physicians so they better understand the nature of the marketing techniques that are being used to influence their decision-making.

Concluding Comments

It would clearly be naive to suggest that the ethical issues of R&D in the medical products industry could be resolved through legislation or by simply giving more power to the RBs. This is because the interaction involves two parties with, in many cases, contradictory objectives and agendas. Neither the RBs nor industry however, can afford to approach the relationship using an adversarial strategy. Cooperative win-win negotiation tactics are required if medical products research is to yield the innovations demanded by society.

The over-riding objective of the proposed solutions then, is to balance the interaction between the entities shown in Diagram 3. At present, there are some applications where RBs don't trust the corporate research agenda because they fear it is a front for a market seeding strategy or an abuse of research subjects. Corporations on the other hand don't approve of some RB reviews because they feel such reviews constitute an undue intervention in their clinical trial protocols and ultimately could pose a barrier to efficiently moving their R&D innovations to the marketplace.

A fundamental rule of B2B marketing and economic behavior is that transparency is created by full and complete disclosure. This rule (aside from recent egregious breaches in the financial markets) allows firms to interact with at least a semblance of efficiency. In the current medical ethical/marketing arena, the degree of both transparency and full disclosure leaves much to be desired.

Just as there are two parties, both of whom must take responsibility in B2B exchanges, both medical products companies and physicians must share a similar responsibility for performance in their industry. Some of the practices currently under examination in the medical products industry would not be tolerated in other B2B exchange relationships. The likely outcome of this ethical trajectory - if the medical industry does not intervene with self-regulatory controls - is that governments will react with increasingly stringent disclosure regulations and REBs will continue to increase their review requirements. Having said this, disclosure is only part of the solution. Since a confession of past sins doesn't necessarily guarantee no further sinning, enforcement rules are also required.

Why would the medical industry voluntarily move toward self-enforcement rules governing their marketing tactics? Because voluntarily limiting various kinds of marketing expenditures would collectively save all of the corporate players a very substantial amount of money. One drug company's marketing expense for example is estimated to be 36% of sales (Blumenthal, 2008). This constitutes a staggeringly high marketing-to-sales ratio by the commonly accepted accounting and marketing principles that govern private sector corporate behavior in all other industries. But medical products corporations are fearful of cutting back on marketing expenditures if they think competitors are unlikely to follow suit because they fear a subsequent erosion of their market share would follow.

While some of the conflicts over ethical issues in medical products seem irreconcilable, much of the industry/public enterprise agenda also offers examples of very responsible ethical behavior. Private sector sponsored research has provided massive amounts of capital for medical product and drug development as well as for clinical trials that have ultimately yielded very significant contributions to patient health.

The challenge for RBs is to take a much more active role, along with physicians and medical products marketers, in establishing ethical industry standards at the clinical research level. RBs must create a sufficiently fine screen such that questionable research and debatable corporate/physician behaviors are interdicted but other activities and research agendas that have the potential to make substantial contributions to medicine are encouraged. In effect RBs and other regulatory agencies must invoke both the skills and the will to insist on clinical trials being based on "good science" rather than "bad science" motivated solely by marketing objectives.

The medical industry has approached an important stage in its evolution. Either, self-defined ethical norms will be developed and followed or state defined and enforced standards will be imposed.

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Sports fans' collective psychological ownership: A Japanese professional soccer case study

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Introduction

There is little question that sports spectating is an important phenomena in identity formation in the developed world. The processes where mere sports spectators become passionate fans are complex to be understood, because becoming committed fans is not only a leisure activity but also cultural phenomena. A prominent underlying cause resulting in becoming sports fans is presumed to be sports fans' possessive feelings towards their teams. This psychological state is named as psychological ownership – my team - (Pierce et al., 2001, 2003) and this allows the authors to consider that particular relationships between sports fans and teams.

Sports fandom is also a collective behavior, leading the phenomena of collective psychological ownership – our team. We know that consumers shape unique relationships with their possessions. Through consumption practices, brand relationships (Fournier, 1998) or metaphorical relationships (Belk, 1988, 1996) grow in consumers' daily life. Because consumers believe that possessions can reflect themselves or what they would like to be, they utilise their possessions for self-projection to others. Also this idea that their precious possessions contribute to individuals' self-projection can be introduced to consumers' intangible things such as memories and experiences regardless of special and mundane consumption. According to Sherry (2000) and Fay (2006), individual identity and psychological ownership of public possessions is shaped by consumption relevant to time and place, and nostalgic memories. This is that despite the fact that a sports team may collectively be owned, fans see their favourite team as a part of themselves through individual memories and experiences (see, Belk, 1988, Derbaix and Decrop, 2011).

Psychological ownership of sports teams by fans is also shaped by consumption practices. Unlike consumption of material possessions, spectating sports consumption is more diverse and intricate. This is particularly because sports teams are present in cultural and social contexts and so spectating sports consumption requests any individual to acquire knowledge with respect to how they should consume linking to cultural uniqueness (see, Holt, 1995). In this sense, a sports team is a cultural institution and consumption of spectating sports is a cultural practice.

We should note that prior studies have investigated fan identity formation, applying psychological concepts of, in particular, identification with teams (Funk and James, 2001; Wann and Branscombe, 1993). However, such prior studies comprehend fans and their consumption practices just in aggregate. In fact, Heere and James (2007) suggest that scholars need to focus on individuality of fans rather than spectatorship in an aggregate level, because individuality of fans has almost been ignored. Thus, we anticipate that psychological ownership will allow us to gain more effectively an understanding of fan individuality and

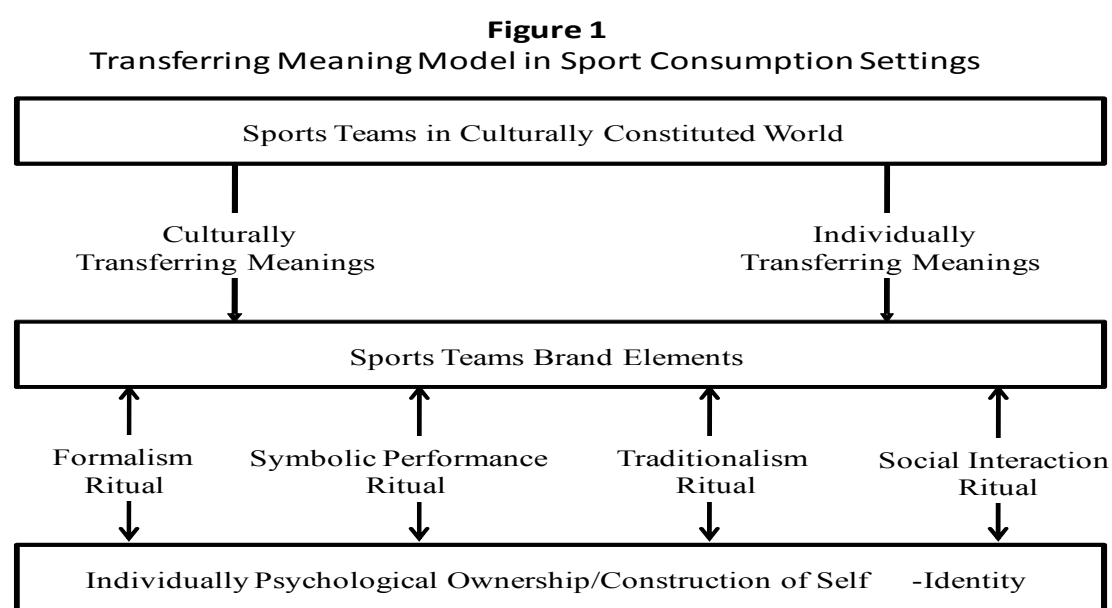
identity formation, compared to extant psychological concepts applied to fandom. To pay attention to nexus sports fans and a team will allow us to comprehend how mere individual spectators become loyal fans, how sports fans' distinctive consumption practices form, and how psychological ownership of sports fans is shaped and fostered. The purpose of this study is to investigate the form of psychological ownership of sports fans in cultural contexts.

Research questions

Little is known with respect to how individual fans construct fan-identity through daily consumption related to a sports team. The question is how meanings embedded in a sports team contribute to the construction of psychological ownership and fan-identity in sport consumption contexts. In order to address the question, the authors (Sumida et al., 2011) conceptualised the processes where sports fans shape their fan identity and psychological ownership connecting meanings embedded in a sports team based on combination McCracken's (1986) and Chun, Gentry and McGinnis's (2004, 2005) models. Here two research questions are illustrated on the basis of the conceptualised model (figure1):

RQ1: How are cultural and individual meanings transferred into particular teams?

RQ2: How do sports fans conduct rituals in order to connect transferred meanings in particular team brands? Then, how is sports fans' fan-identity or psychological ownership shaped?



Adapted from McCracken (1986) and Chun, Gentry, and McGinnis (2004)

Methodology

In-depth interviews were conducted with 16 Japanese sports fans categorized into two fan groups, supporters (n=9) and members of any organized group (n=7). Interviewees were selected based on two criteria. First, regardless of the categories, all were season-ticket holders. Second, regarding the latter category, they played an important role in their groups as a leader, for example.

The team investigated in this study was Sagan-Tosu located on Tosu city and a professional soccer team belonging to the division 2 (J2) of the Japanese professional soccer league (J-League). In order to explore the subjective understandings of interviewees, this study analysed two idiographic cases, interviewee *A* and *B*. Interviewee *A* was a 34 year-old man and has supported the team for 4 years but did not belong to any supporting group. Interviewee *B* was a 31 year-old man and has supported since the team was established and also was a vice-chief of a fan-group called Dixsept.

Findings

Research question 1

Meanings of locality were prominently transferred to team brands. Tosu city, the hometown, is much smaller than other metropolises such as Tokyo, Osaka and Fukuoka. Nevertheless, interviewee *A* was proud of that they had a professional sports team in the city where he lives. He mentioned that “... *I think Sagan-Tosu is our only heritage which can represent this city, T.O.S.U..*” Likewise, the interviewee *B* also had same opinion and mentioned that “*A population of this city is just 70 thousands and so smaller than other cities, but even such a small city has a professional team and this team was established by gathering untalented players. So I, yeah, I’m proud of this team.*” The meanings of locality have been instilled into the team brands, in particular the stadium. According to the interviewee *A*’s comments, that is that “*I love the stadium. [We can] be proud of the stadium even compared to all stadiums in Japan. I heard that the stadium is in the fiftieth best in the world.*”

Also individually transferred meanings exerted influences on becoming devoted fans. Family, friends and even sports stars promoted a fan to strengthen relationships to the team as socialization agents. As Fay (2006) noted, memories or experiences held in fans’ mind would become a part of special possessions. With respect to individually transferred meanings, interviewee *A* remarked that “*First of all, the last game in 2009 season come up in my mind. [The team] beat the opponent with two goals, what’s more at additional time! I can still vividly recall the moment that we hugged and cried each other, and that made very impressed.*”

Research question2

Both interviewee *A* and *B* conducted their own rituals. Prominently symbolic performance rituals were conducted but done differently. Interviewee *A* enjoyed activating his fan-identity by purchasing, using and displaying official goods, such as team-coloured replica shirts and scarves in his room and on a game day. While interviewee *A* enjoyed activating his fan-identity and psychological ownership, interviewee *B* hijacked team brands, in particular, colour and supporters’ number 17. Interviewee *B* created their original goods taking advantage of original brands in order to distinguish themselves from other fans -We are ultra- (see, Derbaix and Decrop, 2011): “*We want to distinguish ourselves from those who watch a game without cheering. Our original T-shirt can represent the differences*” Presumably, collective psychological ownership is shaped within interactions between meanings, individual interpretations and tribe rituals.

Conclusion

The purpose of this study is to investigate how sports fans shape their fan-identity and collective psychological ownership in cultural contexts. Unlike prior studies have comprehended fans in aggregate, this study clearly shows that fan identity formation occurs within complex interplays between individuality of fans and cultural and individual contexts. Besides extant psychological concepts applied to fandom, psychological ownership expectedly allows us to gain differently understandings of fan identity formation.

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Brand as a Frame: Premium Brand Consumption by the Working Class in Japan

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Abstract:
The purpose of this paper is to develop a conceptual framework which can describe the construction of social classes. In this paper, based on critical discourse analysis, the role of premium brands in Japan will be shown. Young Japanese consumers repeatedly create new meanings of social class to have these premium brands.

Introduction

The purpose of this paper is to develop a conceptual framework which can describe the construction of social classes in Japan. The main question our research seeks to answer is how social class influences consumer’s behavior. Many researchers, sociologists, economists, psychologists, and even politicians have discussed social classes. Strong empirical relations have been observed between social class and purchasing habits (Williams 2002), and others have described them vividly (Hirschman 1988).

In these studies, as we will briefly review below, social class works as a sort of driver that forces consumers into certain consumption patterns. In contrast, the emphasis of our study is on social class emerging. We know there are many pieces of research on social class with a marketing theme. As for our study, there is a slight contribution to this area by showing the construction process of social classes in Japan. Figure 1 shows our basic research question.

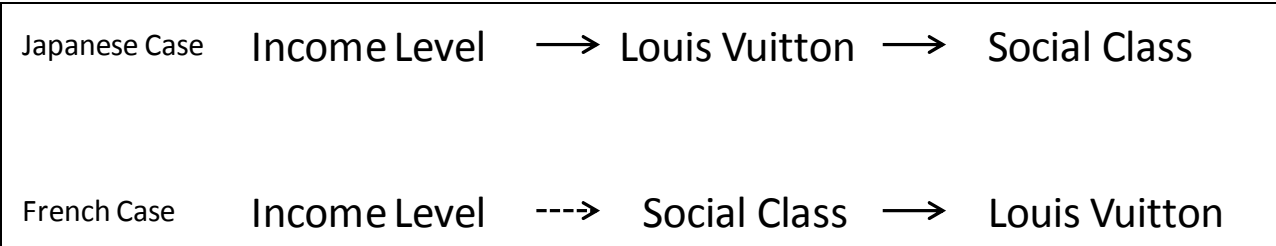


Figure 1 The Research Question in this Paper

More specifically we will describe the role of premium brands in constructing social classes in Japan. At this time, social class in Japan is viewed as an environment, and then premium brands are regarded as experiences (more precisely consumption experiences). So, we are interested in the interaction process in which young Japanese consumers define their meaning as a consumer by buying premium brands. In this paper, premium brands are assumed to be luxurious European brands, for example Louis Vuitton, Hermes, Prada, Chanel, and so forth. These brands sometimes represent social class in Japan. In this paper social class means a framework which influences consumers’ behavior.

Even from just our small field survey, we found that a certain group tried to buy premium brands, not because they belonged to a certain social class, but that they would like to belong to it. They believe that these premium brands promised the status of a certain class for young Japanese ladies and some men.

This paper is composed as follows. First, we will briefly discuss several past findings from some dominant social class studies. Second, we critically review these findings, and explain our basic theory. Third, our analytical framework shall be discussed. Lastly, we will state some implications and contributions, and define our next objective.

Brief review of previous studies

This section shall specify our focus on this theme. According to the orthodox research manner, authors usually review previous papers and structure them in order to address research questions. Owing to our specific research question and length constraints, we regrettably cannot give due consideration to the full spectrum of social class research. So we will pick findings related to this paper up and summarize them in this section. Accordingly, our thematic review is by no means intended to be exhaustive or all inclusive. Owing to the pattern in Firat and Dholakia's (1982) summary, we describe social class studies in marketing as follows.

1. According to dominant findings, social class works as a consumption manual. A consumption manual means that they seem like an institutional regulation, rule, and constraint on peoples' behavior. In other words, these findings often assumed social class existed, as if it was a written constitution or law. In fact, one of the earliest works on social class, Sumner (1883) accepted the existence of social class. So for a long time researchers tried to understand how social class worked. We will refer to this research trend in the 'Dominant Perspectives on Social Class' section below.

2. There are two main alternative views. One is the so called existing view or causal view. The other one is the construct view or process view. The former regards social classes as a structure which defines our consuming behavior. That is to say, social class works as a kind of regulation, simply because it exists. However, social class is a concept and imaginary abstract. Then the latter considers social classes as products from inter personal relations. Even though social class exists after mutual understandings and works as a kind of regulation on consumers' decision-making, first consumers must define themselves with social class emerging. We will refer to this research trend in the 'Constructive View on Social Class' section below.

3. For the most part, there is consensus amongst researchers that both are not only theoretical, but also persuasive. We do not have to judge which is more scientific, nor is it necessary to do so. Both certainly contributed to increasing our knowledge. We will refer to this research trend in the 'Our Related Perspectives on Social Class' section below.

Our paper is placed in the latter section. Our research question is aligned in the same direction with, the so called, consumer culture theory research agenda (Arnould and Thompson 2005). The studies describe consumer culture as the very fabric of experience, meaning, and action. This view is based on Geertz's emphasis on the interaction processes in which people derive meanings from their environments.

Dominant Perspectives on Social Classes

An early study on social class and marketing in the 1960's, by Rich and Jain (1968) declared that a marketing program would be more effective when designed to reach the social class that fitted one's product or service.

Since the very famous Marx's model in the late 19th century, the class struggle has been discussed by socialism researchers. Elster (1986, p.126) found 15 classes from various Marx's works, but they were categories, not constitutions or mechanisms of social class.

Similarly in marketing academics, Coleman (1983) argued that social classes still played important roles in marketing with empirical results. He noticed many life-style variations appeared within each class and tended to obscure the fundamental continuity of the class structure (Coleman 1983, 278). As Bronfenbrenner (1958) also indicated, social class is an inherently dynamic concept.

Bourdieu (1985, 199) criticized the Marxism view as it either summarily identifies constructed class with real class. Actually Gilbert (1998, 284-5) stated that previous "models emphasized sources of income" and that household income, being very dependent on the number of income earners, varies greatly within each social class.

Constructive View of Social Class

Compared to these existing models, we will focus on the construction of social classes. There are few previous studies directly focused on this topic. While he did not deal with the exact same subject, Bourdieu's (1985) statement on the construction of social class was as follows. The distribution of different kinds of capital, which defined the state of the power relations, was institutionalized in long-lasting social status (Bourdieu 1985, 197). In his definition, capital means the power which can ensure the production of a particular category of goods.

Related with Bourdieu's constructive view of social class, anthropologists or ethnography scholars have explored how people constructed the world. According to the classic ethnography of Willis's works, he revealed that people always gave meaning to their environments (Willis 1977).

Our Framework:

According to the discussion above, there are two main research streams on social class and marketing. We think that the dominant studies assume the objective existence of social classes. Our study is part of the constructive view of social class. In this view, the research focus is mainly on how consumers derive the meanings of products, give them to products, and share meanings in the markets.

Venkatesh et al. (2006) explained that the market works as a system to provide signs, and the market plays an important role to make a consensus in consumers' interpersonal understandings.

According to their findings, we consumers try to understand what the objects in front of us are. We decide this by using a framework.

In Japan nonetheless we do not have clear cut social classes, 30 million Japanese people already own premium brands, for instance a Louis Vuitton piece (Chadha and Husband 2006, 73). The median income in Japan is four million, two hundred and seventy thousand yen (2010, \$61,000-/\$1=¥80). 61.5% of all households were under average income, five million, four hundred and forty-seven thousand yen (2010, \$68,438-).

Brand Consumption in Asia

In regards to premium brand consumption in Japan, Chadha and Husband (2006) reported from a corporate strategy view. They described the brand market in Japan as continuously developed local Japanese brands. This “on-the-fringe choice” unintentionally reproduced premium brand structures. They said, as a result, mainstream Western luxury brands remain steadfastly at the top of the pyramid (Chadha and Husband 2006, 98).

In regards to premium brand strategies in Japan, we have done a small pilot interview and have some plans to interview young consumers, e.g. high school and university students. Since it was not a formal setting, we cannot draw any concrete conclusions, but there were some very unique replies. Among interviewees there were strong desires to belong to social classes by having Louis Vuitton items.

Our Framework

Our framework is based on critical discourse analysis (Phillips and Malhotra 2008, 714). In this framework, discourse has a dialectic effect on action in which both are a function of the previous variable. First, an action from an individual produces a text, which becomes an objective resource as a social construct. Then, the text will be diffused through the isomorphic mapping process. This construct process is a macro structure. The macro structure restricts our micro behaviors. This dialectic effect is depicted in Figure 2.

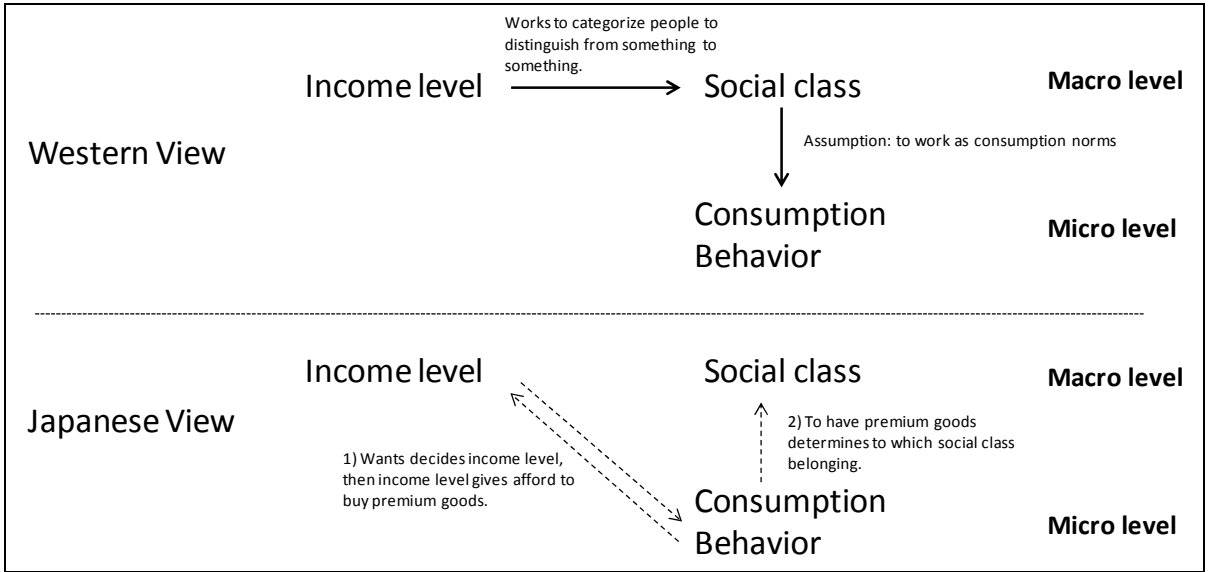


Figure 2 Two Views on Social Classes

In Figure 2, there are two views on social classes. In the Western existing model social class exists objectively or substantially. As if “new” social classes were merely obscured, so it was possible that researchers could find them with appropriate measures. In this view, income level influences social class. Then social class affects how consumers behave or consume.

Depending on economic growth, the social structure of income levels simultaneously changes, which leads to re-configuring social classes.

In contrast to this view, the lower one describes the Japanese young generation's consumption. There are two major differences. First, social class is defined after premium brand purchasing. Second, income level does not restrict buying premium brands. Indeed, the younger generations get part-time jobs to buy them. Thus premium brands effectively direct their behavior.

Major Findings and Implications:

There are two main findings from our study. First, premium brands acted as the framework which gave meaning to the reason to buy premium brands among the younger generations. One interviewee told us, "I would like to be regarded as stylish or having good taste by having premium brands." In their understanding, the premium brand constructed the framework which guides them.

Second, our framework may have the potential to explain the stability of social classes. Indeed, social class maintains its nature for a long time. Our model begins with consumption behavior, or desires. So, social class does not necessarily change.

We believe that there are some implications and contributions to macro marketing studies. Firstly is the implication for the theory of development strategy. Our research leads us to social class ontology. Compared with Western countries, any social class in Japan is obscure after World War II, as they legally vanished except the Emperor and his family. Even in countries like Japan, people sometimes may construct and reproduce social classes. Surprisingly previous studies ignored social class construction. We will examine the consumption of premium brands among young Japanese people. Then we will show our trial analytical framework on constructing social classes.

Secondly is the contribution to the theory. This study is related to Japanese consumption. Even with the past two decades of recession, Japan is still ranked No.3 by GDP and is still one of the main economic players in the world. However, there are few paper submissions and presentations from Japan. We have yet to reveal the meaning of social class among the younger generation in Japan. We will do this from here on and hopefully this study will be the small, but first step to the West.

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