



Macromarketing 2003
Connecticut, USA
August 11-14, 2003

Marketing to Diverse Cultures

Proceedings of the 28th Annual
Macromarketing Conference
2003

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A Preliminary Conceptual Comparative Evaluation of Cultural Difference in the Hospitality Industry

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Abstract

Practitioners and researchers have acknowledged the importance of providing exceptional service quality to customers. As such, they are fundamentally concerned with extending the knowledge of customer perceptions of service quality and satisfaction, especially from a cross-cultural perspective. It is our purpose to provide a preliminary enumeration of the likely culturally based differences in the demands placed within the hospitality industry environment. Specifically we examine the micro implications emanating from a major macro variable – culture. Our evaluation suggests that there may exist major similarities with the elements of hospitality demanded, at least at the broad dimensional level, within the cultures examined, and that the differences that do exist are in the subtle nuances of cultural expectations.

Introduction

As the hospitality industry progresses into a mature operating environment, it is becoming characterized by a saturated market, over-capacity and greater turbulence (Gilbert and Joshi 1992). Consequently, the level of competitive intensity is continually increasing, and the industry is becoming progressively unstable, uncertain and complex. In addition, owing to easier access to information, and exposure to a wider range of services, hospitality consumers are becoming more sophisticated and expect more in relation to their consumption experiences. As a result, quality service represents the key to success, future growth and competitive advantage. However, despite this, research in service quality and satisfaction has been relatively scarce in the hospitality literature. This limited hotel service research in consumer behavior often leads to ignorance of the specific benefits sought by the customer and this is particularly so in the macro cross-cultural context for, despite recognizing the importance of providing quality service, hotel managers continue to overlook cultural variations when enumerating service standards (Davidoff 1994; Jafari, Nuryanti and Wall 1993). These managers, who may be highly competent in their own cultures, often have inadequacies in handling customers from other cultures. This inability to see beyond one's own culturally prescribed frame of reference ignores fundamental cultural differences, and impedes corporate effectiveness. McCracken (1986) stresses the need to examine cultural issues that influence the customers' and service providers' "vision of the world...[thus] rendering the understandings and rules appropriate in one cultural context preposterously inappropriate in another" (p.72). Stayman and Deshpande (1989) further argue that culture has a direct and significant impact on perception of the appropriateness of a particular consumptive activity, and actual consumer behavior. It is our purpose to provide a preliminary conceptual framework of core culturally based hospitality differences between eastern and western nations.

Identification of Core Cultural Values

Cultural variations are ubiquitous and critical influences on consumer behavior. It is our purpose to outline the key core cultural values that characterize people from four cultural groups: two western nations (i.e., US North American and Australian) and two eastern nations (i.e., Singapore Chinese and

Table 1
The American Core Values and their Implications

Cultural Values	General Features	Possible Implications to Hotel Service Quality
(a) Relationship of Humans to Nature		
Progress and Advancement Mastery over nature	Seeking to improve oneself; Tomorrow should be better than today Universe is mechanistic; people are their own masters; all is perfectible almost without limit	More receptive to products and service provisions that accentuate 'newness,' 'improvements,' and 'speed' Fosters acceptance of service providers who possess the 'can do' attitude; willingness to help and adhere to requests; will not hesitate to complain about poor service performances
(b) Beliefs about Basic Human Nature		
Individualism - Collectivism	Being oneself (e.g., self-reliance, Self-interest, self-esteem); controlling one's destiny	Fosters acceptance of customized service; giving personal attention, respecting guest's privacy. These enable guests to express their unique personalities
Freedom and Openness	Freedom of choice; voicing opinions openly; being assertive	Fosters interest in wide and differentiated services and products; preference for service providers who are determined, assertive, take initiative, decisive and confident
Achievement, Competition, and Success	Hard work is good; success is a result of hard work; 'get ahead' and 'make a contribution'	Desire to be recognized and treated as valued guests; acts as a justification for the acquisition of high quality service
Material Well-being	'The good life'; high value placed on material comfort.	Fosters acceptance of products or services that are convenient and luxurious; desire comfortable and enjoyable stay; importance of cleanliness
Organized and Institutionalistic	Preference for a society that is strong institutionally and secure	Fosters acceptance for more organized, systematic service provisions; importance of feeling secure and safe; importance of order and tidiness
Humanitarianism and Generosity	Tinged by individualism and decentralization.	More sympathetic and understanding toward service providers; desire for service that is reasonable and not too elaborate
(c) Relationship between Humans Beings		
Egalitarianism and Informality	Reject the traditional privileges of royalty and class, and subordination (but do defer to those with affluence and power)	More receptive to service providers who are less formal and friendly; desire to treat people as equals; however expect people to maintain a certain physical and psychological distance
External Conformity	Uniformity of observed behavior; Desire of acceptance	Stimulates interest in receiving service standards that equate to their social group
(d) Human Activity Orientation		
Activity and Youthfulness	Keeping busy is healthy and natural; being young at heart; youthful	Interested in activities that are time-savers and enhance leisure time
(e) Human Time Orientation		
Efficiency and Practicality	Admiration of things that solve problems (e.g., save time and effort); 'Time waits for no man [sic]'; 'Time is money'; pragmatic, optimistic and future-oriented	Desire to be served promptly; problems to be fixed as soon as possible; explanations for service failure should be provided

Sources: Engel, Blackwell and Miniard (1995), Harris and Moran (1996), Lipset (1990), Samovar and Porter (1991), and Schiffman and Kanuk (1991)

reiterate that we are generalizing and this is dangerous as there are strong class elements within the US for although historically US has rejected the old class structure of Europe it has, nonetheless, created a new structure of its own. Comparatively, therefore, US social relationships tend to be characterized by informality and social reciprocities are loosely defined. US Americans are generally friendly, open and

the 'she will be right' mentality, are ever ready to be adversarial rather than cooperative, are willing to give a 'fair go' to everyone, and are partially ready to abandon their 'work ethic.' The study

Table 2
The Australian Core Values and their Implications

Cultural Values	General Features	Possible Implications to Hotel Service Quality
(a) Relationship of Humans to Nature		
Personal Control over nature	Striving to achieve control over one's destiny; admiration of the 'little Aussie battler'	Fosters acceptance of service providers who possess the 'can do' attitude; willingness to help and adhere to requests
(b) Beliefs about Basic Human Nature		
'Being' orientation	Australians 'work to live rather than live to work'	Desire to spend as much time as possible relaxing indoors and outdoors
Individual-orientated 'mateship'	Being oneself (e.g., self-reliance, self-interest, self-esteem, self-help), while at the same time valuing mutual dependence on 'true mates'; congenial fellowship	Fosters preference for service providers who take initiative, are loyal and willing to 'have a go'; acceptance of customized service; receiving personal attention; respecting one's privacy.
Humanitarianism and Generosity	Caring for others, particularly the underdog	More sympathetic and understanding toward service providers; desire for service that is reasonable and not too elaborate
Freedom and Autonomy	Freedom of choice and voicing opinions	Fosters interest in wide and differentiated services and products; fosters acceptance of service providers who are determined and take initiative
(c) Relationship between Humans to Other Humans		
Egalitarianism and Fairness	Australians describe their society as classless and egalitarian; strong distaste for any sign of ambition or demonstration of perceived superiority in any area; take great delight in cutting down the 'tall poppies,' in reducing all to a lowest common denominator	More receptive to service providers who are less formal and friendly; to be treated equally; trust is a result of a person's loyalty and commitment, and a person's personal assessment of qualities; dislike for service providers who are pretentious, arrogant and snobbish
Directness, Openness and Honesty	Pride themselves in their directness and insouciance, (i.e., show little concern for what others think of them, and whether they like it or not); friendliness and open curiosity are features of initial meetings with Australians	More receptive of service providers who express forthright opinions and suggestions; frequent use of understatement or humor, mixed with cynicism or irony, to make a point
(d) Human Activity Orientation		
Informality	Interaction styles are informal but can be ritualistic, (e.g., 'G'day. How are you?' 'Fine, and you?')	Although formal address are generally used in a hotel setting, Australians reject formalized service; preference for service providers who are more easy-going, informal, good-humored, and friendly
(e) Human Time Orientation		
Punctuality	Importance of time	Desire to be served promptly; staff delivered service at a promised time
Present and Past Orientation	Live more for today than for tomorrow; apprehensive about change	Preference for familiarity in terms of types of services and hotels
Efficiency and Practicality	Influenced by imagery of the hostile Australian outback, Australians see themselves as practical, tough, innovative, adaptable and adventurous.	Problems to be fixed as soon as possible; explanations for service failure should be provided; service providers are not expected to know everything, however they should check with someone who knows before dealing with the customers

Sources: Irwin (1996), Kukathas (1993), McColl-Kennedy (1998), Wierzbicka (1997), and Willcoxson (1992)

and serves to stabilize the family unit that forms the framework for other relationships (Redding and Wong 1986). The Confucian concept of respect is closely related to other values such as politeness, modesty, self-denigration, consideration, hospitality and humbleness (Gu 1990). This teaching can be found in Confucius' Five Cardinal (*Wu Lun*) or Basic Relationships that describe the links between ruler/subject, parent/child, older sibling/younger sibling, older friend/younger friend, and husband/wife (Hofstede and Bond 1988; Kirkbride et al. 1991). It is not surprising that the Singaporean Chinese guests prefer to be addressed with a more hierarchical-

Table 3
The Singaporean Chinese Core Values and their Implications

Cultural Values	General Features	Possible Implications to Hotel Service Quality
(a) Relationship of Humans to Nature		
Control of nature Fatalistic (<i>Dao</i> – Way, and <i>Yuarn</i> - Karma)	All things become what they are; predetermined relations with other things and individuals; beyond one's control just as life, death and wealth	Fosters acceptance of <i>Yuarn</i> and attribute failure or poor service to fate; complaining may be perceived to be useless
(b) Beliefs about Basic Human Nature		
Situation-oriented versus dogmatism	Being pragmatic and less dogmatic towards in-group members; inflexible towards out- group members	Fosters preference to be served by a person whom they are familiar with
Abasement	Modesty; humbleness; self-effacement	Fosters preference for more subservient service; service providers should not be direct, talkative or express their opinions openly, as these are considered signs of shallowness
Individualism - Collectivism	The critical role of <i>Ren</i> in Confucian philosophy emphasise the collective nature of Chinese life.	Although personalized service is valued as is the respecting of a guest's privacy, in this case the focus is on the benefits of the group, rather than simply on the personalized service. Respect for the collective nature of the community is necessary.
Combination of selfish, competitive and anxious attitudes (<i>Kiasuism</i>)	To succeed at the expense of others; 'being last is not good'; 'losing is bad'; preoccupation with the pursuit and acquisition of material wealth	Fosters acceptance of products or services that are convenient and luxurious, preferably complimentary
(c) Relationship between Humans to Other Humans		
Respect for authority, <i>Mianzi</i> (Face), and Formality	Observing the Confucius' <i>Wu Lun</i> (Five Cardinal relationships); Ordering of relationships (in this case, service provider and guests); Observing one's reputation achieved through success and ostentation	Stimulates expectations to be treated with utmost respect; to be addressed by their title and surname, or by 'Sir' or 'Madam'; Service providers should not be informal and overly friendly when serving Chinese guests; should not trivialize guest requests or complaints
Interdependence,	Need for building <i>Guanxi</i> (networks or affiliations), and <i>Ganqing</i> (emotion or relationships)	Service providers should display sensitivity by being attentive to needs of their guests; avoid offering personal opinions or suggestions as this is considered to be imposing and would disturb the harmony; sincere in building long-term relationships with guests
Reciprocity	Stresses on the continuing reciprocal involvement of individuals in a relationship (i.e., <i>Renqing</i> and <i>Bao</i> - reciprocation of favors and gifts)	Service providers should pay more attention to mutual feelings involved, rather than to rational calculation of gain or loss; to keep their relationship going on reciprocally, the Chinese would prefer to give (and lose) rather than to take (and gain) from others; the Chinese are more 'brand' loyal when they are please with the service rendered
(d) Human Activity Orientation		
<i>Li Jie</i> (Propriety)	Strict codes of behavior guided by social,	Fosters strict observance of accepted formal norms of

Singaporean Chinese people have become very competitive in work, as well as in play. In fact, a term '*Kiasuism*' (literally meaning 'being afraid to lose') was formed to encapsulate this selfish, competitive and overly anxious attitude or behavior. The Singaporean Chinese are also, to a large extent, motivated by achievements and accomplishments. The Singaporean Chinese personal identity is measured by one's achievements and success, as well as, one's status, age and material wealth. Contrary to the Confucian belief in *Yuarn* (or Fate), they are more likely to complain about poor service and prepared to fight than compromise.

The Japanese Core Values

Given Japan's well-known cultural homogeneity, as compared to many other societies, the task of understanding the Japanese identity should be much more straightforward. Unfortunately, in reality, this is not the case. There is much mystery that surrounds Japan and the Japanese who are sometimes claimed to be the 'unknowable' (Irwin 1996). Nevertheless, based on intensive literature review, the key cultural values of the Japanese culture are shown in Table 4.

In her book titled *Understanding Japanese Society*, Hendry (1989, p. 202-6) summarized Japanese values that account for such themes as the house and family system, traditional community and modern neighbourhood, status and stratification, education, religion, ritual, careers and work, entertainment, politics and law. All these values fundamentally shape the individual to engage in conversation and interaction with extreme politeness, honorific language to respect hierarchies and avoid losing face (Irwin 1996). The Japanese have a word to describe the nature of their language, *Keigo*, which translates to 'respect language'. Not surprising, the Japanese language is almost devoid of vocabulary that is neutral with respect to status differences. The presentation of the Japanese self, according to Lebra (1992, p.106) involves:

The surface layer of self, metaphorically localized on the person's face, visible or exposed to others either in actuality or imagination. The person self-awareness is sharpened as the object of attention, inspection, and appraisal by others around. This self-awareness is labelled *Kao*, *Mentsu*, *Taimen*, *Menboku*, *Teisai*, *Sekentei*. These terms might be translated as honor, self-esteem, dignity, reputation, and the like, but such translations do not fully convey the self's sensitivity to interactional immediacy and vulnerability entailed in the Japanese terms.

Thus, it is important to know another's status relative to one self before the correct language can be used in Japanese societies. The Japanese social ritual or etiquette requires people to be polite and refrain from engaging in behaviour, which includes aggressiveness and frankness (Honma and Hoffer 1989). This would clearly violate *Enryo*, which translates to English variants such as reserve, restraint, constraint, diffidence, coyness, discretion, hesitation, shyness (*takehara*), modesty, deference, regard (*kenkyusha*) and ceremony (Wierzbicka 1997, p. 103). Not surprisingly, most of these values relate to social interaction. This is because, according to Irwin (1996), the Japanese people "place great emphasis on face-to-face interactions within hierarchical systems so that families and organizations consist of a series of personal and individual links."

In social interactions, the Japanese people value long-term relationships, and the establishment and maintenance of *uchi* groups, or in-groups, is supportive of long-term relationships. This fundamental need for dependence and inter-relationships with other in-group members are exemplified in Japanese concepts such as *Amae*. People considered as out-group members must recognize the *honne/tatemae* value position (Kato and Kato 1992). Initial meetings will normally begin with *tatemae* based interactions, and may proceed to *honne* based interactions after the rapport is established (Irwin 1996). In all interactions, however, maintenance of hierarchies are valued because of their capacity to order.

<i>Ishin denshin</i>	people can emit (<i>hassan suru</i>) their true character non-verbally	sincerity, delicacy and sensitivity of service providers will be judged by the quality of presentation; communication is considered <i>ittaikan</i> (feeling of oneness)
Sincerity, Formalty - <i>Tatema</i> e and <i>Honne</i>	<i>Tatema</i> e (superficial appearance or outward humility); <i>Honne</i> (what is true and hidden)	Initial meetings will normally begin with <i>tatema</i> e based interactions, and may proceed to <i>honne</i> based interactions after the rapport is established; importance of sincerity in relationships

(d) Human Activity Orientation

Formality - <i>Keigo</i>	Respect language; exhibiting humbleness and politeness	Stimulates the need for formalized respect, politeness and saving face; guests are socialized to fear losing face before other people; staff should be greeted upon arrival; Surnames are preferable
Obligations - <i>On</i> and <i>Giri</i>	<i>On</i> (encompasses obligations, favor, kindness, grace, goodness, benefit, benefactions, act of bestowing, loyalty and a debt of gratitude); <i>Giri</i> (includes justice, honor, duty, obligation, a debt of gratitude, respectability, decency, courtesy, propriety and rectitude)	The cohesiveness of the Japanese society is attributed to the network of more or less permanent sets of loyalties and obligations; continuing reciprocal involvement in a relationship between service providers and guests

(e) Human Time Orientation

Past-time orientation	Respect for tradition; ancestry worship; strong family tradition	Like the Chinese, the Japanese are more likely to be loyal and continue their patronage of a particular hotel if they are satisfied with previous hotel visit/s
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Sources : Hendry (1989), Holtzman, Murthy and Gordon (1991), Irwin (1996), Lebra (1976, 1992), March (1983), Marriott (1988), Reischauer (1988), and Wierzbicka (1997)

Integration and Discussion

Our earlier enumeration and the literature suggest (e.g. Winstead 1997) that hotel guests may group their evaluations into four distinct dimensions: authenticity, formality, competence, and friendliness. These four dimensions form the components of service performance and satisfaction. However, each dimension is expected to differ in terms of its subtle shades of meaning in each culture.

The Authenticity Dimension

The Authenticity Dimension essentially refers to the genuineness of the service providers' performance in serving the hotel guests. The US American guests are culturally very similar to their Australian counterparts in that they may consider staff being attentive, making an effort to recognize them, not trivializing complaints or requests, making follow-ups and resolving them quickly, as important indicators for authenticity. The understanding of the importance placed on individuality in the US American culture may offer some insight into their evaluation of authenticity of staff members. When evaluating authenticity of service performance, the Australian guests also may be concerned with staff attentiveness and patience. They will appreciate staff making constant eye contact, performing above and beyond their job requirements, and not trivializing their requests and complaints, and expect follow-up and resolution. These guests, unlike the Singaporean Chinese and Japanese, may not consider building strong and lasting relationships as important in evaluating authenticity.

To the Singaporean Chinese guests, authenticity focuses mainly on sincerity, attentiveness, and patience of staff during the service encounter. More importantly, staff who perform above and beyond their job requirements will be perceived more favourably. Proactive establishment and building of relationships is expected. It is however important to note that these desires are not the same as the Western notion of having a relationship; instead it means to have access to needed influence. The Singaporean guests' evaluation of authenticity is perhaps best understood by examining the Chinese value of interdependence,

The Formality Dimension

Unlike their Asian counterparts, the Australian and US American hospitality customers are likely to be less concerned with respect when evaluating formality. Instead, the Australian and US American may place more emphasis on the preservation of their privacy, and the provision of service that is reasonable and not too elaborate. This is perhaps best explained by the importance placed on individuality and practicality by both these Western cultures.

The Singaporean Chinese are more likely to evaluate formality on respectfulness and the formality of the greeting ('sir' or 'madam'). Although the use of surname is acceptable, the more formal impersonal greetings are preferred. This is not surprising since respect for authority is one of the more fundamental values in Chinese societies (Ho 1986). The Japanese guests, on the other hand, require staff to be respectful and subservient. As mentioned earlier, Japan is a highly customer-oriented society, which is the antithesis to the user-pays rationalism being espoused in some Western countries. The Japanese guests openly embrace sayings such as 'The customer is king,' or *Zenso* (or masters) (March 1995). It is thus not surprising to find that they may prefer a more subservient approach to service provision.

The Friendliness Dimension

This dimension generally refers to the staff members' display of the characteristics of a friend or close acquaintance. Friendliness has been examined and discussed in association with constructs such as formality, courtesy, and forms of address. We suggest that there are other subtle nuances of friendliness in the cross-cultural context. Some of these include the extent to which the staff may be talkative, humorous, welcoming, and humanized in their approaches. Similar to the Australians, the US American cultural expectations are that staff will be smiling, more talkative, humanized, and welcoming. They also will be appreciative of staff that are less formal, and more easy-going, and are more comfortable when engaging in conversations. These qualities also reflect the Australian laid-back attitude to life, and provide a constant reminder not to take things too seriously. Australians are likely to be uncomfortable and intimidated when staff members are very formal during service encounters. This, however, is not to suggest that hospitality staff can afford to behave informally in the same way as one would when interacting with a close friend, (e.g., calling guests by their first names, or joking in a suggestive and offensive manner). However, it is clear that the meanings and subtle nuances attached to friendliness are very different from those for the Singaporean Chinese and Japanese.

The Singaporean Chinese guests are likely to prefer distanced and unobtrusive service. Their evaluation of friendliness is likely to be based on indicators related to staff smiling and being welcoming. Indicators such as informality, talkativeness and humor are not likely to be important. In other words, instead of assuming that every guest would appreciate informal, and easy-going approach to service, staff members would do better with an understanding of the Chinese value of face and politeness when dealing with the Singaporean Chinese. The Japanese guests, like the Singaporean Chinese, value staff smiling and being welcoming. They are also likely to be concerned with staff being more humanized in their approach, which is consistent with their desire for greater authenticity, and are likely to be put-off by staff that were talkative, and informal. Humor may also not be an important issue when evaluating staff friendliness.

Conclusion

Practitioners and researchers alike have acknowledged the importance of providing exceptional service quality to customers in view of the competitive and global world in which they operate. As such, they are fundamentally concerned with extending the knowledge of customer perceptions of service quality and

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Diversity in Relationships: Shared Values and Movement of Meaning - the Case of the Smaller Business Conceptualized

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Abstract

The aim of the paper is to understand shared values in the context of smaller businesses. Shared values may be especially important to the relationship-building strategies of smaller businesses. We explore the question 'How might they have potential as a foundation for competitive advantage in smaller business transactions?' The areas discussed in the paper link micro-level firm activities to the macro or societal level because shared values are, ultimately, created and shared at the societal level. Given the diversity in 21st century Western culture, we expect to find and later give voice to, diversity in shared values in smaller businesses.

Introduction

Relationship building is a key strategy for many businesses. Often it is perceived as something driven by organizational concerns to retain customers. Yet in essence, relationships are two-way. This gives space for sharing values. And shared values may be especially important to the relationship-building strategies of smaller businesses, partly because of the absence of a large advertising budget with which to reinforce the values in the products and goods. This will partly be the case, too, because the credibility of such values will often depend on more personal, rather than corporate factors, being embodied in the personnel providing the product or service. In reflecting upon sharing values we discuss the creation, co-creation and movement of meaning. These shared values may, for example, help customers and organisation members to 'make sense of' their world (Brown 1998; Marshall 1994; Weick 1995).

When discussing relationships in marketing, value, shared values, and trust we also give voice to diversity. We link a number of models that deal with dynamism in culture creation and in the movement of meaning. We propose a further model to describe the ways in which shared values may influence the development of relationships between a smaller business and its customers, as part of its competitive strategy. Here we conceptualize how our understanding that shared values seem to be especially important to relationship-building strategies of smaller businesses might work out in practice. They are of importance primarily because these businesses lack the marketing resources of larger organizations, meaning that they are far less able to synthesize and communicate brand values as part of a competitive strategy.

Marketing theory will also benefit from extending its focus from the large firm to the burgeoning area of entrepreneurial smaller businesses, for insight on the role of shared values. A further, empirical, study is envisaged, built upon the basis provided by the models discussed in this paper. This proposed fieldwork will research the role of shared values in smaller businesses and the extent to which shared values might contribute to competitive advantage by differentiating and by attracting and retaining customers. We conclude with initial thoughts on the areas such a study would cover. This indicates the range and diversity of shared values whose meanings may well vary over time and space. It links micro-level firm activities to the macro or societal level because shared values are, ultimately, created and shared at the societal level.

Trust is the reliance by one person, group or firm upon a voluntarily accepted duty on the part of another person, group or firm to recognize and protect the rights and interests of all others engaged in a joint endeavor or economic exchange (1995 p.392).

In practical terms, where there is trust in a relationship, there will be vulnerability, lack of complete knowledge and expectation of moral obligations being part of the whole relationship. Trust connects shared values to relationship building by activities designed to foster trust and commitment between the two parties. Therefore it is easy to see that shared values will play a vital part of a relationship. Despite this, the exact nature of values has been researched in rather less detail than the other concepts within the relationship marketing literature.

Shared Values

What then are values and indeed shared values? The organizational behavior literature finds values to be constitutive of culture. There, values are the conscious articulation of basic assumptions, which may well only ever function as prior assumptions, without conscious reflection. Schein talks of values as describing what ought to be, rather than what is (1985). Values therefore have a motivational, or aspirational role in individual and corporate lives. The marketer's instinct may well be to take the pragmatic view that the consumer is right but thereby misses the opportunity to see that values are relational rather than bi-polar. There is a missed opportunity to seek to understand and to empathize. And Mattson (1997) goes so far as to suggest that it is 'values which keep the transactions together as a relationship entity' (p.303). The relational aspect also connects with the fact that valuing, or giving worth, is a community endeavor and based on prior assumptions largely shared in groups. Foxall et al (1998) 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' (p.228). In these ways, taking a relational perspective on marketing involves drawing upon the mores at a societal level.

Shared values are generally understood in this paper to be shared between the organization, in this case the smaller business, and the customer. They have also been researched in the context of employees sharing the values of the employer (Maxham and Netemeyer 2003) who used the ASA (attraction-selection-attribution) framework for noting that employees who have the same values as the organization are attracted, selected and tend to stay. They conceptualize shared values as a global construct in which values are viewed as fundamental, and as relatively enduring. This paper takes this perspective of values shared between smaller businesses and their customers, with the caveat that meanings move over time, as shown below in figures 1-3. For example, McAlexander et al (2002) use an inductive approach to find out whether there are any shared values between the Jeep brand and its customers. They do this by observing ways in which ownership motives and experiences intertwine and create meaning. This meaning creation and co-creation is the very process of sharing values.

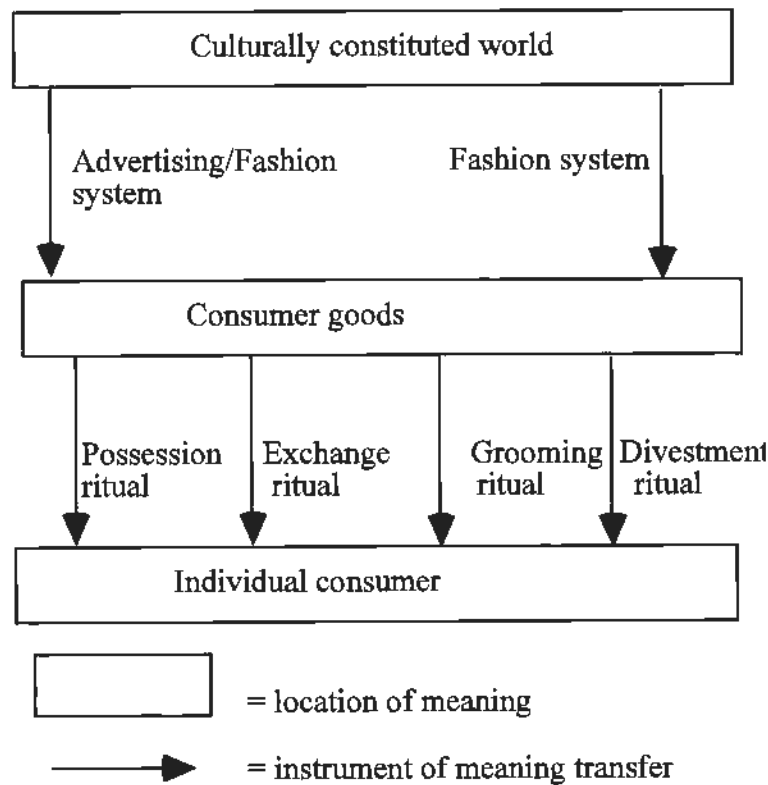
Culture

Once shared values are considered as a research topic in their own right, then, we have seen that issues to do with culture surface. Indeed 'the values themselves are constituted by perceptions, cognitions, and emotions activated by cultural assumptions' (Hatch 1993 p.664). Her dynamic model of culture (see figure 1) was developed in the context of organizational culture, but has been applied to interorganizational relations (Halliday and Cawley 2000) and clearly has a contribution to make to the issue of shared values in relationships.

role of shared values in business relationships. Ray (1998) writes of rural communities regenerating themselves by creating a locally specific territory that has a set of cultural resources which it exploits. This production side of the equation he calls 'the territory' (p.4), but of interest to this paper, there is the balancing side; there is a consumer of this cultural product or even experience (Roberts and Micken 1996) to be considered.

This culturally constituted world 'is the world of everyday experiences in which the phenomenal world presents itself to the individual's senses fully shaped and constituted by the beliefs and assumptions of his/her culture' (McCracken 1986 p.72). Yet this meaning is never fixed – rather it is fluid. McCracken discusses the somewhat impersonal process of flux of location of meaning (see figure 2); via both designed advertising and more spontaneous fashion trends meaning is transferred to goods. The owners then, via the rituals listed below transfer intangible meanings to themselves in their own identity creation and legitimisation in the act of consumption. In this study we apply this process to the more personal world of the smaller business. Can persons also, in a designed manner, and perhaps more spontaneously, like fashion, be instruments of meaning transfer? And, more than that, can persons create personal identity which 'does not reflect a stable set of essential features, but is negotiated in a dynamic field of social relations' (Thompson and Haytko 1997 p.21)?

Figure 2 Movement of Meaning
(McCracken 1986 p.72)



McCracken sees goods as 'both the creations and the creators of the culturally constituted world' (p.74). In a marketing paper it is of course relevant to add dynamism to the very definition of goods, terming them instead, offerings. The offering includes the intangible service and image of the good and also

monolithic narrative system' (p.36). The intertextuality provides a whole of life context to the person who is participating in and creating the discourses. This is of clear relevance to this conference, since it so overtly includes marketing as an aspect of social life, not as a subset solely of the world of business, at the level of the firm. Thompson and Haytko write of the 'dynamic relations that exist between microlevel meanings and broader macrosocietal conditions and culturally shared meanings' (p.36). To return again to figure 1, in any discussion of culture and of values, the process of formation and articulation can link back to the active verbs in that figure, which in this context can be interpreted as creating self-meaning such as identity. McCracken laments that in 1986 'the use of goods in the construction of the self and world should have suffered such prolonged and profound neglect' (p.80). Now consumer studies have researched this topic since, and moved it forward in terms of placing the meaning not in the goods themselves but in consumer heads (Holt 1997; Thompson and Haytko 1997). But it is still somewhat neglected in the relationship marketing literature, although the potential has been pointed out by Fournier (1998a). It has instead tended to become inseparably linked to brands (Fournier 1998b; Holt 2002; McAlexander et al 2002; Muniz and O'Guinn 2001).

This dynamism in the cultural transfer of meaning can be harnessed by the entrepreneurial smaller business basing itself on values, as modelled in Figures 1- 3. Once shared values are elucidated they can give the consumer the basis for the trusting relationship over time with the smaller, perhaps owner managed business. This in turn will give the advantage initially gained through differentiation its desired sustainability. We wish to emphasise the personal and interpersonal elements of shared values – yet this begs an important question of shared meaning. If the meaning changes, as shown in Figure 2, and the meaning resides finally in the head of the consumer, as shown in Figure 3, how can it be known that meanings are indeed shared, and therefore that values are shared? Is there anything objective here, stable enough to be researched and to form the basis of a competitive marketing strategy? Or is it shifting sands locked in the mind of each consumer as sand in the hourglass?

Methodology

A Critical Realist Approach

A critical realist approach admits both the ontological existence of objects and the epistemological issue of perception. This critical realism is 'objective reality subjectively known and appropriated in human lives' (Hiebert 1999 p.74). The epistemological issues have been addressed since the mid 1900s. Linguists have separated sign from that which is signified (Austin 1962; Wittgenstein 1953). Barthes (1957) develops the separation by indicating how different meanings can now flow from the signifier:

the myth-consumer takes the signification for a system of facts: the signifier and the signified, have in their eyes, a natural relationship, myth is read as a factual system, whereas it is but a semiological one (cited in Storey, 1999 p. 30 as 1973 p. 142)

In Barthes' discussion this allows the French to view colonialism as a natural phenomenon. But, of importance to this discussion, others (including some within France) came to see colonialism as an unnatural imposition, as a power play only, and in the end the idea of colonialism lost its legitimacy. This thought develops as a challenge to an objective understanding of ontology, and poses the nightmare of whether ultimate regression of meanings inside individual heads is all that is left. What is it then, that allows for meanings to move from being shared to a further sharing, rather than utterly randomly and atomistically to unconnected individuals? We consider that there is a need to extend the dyadic notion of signs to an extended, triadic nature for signs (Hiebert 1999; Peirce 1955, 1958). Charles Peirce, held to the irreducibility of the 'thirdness of things' (Hookway, 1995). He wrote of a sign with three parts: the signifier (the external form), the signification (the mental image) and, in what is seen as a distinct

respondents, upon those conceptualizations drawn from the present fund of scholarship as represented by the literature.

Developing Marketing Relationships and Shared Values for Smaller Businesses Conceptualized

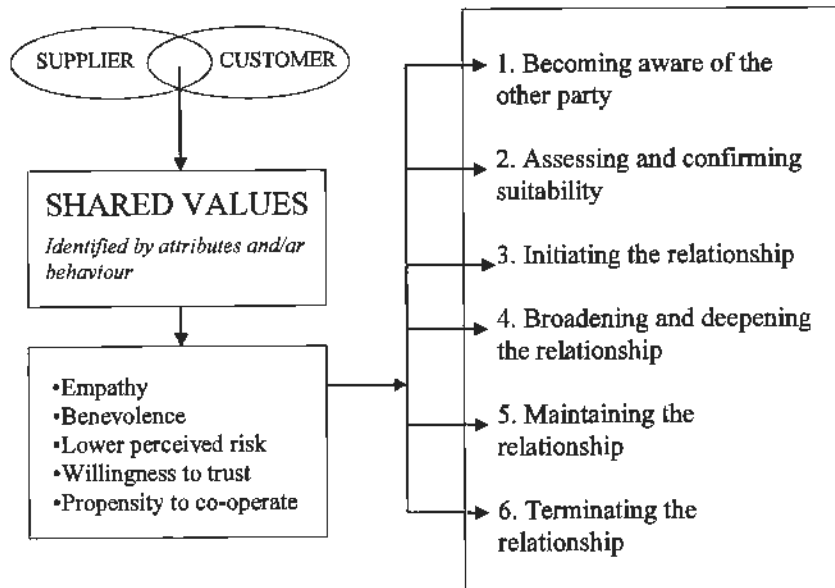
This section of the paper considers the way in which shared values between buyer and seller may affect the process of starting, building and sustaining a marketing relationship between a smaller business and a customer. By 'marketing relationship', we refer to a commercial relationship characterized by a strong probability that further transactions between buyer and seller will occur in future. The framework we propose is intended to be general, in the sense that it will apply to some degree to B2B as well as to B2C relationships; to any point on the continuum between mainly-product and mainly-service offerings; to high- as well as low-involvement purchase situations; and to relationships that are conducted through an intermediary, such as an independently-owned distribution channel. The effect of such an intermediary may be to constrain the extent of communications that can take place between the two parties, but we suggest that some information about possible shared values can be effectively transmitted. In the UK, the premier brand of supermarkets, the Waitrose chain, for example, deliberately identifies the individual producer of some of its fruit and vegetable products.

It may be useful to explore the general means through which one party in a marketing relationship (or prospective relationship) comes to perceive that values may be shared by the two parties. We suggest that there are two main approaches: firstly, by the identification by one party of attributes in the other that are trust-promoting. Obvious examples include those of kinship and membership of the same organizations, in which dishonorable behavior might be seen as courting the risk of disapproval or exclusion. There may, however, be other, perhaps less powerful signs of likely empathy, such as marketing or other statements made by the other party, or affiliation to organizations that champion the values in question. Smaller food producers, for example, may seek and then display formal certification of their organic production methods, or group together in trade associations that may provide an extra guarantee of special quality. At a larger scale, corporate producers may seek to communicate shared values through affinity marketing.

Alternatively, one may come to perceive that values are shared between oneself and a possible commercial partner about whom one knows very little by observing the behavior of the other party in transactions up to that date (cf manifesting and realizing in figure 1, above). The judgment that the other party seems to behave in a trust-respecting way and can therefore be expected to acknowledge the influence of Axelrod's (1990) 'shadow of the future' (i.e. the potential loss of future benefits as a result of defecting, rather than co-operating) may be enough to persuade us to extend our trust for the first time. In the case of smaller businesses, the identification of a single trusted individual by the customer is likely to reinforce and speed up this process (by comparison, for example, with the more anonymous service provided by a call centre to incoming enquiries). We will test out this conceptualization by interviewing participants as to how customer and B2B relationships were formed. It is of course possible that it is merely serendipitous, or a process of trial and error. The narratives generated will enable us to discern whether shared values perceived in a potential partner can in fact be predicted and whether such perceptions turn out to be accurate. We welcome suggestions as to how this might be done, given the potential for confusion in the multiple realities of relationship formation.

Proceeding to conceptualize that shared values can inform successful relationship formation, exactly how might shared values affect the marketing relationships in question? Where perceived risks are low, then a feeling that values are shared may be enough on its own to affect the development of a longer-term commercial relationship because we may simply wish the other to succeed. We may therefore be prepared to forgo some possible benefits from other relationships (e.g. in terms of lower prices) in order to lend our support to the commercial partner whose aims we support. Some of the success of the Body

Figure 4: Shared Values and Relationships



1. *Becoming aware* of the other party as a potential member of an intended marketing relationship
 2. Collecting and evaluating information to *assess and confirm the suitability* of this potential partner
 3. *Initiating* the marketing relationship, by agreeing to one or more transactions, and evaluating the outcomes of these transactions
 4. *Broadening and deepening* the relationship, as a result of satisfaction with early encounters
 5. *Maintaining* the relationship over an extended period of time
 6. *Terminating* the relationship, when for some reason the expected costs exceed the expected benefits
- We now discuss these stages in turn, considering the possible influence that shared values may have.

Becoming Aware

The apparent existence of shared values between two potential partners may increase the likelihood of them becoming aware of each other (or one of the another) in several ways. For example, the shared values may cause them to be co-located in the first place, either geographically (for example, at a farmers' market), or in the same media space (such as a specialist magazine), thus increasing the likelihood that they will encounter each other. Also, shared values may be evident in the way in which each potential partner identifies themselves and in the initial information that they provide about themselves. Shared values may also be evident in the reputation that one or both partners bring with them into the potential transaction space (see above). This may be a generally-known reputation or one that is conferred by word of mouth (itself a route that may well be associated with shared values)

Assess and Confirm Suitability

Once initial approaches have been made, both parties have the opportunity to find out more about each other. Shared values may become evident in the nature of the enquiries and in the responses given. Other information of a non-commercial nature may also be volunteered or become evident, reinforcing the impression. At the same time, a growing perception of shared values may cause the effective relative

that the issues of interest here are not likely to be researchable quantitatively. Figure 4 suggests that a business relationship may be able to be understood as an unfolding story, with shared values playing some sort of role at different stages. Our general aim is to explore this notion with a selection of smaller businesses and their longer-term customers, using depth interviews and narrative analysis of the data.

We also need to understand more about the nature of the values that may be shared between smaller businesses and their repeat customers. Shared values play a part in many supplier/customer relationships, however large the supplier. At present, we do not expect to find that values shared in smaller business relationships differ sharply in nature from those found in larger business relationships. For example, a customer who chooses a distinctive pair of Nike trainers may share the values that have been created by the supplier around the Nike brand image (e.g. of athletic competition and success). Those values may be partly personal in nature, to do with a personal appeal by one of the founders, or one of the athletes sponsored by the firm. McAlexander et al's work with the Jeep brand (2002) provides further evidence of the ability a larger firm has to meet real needs for community amongst its customers. Some larger organizations may also successfully communicate brand values that are personal in origin. For example, the attraction for some of the various Virgin businesses seems to be based in part on a personal appeal by the founder, but one that has for some time been in part professionally 'packaged' and presented. Neither can it be said that shared values between smaller businesses and their customers are necessarily concrete (e.g. based upon the observed behavior of an actual individual), rather than abstract: smaller suppliers may make effective use of collective badges such as Fairtrade to communicate their values. This seems to indicate that the shared values whose influence we have discussed in this paper may be diverse in content: as diverse, in fact, as the individuals who are perceived by customers to share them.

A smaller business in competition with larger rivals faces many challenges. Lacking the economic power of its rivals, it often has to compete through choosing its customers and creating a relevant difference that will be valued by those customers. Larger businesses may also compete through strategies based upon differentiation, of course, using their superior economic resources to communicate that difference credibly. Perhaps, then, shared values are critical for many smaller businesses in creating their competitive strategies. For a smaller business to be heard and believed, we suggest, it must successfully appeal to its customers by making use of what it has: the values of the people involved. We expect that overt articulation of values, such that they might be shared by customers, and B2B partners, usually in relationships obtaining repeat custom, will enable smaller businesses to compete against larger rivals with far greater marketing budgets. These smaller businesses will thus be able to create valued difference. Overall, given the diversity in 21st century Western culture, we have conceptually found, and expect later to give voice to, diversity in shared values in smaller businesses.

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This article contributes to the globalization discourse by investigating the nexus between globalization and religion. It has been argued that contemporary globalization, allied with the forces of technology, heightens the sense of deterritorialization among a significant portion of the world's inhabitants. Deterritorialization causes 'existential angst' which drives people to seek some form of reterritorialization in order to restore a sense of self-identity. Religion, throughout history, has been a principal component of self-identity for a majority of humans. Therefore, the role of religion in people's consumption system and lifestyle will gain increasing prominence in the 21st century.

Facets of Globalization

Although ubiquitous in discourse, there seems to be no *one* generally accepted definition of globalization. Concurrently influential definitions of globalization include: the integration of markets, nations, and technologies on an unprecedented scale (Friedman 1999); the compression of the world and the intensification of consciousness of the world (Robertson 1992); a recession of geographical constraints on the world's social and cultural arrangements; integration based on market rule on a global scale (McMichael 2000), and a state of the world involving networks of interdependence at multicontinental distances (Keohane and Nye 2000).

While the movement toward globalization has been occurring for thousands of years (Sen 2002), it is only since the 1960s that it has figured "continually, comprehensively, and centrally in the lives of a large proportion of humanity" (Scholte 2000, 87). Few aspects of life are immune from the influence of globalization. It affects where and how people work, their lifestyle, their consumption patterns, their cultural ethos, and their sense of identity. One major impact of globalization is the phenomenon of deterritorialization. The issue of deterritorialization has been discussed both by globalization scholars and by cultural philosophers. However, the thrust or focus of deterritorialization varies across the two streams of discourses.

When management researchers and economists talk about deterritorialization, they are alluding to some economic activity or entity transcending the confines of a physical territory. We thus refer to the deterritorialization of currencies, of capital, and of markets. Contemporary social theorists such as Jan Aart Scholte associate globalization with deterritorialization, implying that a growing variety of social activities take place regardless of the geographical location of participants. Scholte (1996, 45) writes, "global events can—via telecommunication, digital computers, audiovisual media, rocketry and the like—occur almost simultaneously anywhere and everywhere in the world." In his later work, *Globalization: A Critical Introduction*, Scholte (2000) goes so far as to define globalization as deterritorialization, arguing that global relations have become "transborder exchanges without distance" and that "global conditions cannot be understood in terms of territoriality alone; they also reside in the world as a single place – that is, in a transworld space."

Driven by the structural forces of capitalism and economic rationalism, and propelled by technological innovations and relaxed regulations, physical territories, particularly as exemplified by the notion of nation states, are becoming increasingly porous and permeable. Ronald Deibert (1998) argues that technological advances such as the Internet have given rise to "new post-modern configurations of political space." This space consists of the global non-territorial region of computer networks, leading him to conclude that a "space of flows" is coming to dominate and transcend a "space of places" as the defining characteristic of post-modern world order (Capling and Richard Nossal 2001). Globalization, however, is not manifest just in information flows and computer networks; it also involves the movement of people, causing a loss of isolation, and thus a sense of identity.

Globalization promotes much more physical mobility than before as evident in people moving more often, traveling with greater frequency, and migrating globally in search of work. An increasing number

individuals a hope of rescue from their perceived contextlessness. Contemporary fascination for religion can therefore be partially explained by the opportunities it proffers toward the restoration of self-identity.

Religion and Reterritorialization

In his introduction to *Critical Terms for Religious Studies*, Mark Taylor (1998, 1) writes, “A century that began with modernism sweeping across Europe is ending with a remarkable resurgence of religious beliefs and practices throughout the world. From Protestant and Catholic churches in America to Orthodox churches in Russia, from temples in Israel and mosques in Iran to temples in India and mosques in Indonesia, religion is flourishing. As the millennium approaches, spiritual concerns pervade the personal lives of a growing number of individuals and are ever more significant in the political affairs of nations.”

In the midst of secularization, considered to be a mainstay of globalization, spirituality and religion have assumed growing public role and visibility (Bokser-Liwerant 2002), a phenomenon that baffles the casual observer. Catholic priest and novelist Andrew Greeley (2001, 36) responds to this quandary: “I believe the answer might go something like this. Men and women still want something in which to believe and to which to belong. They aspire to faith and community.” Reinterpreting these remarks from a consumer behavior perspective, one could say that the resurgence of religion can be explained by the immense opportunities it offers for authenticating acts and authoritative performances. Both kinds of behaviors act as a shield against the deterritorialization unleashed by globalization.

An understanding of the authenticating acts and authoritative performances in religion requires a working definition of the concept of religion. *The Dictionary of Philosophy and Religion* (Reese 1999, 647) offers the following definition, “Religion – from Latin ‘religare’ (to bind back) – typically the term refers to an institution with a recognized body of communicants who gather together regularly for worship, and accept a set of doctrines offering some means of relating the individual to what is taken to be the ultimate nature of reality.” Kuhn (1993) explains that this “binding” refers to that which is most deeply fundamental in humans, and goes on to visualize religion as a power or disposition which, despite the ever changing world events, links individuals to an order or permanent and essential being that is “the abiding heart of the universe.” Schneiders (1989, 7) views religion as “a specific spiritual tradition usually emanating from some foundational experience of divine or cosmic revelation... that has given rise to a characteristic way of understanding and living in the presence of the numinous.”

These descriptors of religion shed some light on how religion, through authenticating acts and authoritative performances, helps people in their endeavors toward reterritorialization. The authenticating acts in religion typically involve the search for one’s true self and the creation of a personal belief system. All religions insist that the true self of an individual is hidden and can only be revealed through practices such as penance, meditation, repentance, prayer, studying the scriptures, going on a pilgrimage, and sacrifice. In other words, a search for self ‘requires’ that one transcend the typical roles played in day-to-day living. Instead, religion recommends specific practices that would validate the true being or essence of a person. Furthermore, religion—by insisting on a particular spiritual tradition—serves to accentuate the differences between one’s self (and community) and distant others who do not share a similar belief system. Establishing such differences strengthens the sense of one’s identity. Authenticating acts in religion typically induce flow (the unity between thought and action), peak experiences, or peak performance (Celsi, Rose, and Leigh 1993). Present in all such acts is an awareness of power and a clarity that derives from the structure of such acts. These powerful effects are of significant comfort to those seeking to escape the meaninglessness and self-estrangement wrought by globalization.

Public policy of various countries and regional groups will, in turn, determine the rights and responsibilities of various populations within a society and across societies. Religion will, therefore, have a considerable impact on marketing regulations and trade flows, economic development, taxation policies with regard to religious institutions, income distribution, social welfare programs, and quality of life--all topics of immense interest to macromarketers.

From a consumer behavior perspective, it is time to expand our framework of the various utilities inherent in a product offering by including spiritual utility as a separate category of values sought in a product offering (cf. Kale and Barnes 1992). The incidence and salience of this utility across various segments within a society and across various societies need to be empirically researched so as to better understand contemporary consumer behavior. Given that spirituality and religion constitute important elements of life satisfaction for a sizeable portion of the world's population, the role of spiritual utility needs to be included in future studies on quality of life (QoL).

The rising importance of spirituality and religion in the workplace has prompted the Academy of Management to devise a special interest group called *Management, Spirituality, and Religion*. Unmistakably, spirituality and religion shape both the demand and the supply side of markets. Marketers need to systematically investigate the influence of these forces on the marketplace with greater focus and intensity (Mittelstaedt 2002).

Conclusion

A peculiar feature of the globalization literature is that the issues pertaining to religion receive scant attention in such discourses. Yet, religion impinges significantly on institutional domains that are the focus of attention in studies on globalization (markets, governments, and transnational policy makers). It has been argued in this paper that religion is a major avenue through which a multitude of individuals grapple with the consequences of globalization. By offering a rich repertoire of authenticating acts and authoritative performances, religion offers the dual promise of touching base with one's own self and finding one's place in the community. In so doing, religion has come to be viewed by many as a primary means of evading psychological deterritorialization.

In a world of itinerant tourists, migrant workers, unsettled refugees, globetrotting businesspeople, and ever expanding multiethnic diasporas, an increasing number of people are struggling to find their sense of being. There is unprecedented urgency toward regaining a sense of community. Religion offers the disenfranchised a haven (if not heaven) wherein to retreat from the intensifying assault of deterritorialization. Friedman (1999, 35) may be right in prophesizing that the challenge in the era of globalization "is to find a healthy balance between preserving a sense of identity... and doing what it takes to survive within the globalization system." Religion could indeed be the "olive tree" that offers for many the sorely needed respite from sweltering deterritorialization. At a time when millions of consumers partake in religion through authenticating acts and authoritative performances, macromarketers simply cannot afford to ignore the issues of spirituality and religion in scholarly research. Matters of the soul impact, and are impacted by, the globalization construct. We need to move beyond sales and profits in order to better understand the functioning of the global marketplace. Issues such as ecology, social welfare, morality, and religion should become integral to the globalization discourse. Only then can globalization achieve the potential to deliver on its promise of a better quality of life for a majority of the world's inhabitants.

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Retail History and the Department Store

Obviously, the department store did not invent shopping nor did it create many retailing practices that have been attributed to this 19th c. retail institution. For example, fixed prices, marked prices, visual display of merchandise, consumer browsing, among many other retail practices, have often been attributed to the “invention” of the department store in the 19th century. Claims have actually been made that some department store pioneers, such as Aristide Boucicaut (*Bon Marché*), A. T. Stewart, or John Wanamaker, among others, were the original inventors of many such retail practices (Miramas 1961, Kielty 1963, Applegate 1998).

Historical misrepresentations of the department store can be attributed to the nature of such research endeavors. The study of the department store is, by definition, an adventure into relatively unknown or unexplored territory, at least for mainstream marketing. The study of the department store requires a broadened view of marketing, which goes beyond looking only at the consumer as marketing’s *raison d’être*. It is macromarketing research par excellence, for it forces the researcher to look at this institution of marketing (i.e. the department store), and see how it came into being, who were the major players, how it affected and how it was affected by society’s other social institutions, not only here but across continents as well.

Department store research is also retail history par excellence. It behooves the retail historian to be aware of a literature that is very eclectic, intensely multidisciplinary, spread across continents, and available in many languages (mostly English, French, and German). Moreover, it is often unwise to confine the study of the department store to a narrowly-defined time period for retail developments of the present may well have been refinements of past retail practices. As Walsh (1999, p. 68) stated in reference to the origin of the department store, “rather than searching for a revolutionary break with past at some point in the nineteenth century, it is more effective to consider the subject in terms of elements of continuity and change.” While this author partially accepts this conclusion because some retail changes may well have differences of degree, others may also be differences of kind.

To date, the marketing discipline has shown a modicum of interest towards pre 20th c. retail history (e.g. Dixon 1984, 1994, 1995, Hollander 1986), including CHARM (Conference on Historical Analysis and Research in Marketing). On the other hand, retail history has preoccupied British and other European academics for a long time. A new group called CHORD (Committee for the History of Retailing and Distribution), established in 1998 at the University of Wolverhampton, is a continuation of the European tradition, along with other academic groups (e.g. Economic and Business Historical Society, and the European Business History Association). No wonder many non-marketers (i.e. social/cultural historians, architectural historians, economic and business historians, historical geographers, urban historians, labor historians, among others) are now studying the department store, a topic that is so much part of the managerial foundations of the marketing discipline.

The study of academic marketing may have started in the USA in the early part of the 20th c., as argued by Robert Bartels (1988). However, it does not follow that marketing as a practice or even marketing thought contributions began at the same time. After all, the history of retailing predates the history of marketing thought à la Bartels. It was rather unfortunate that Bartels selected 1900 as his time period for his study of academic marketing for it neglected the world of retailing that existed before, even in the US (Shaw and Tamilia 1999). His chronology of marketing thought development beginning in 1900 also missed the evolution of large scale retailing and mass marketing, which developed in the US and elsewhere from the 1850s and even before.

Retailing has been part of the making of economic society a lot longer than academic marketing’s modest beginnings in the early part of the 20th c. Moreover, the European retail sector was well established

These numbers make more sense when looking at population statistics. In 1856, Paris had a population of 1,174,346, according to Gaillard (1997, p. 134) while New York's population was more than half a million. By 1865, New York City's had a population of 900,000 and by 1870 New York's population (including Brooklyn) had reached 1,138,000. Paris had close to 2 million people in 1886. Chicago's population in 1850 was a mere 29,963 but increased to 298,977 by 1870, then climbed to over one million by 1890, two million in 1900, and by 1920, Chicago's population was over 3.5 million. At the turn of the 19th century, the population in Paris had reached 2.5 million people while in London it was 5 million and over 2.5 million in New York City. Let us not forget that the wave of new immigrants that hit the USA in the early 1900 proved to be a bonanza for department stores and business in general, with over 13 million immigrants coming to America in the first 15 years of the 20th century alone. Also, millions settled in America the last two decades of the 19th century. These new Americans settled mostly in large urban cities such as New York, Chicago and Philadelphia, and they were welcomed customers at the numerous department stores (and other stores) located in those cities. The immigration impact on the department store was more a US phenomenon and not a European one. The department store was more important as a shopping alternative for Americans than for Europeans. One hundred years ago, the world's most concentrated markets for department stores were located in the downtown business districts of Chicago and New York City. In other words, by the end of the 19th century Paris had been displaced as the consumption capital of the world.

Contemporary students tend to think that mass marketing began after WWII with the "invention" of the 4Ps paradigm and Kotlerian marketing thought. Surely the statistics presented here should convince anyone that mass marketing was alive and well during the 19th and early 20th centuries and the department store, as the world's first large scale- mass selling institution, was well equipped to meet and service the demand of an urbanized and mixed class of customers. Unlike the proverbial small retail stores of the past (i.e. mom and pop stores), the sheer size of this new institution demanded new managerial approaches and the need for new technologies to handle and service such large numbers of customers.

Customer Services and the Department Store

The department store offered new customer services never before seen in a specifically designed retail complex planned for such services as restaurants, restrooms, reading and writing rooms, libraries, quiet rooms, tearooms, sick rooms, art galleries, musical entertainment (from piano to full orchestras), cafés, beauty parlor, lost and found, telephone, stenographers, travel agency, wrapping service, decoration service, home delivery, returned goods privileges, credit, extended store hours, and so forth. Supervised nurseries eventually became a standard feature of the department store. Barth (1980) stated that William Whiteley, the London department store operator and the pioneer British department store merchant, added such services from 1872 to 1876 as a real estate agency, a cleaning and dyeing service, a furniture repair service, a hairdresser's salon, a telegraph bureau, a post office, even a funeral parlor. No wonder he was known as the "Universal Provider", the man "who will take charge of you from the cradle to the grave" (Barth 1980, p. 119). Walsh (1999) argued that some consumer services were also available in the pre-department store era. For example, serving tea to shoppers was also a service offered in some London shops in the 18th c. She then concluded that the department store simply borrowed this long established British retail tradition. However, serving tea as a refreshment in a shop cannot be compared to serving tea in a specifically designed and architecturally planned room for shoppers located on an upper floor, as was done for department stores built in the late 19th and early 20th centuries. Besides, the transfer of retail knowledge (i.e. customer services) from 18th c. London to late 19th c. America or elsewhere is speculative and needs further support.

Notwithstanding the origin of some of these services, they appealed to customers (mostly females) and they responded by coming back to shop again and again, and staying in the store for longer hours. In fact, services marketing, a sub-field of consumer behavior since the 1970s would find it interesting to study the

Department store branding was more a US marketing practice than a European one. Thus, branding (including private branding) is not a new business phenomenon and the study of the department store's use of it can provide valuable marketing lessons.

The department store was also a major source of employment for the population at that time. A. T. Stewart, Marshall Field, Macy's, among many other US department stores, were some of the nation's largest employers, surpassing in some cases those working in factories. A. T. Stewart's 1846 store had 500 male clerks, while William Whiteley had over 2,000 employees (Barth 1980). Abelson (1989, p. 248) reports that prior to 1904, 44,308 people worked in New York City department stores. In 1911, Macy's had 5,207 people working in the store and in 1920 Marshall Field had a staff of close to 15,000 employees.

Consequently, the department store's channel impact, both upstream and downstream in the distribution chain revolutionized the retail store itself, the shopping experience, availability and assortment of goods, credit policies, price awareness, media and promotional techniques, more so in the US than in Europe. In fact, the department store was perhaps the very first American business to use mechanical data processing equipment for sales analysis and other managerial needs (Forsell and Poole 1928). The department store's role in its use of computerized methods is largely unknown and is worthy of future research. The technological revolution which transformed office management in the 1880s and beyond led to the invention of many new business tools such as the typewriter, the adding machine, the filing case, the card catalogue, the tabulating machine, the telephone and switchboards, among others. The role played by the department store in the mechanization of clerical work and the spread of such products in the marketplace is still unknown.

Architecture and the Department Store

Department stores of the period created much excitement in the field of architecture due to their splendid interior design with elaborate staircases (prior to the invention of the elevator and the escalator), huge rotundas, and high ceilings with skylights. Their use of innovative building materials such as cast iron, wrought iron, steel, marble, and glass made this new type of building an architectural marvel. The exteriors were often dramatic, often towering above churches, and using new eye catching styles or building them as if they were new cathedrals (of consumption). For example, Louis Sullivan, the famed Chicago architect who built the exquisite Transportation Building for the 1893 Chicago World's Fair, built the Schlesinger and Mayer Department Store in 1899. It was the first Nouveau Art building in America, and one of the most memorable department stores ever built. This department store (now called Carson, Pirie, Scott) has been the subject of intense discussion by architectural and art historians alike to the point that the US government gave it "the status of a National Historic Landmark on 15 May 1975" (Siry 1988, p. 260). It is no coincidence that the famed Eiffel Tower built for the 1889 Exposition was built by the same engineer who helped construct the first *Bon Marché* store, which opened in 1876. Many other world famous architects and engineers were also involved in department store design and construction such as William Le Baron Jenney, Daniel Burnham, Louis Sullivan, Paul Sédille, Frantz Jourdain, Alfred Messel, Erich Mendelsohn, and even the famed Frank Lloyd Wright.

The department store evolved as the precursor of the modern shopping center with everything under one roof. William Whiteley, known as the "Universal Provider," pioneered the village shop concept. His many small shops, located in London's Westbourne Grove, is one reason why the department store eventually evolved into the modern shopping center in the mid 1900s. Yet, Walsh (1999) contends that the European arcades were the precursors of the modern shopping center. But arcades never attained the level of interest in America as they did in Europe. In America, it was really the department store that helped establish the shopping mall, partly due to the management competencies of their owners in real estate development and branch store operations in the 1950s. It is no accident that most shopping centers

1989). Today, we simply call such behavior not a disease but retail theft or shoplifting. The department store helped democratize consumption and made people more aware of the existence of a wide range of consumer goods and services known previously mainly by the rich and famous in stores the French have called *magasins de nouveautés*. Their exposure to the finer things of life made some women want goods they simply wanted or could not afford.

We do not know if such a practice in the 18th c. was an exception to the rule. Even today, some European shops, notably those in Italy, do not allow consumers the opportunity to examine the goods prior to purchase or have restrictions limiting consumers' ability to evaluate the merchandise before buying, and often goods cannot be returned once bought.

The department store layouts and merchandise assortments, especially in the US, were such that most consumers, irrespective of their social or economic background, would find something to their liking at a price they could afford. In other words, the department store recognized the importance of market segmentation and the need to cater to multiple segments, long before academic marketing espoused the fundamentals of segmentation and the marketing mix in the 1960s and beyond. Customers were free to enter the store without any obligation on their part to buy. That is why the term "window shopping" became a common expression for the masses. In fact, the term in French is rather more evocative and even sensual (*lèche vitrine*), implying that consumers would literally "lick" the display cases or the plate glass, a behavior meant to express a strong desire for the goods. Truly, this is an indication of consumers' beginning love affair with material culture. Moreover, the department store was also instrumental in the mass production (i.e. through backward integration) and selling of ready-to-wear clothes, with the result of acculturating consumers to be trendy and fashion conscious. In general, goods purchased in 19th c. and early 20th c. department stores were lower priced than those bought in other stores. Ready-to-wear clothes were no exception and these were less expensive than those made by tailors or seamstresses, and sometimes even less than those made at home using this new invention, called the sewing machine. As more women participated in the labor force, home sewing was often no longer an option and they depended more and more on store-bought clothes. Besides, such clothes were often more fashionable with a larger assortment of styles and colors difficult to duplicate at home or by tailors.

Small retailers did not welcome the department store presence in the late 19th c. because of the store's ability to sell at a lower price. Much political pressure was applied toward restricting their influence and even forbidding them (Joel 1971, Nord 1986). This anti-department store movement, which first manifested itself at the end of the 19th c. was not only a US phenomenon, but also a Europe one. Small retailers banded together and demanded government protection against the unfair competitive advantages of department stores. History sometimes does repeat itself for in the 1930s, the anti-chain store movement, spurred by small retailers, was also demanding government protection, which resulted in the passage of the Robinson-Patman Act in 1936 and the Miller-Tydings Resale Price Maintenance Act of 1937. More recently, the European anti large store movement, which began in the 1970s, has some parallel to the anti-department store and anti-chain store movements of the past. Notwithstanding the economic bias expressed against the department store, their presence accelerated the spread of many consumer items and fashions goods, from small household appliances such as toasters to major ones, such as electric refrigerators. This is an area of department store research that merits further study.

The department store was one of society's most democratic institutions and was a major force toward a more egalitarian society, especially for women and others, more so in the US than in Europe. Prior to the 1850s, the existence of a middle class, a segment crucial to the rise in importance of the department store, was slow to develop in the US, and even slower to develop in Europe (Blumin 1989). In the mid-1800s, Europe looked down on the US as a crude and unsophisticated country where culture was non-existent. America lacked museums, artists, poets, writers, architects, and did not have the splendid châteaux and palaces that adorned the European landscape as a testament of her 1,000 years of civilization. Europe was

Paris, London, Chicago, New York, St Louis, and many others. Paris became the leading capital of the world in the 19th c. precisely as a result of the various Parisian “*Expositions Internationales*” of 1855, 1867, 1878, 1889 and 1900. The 1851 London World’s Fair (officially known as ‘The Great Exhibition of the Works of Industry of all Nations’) attracted six million visitors and had 17,000 exhibitors. The 1900 Paris Exposition had over 76,000 exhibitors with 48 million visitors, or as many visitors as Montreal had at Expo 1967 (Mattie 1998). World’s fairs were a source of inspiration and ideas for owners of department stores. Many early department stores owners actually travel to them or had some of their staff visit the fairs. Some had exhibits at such fairs such as the *Bon Marché*, *le Printemps*, and *le Louvre* (Vanier 1960). Eaton’s of Canada not only had exhibits in the late 1800s at the Canadian National Exhibition (a world class, yearly event held in Toronto), but also was responsible for the visual displays of all the exhibitors in the main building (Walden 1997). World’s fairs gave department store management a chance to see new goods and how to acquire them, not unlike today’s commercial trade shows, which have become far more specialized and less entertaining and amusement venues for consumers.

Visual Arts and the Department Store

The department store used new and/or improved ways to display goods. This is not to say that visual merchandising in retail stores before the department store era did not exist (i.e. pre mid 18thc.). Quite the contrary, Shaw (1992) and Walsh (1999) discuss 18th c. British shops in London and elsewhere that made use of such visual enticement to stimulate demand. Such practices were not limited to British stores for they also existed in Philadelphia, Boston and New York during this pre-1850s period (Blumin 1989).

The use of plate glass by retail stores was probably the first visual form of merchandising ever used to stimulate demand (Marcus 1978). Their use existed before the department store came into existence. British and French merchants were probably the first in Europe to use plate glass, due to their technological prowess (Scoville 1942). As a result, the art of commercial window display was born not only for exhibiting merchandise on the street level for passerby to see, but more importantly, for inside store patrons as well. There is no doubt the department store pushed this visual art form to new heights (Leach 1989). This art form became institutionalized in 1897, with the publication of the first trade magazine devoted to the topic called the *Show Window*. Its publisher was Frank Baum, the author of *The Wizard of Oz*. Moreover, training schools were established in such cities as Paris, New York, and elsewhere “to teach commercial skills ranging from decorative architecture to commercial design and display” (Leach 1989, p. 102). These visual professionals became known as display men or window trimmers, and they even formed their own trade association, initially called the National Association of Window Trimmers of America under Frank Baum, then as the International Association of Display Men. Thus, the professional recognition of the visual merchandising function in department stores in the late 19th c. and early 20th cannot be compared to what London stores were doing in the 18th c.

Some of the shop interior designs as presented by Artley (1975), notably the Harrod’s meat display, should convince anyone of the consumer pull power of this art form. Department stores were very artistic and they were seen as an art form. Their design was a matter of pride for their owners and was the means by which they tried to achieve a competitive advantage (i.e. a positioning strategy) in an age devoid of electronic media. Moreover, department stores and art form blended very well due to department store buyers importing goods from all over the world and creating in-store culture or country theme displays popularized by such stores as Wanamaker in Philadelphia and New York, as well as Macy’s, and many others. Let us not forget that world travel or even travel within the USA or Canada was reserved for the very few. Nevertheless, families could venture into a downtown department store and visit vicariously some city, a cathedral, or some other tourist attraction on display. In some extreme cases, a Barnum-like atmosphere prevailed in a department store’s attempt to draw attention as well as to educate and entertain the public. Abelson (1989) reports a case of a popular Chicago store featuring a reproduction of a gold

now have clearer definitions of what constitutes a department store. According to Statistics Canada's official definition, a department store must sell at least three different commodity lines such as (1) clothing, (2) furniture, appliances, and home furnishings, and (3) others (i.e. cosmetics, jewelry, sporting goods, etc.). No one line can account for more than 50% of the store's total sales and at least 10% of the store's sales must come from the third (others) set of lines. It should be noted that the US Department of Commerce's definition does not correspond exactly to the Census one or to the Canadian definition (Bergmann 1987).

Notwithstanding such official definitions, we still have a problem today of how to define and classify such stores. Are discount stores department stores? The department store industry tends to distinguish itself from the discount department stores even though the official definitions do not make any clear distinction between the two. The terms "junior", "discount" or "promotional" department stores are not official definitional terms recognized by Statistics Canada, the official census agency. French writers have used the term *grands magasins*, often capitalized, as if to give them a special status. *Les magasins de nouveautés* have also been used in the past. These were the precursors of the French department store that came into being in the 1850s. *Les Trois Quartiers*, founded in 1829, was known as a *magasin de nouveautés* ou *magasin de frivolités et de modes*, (i.e. fashion novelties) selling mostly fabrics and "articles de mode", (i.e. fancy goods for women), but certainly was not selling furniture, toys, jewelry, and other assortment of goods we tend to associate with a department store. Nor were such stores selling many ready to wear clothes or other products. The expression *Grands magasins de nouveautés* has also been used. It is interesting to note that in her list of 75 *magasins de nouveautés* established between pre-18th century and up to 1868, Tétart-Vittu (1992) included the Parisian department stores as part of the group. The more modern French expression is *les magasins de grandes surfaces*, *les grandes surfaces*, or simply *la grande distribution*. However, even now, such *grandes surfaces* are not to be confused with *les hypermarchés* or even large-scale supermarkets (or warehouse or combo stores) which are also *grandes surfaces* retail stores with their very large assortments of goods all under one roof.

According to Resseguie (1964), the A. T. Stewart's *Marble Palace*, which opened in New York City in 1846, was the cradle of the department store. But to what extent was Stewart's store more like a *magasin de nouveautés* than the world's first prototype of a department store, at least initially? It is interesting to note that European scholars say that the birth of the department store originated with Aristide Boucicaut's *Bon Marché*, established in Paris in 1852. Some American historians have challenged this historical truism especially due to the "discovery" of the A. T. Stewart's 1846 *Marble Palace* (Resseguie 1962, 1964, 1965). Recently, Tamilia and Reid (2003) have also challenged this European myth and have concluded that it was A. T. Stewart and not the *Bon Marché* that was the first department store prototype, in agreement with Resseguie who had first suggested it almost forty years ago. Of course, who was first is really not that important, as long as the debate leads to more fascinating retail historical studies on this important social and business institution. After all, the department store helped change marketing management practices, which are still with us to this very day. The history of the department store also shows the extent to which marketing is a social process. The macromarketing implications of the department store are so abundantly evident throughout its evolution. The department store helped transform the distributive sector of the economy in the 20th c. and beyond, not only in Europe and America but also as a globalizing cultural and economic phenomenon.

Decline of the Department Store

The growth of suburbs proved to be one of the department store's downfalls. Over time, the downtown store lost its competitive edge and consumer appeal to new forms of urban retailers such as the supermarket, the chain store, and the more specialized retailers, most of them located away from the core business districts of cities (Rachman and Fabes 1992). Many other reasons caused the department store to lose its competitive edge, such as traffic congestion in downtown areas and the difficulty of finding

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Scale Economies of Consumption: Some Macromarketing Considerations

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Abstract

The purpose of this paper is to examine the application of scale economies to the question of retail market formation, and to consider whether insight is provided to questions of macromarketing by examining the scale economies of consumption. An examination of retail consumption in three states provides evidence for localization scale economies of consumption, as well as agglomeration scale economies and diseconomies of consumption.

Introduction

This paper attempts to apply thinking about scale economies of production to the phenomena of consumption, and to examine the implications of this thinking for macromarketing. Scale economies come in two forms, internal and external. Of greatest interest to macromarketers should be external scale economies—those that arise from factors beyond the control of any given firm. Recent advances in our understanding of the effects of external scale economies of production raise insights and questions for understanding the process of consumption, and for channels of distribution. The purpose of this paper is to examine the application of scale economies to the question of retail market formation, and to consider whether insight is provided to questions of macromarketing by examining the scale economies of consumption. The notion of external scale economies applied to consumption patterns at the county level reveals four kinds of externalities resulting from consumption: localization scale economies of consumption; agglomeration scale economies of consumption; diseconomies of consumption; and what might be called diseconomies of non-consumption. Consistent with Hunt's (1977) definition of macromarketing, this paper considers the impact and consequence of marketing systems on society, and the impact and consequence of society on marketing systems.

What are Scale Economies?

Scale economies are reductions in unit costs that result from an increase scale of operation (Samuelson and Nordhaus 1988). Normally, "economies of scale" is assumed to mean *internal* scale economies, i.e., scale economies that result from increases in plant size or improvements in process because of increases in the scale of production (Berry, Conkling and Ray 1997). As well, the phrase "scale economies" usually assumes the notion of *production*. Traditional economics has focused on the theoretical implications of internal scale economies of production. Management science, operation and manufacturing science, and much of managerial marketing extend this thinking, both in theory and applications, creating applied maximization of these theoretical considerations.

External Scale Economies of Production

By contrast, external scale economies are increasing returns accrued by a firm because of its location in a metropolitan area, or near other firms of the same industry (Berry, Conkling and Ray 1997).

urban areas. Examination of 2,770 manufacturing firms finds that urban firms are more likely to export (a measure of efficiency and global integration) than rural ones, and that firms in concentrated industries were more likely to export than those in less concentrated industries (Author 2003). Further, these effects vary by firm size. External scale economies are most important for small (20-100 employees) and very small firms (fewer than 20 employees), but are not important for larger firms. Larger manufacturers appear to have the ability to internalize the external scale economies afforded by geography. This generates policy questions for both rural and urban officials. In particular, rural areas tend to be left behind in the globalization process unless they are willing to become “company towns” for large manufacturers, while policy makers in urban areas cannot separate the costs of urban growth and sprawl from benefits of global trade.

Scale Economies of Consumption

Left unanswered is the question of whether similar external scale economies can be found at the other end of the channel of distribution. That is, are there external scale economies of consumption, as well, and what externalities arise because of their existence?

Internal Scale Economies of Consumption

Internal scale economies of consumption – the consumption effects of household size and organization – have been a question of interest to the Bureau of Labor Statistics since the 1980’s (Nelson 1988). Internal scale economies for households are proposed to stem from three sources. First, some goods and services are “public” within the household (e.g., electric lights in a room), regardless of household size. Second, there are increasing returns to production for some household goods and services. For example, the presence of an additional person adds relatively little to the time costs of cooking a meal, and the total time-and-money expense per person will drop with household size. Third, larger households have the ability to take advantage of bulk discounts in purchasing (Nelson 1988). The internal scale economies of consumption perspective has been used to understand “household income equivalence scales” (Nelson 1988; 1993; Donaldson 1992), and as a result to calculate both levels of poverty and appropriate transfer payments. Consumption scale economies mean that the definition of poverty for a family of four is not twice that of a family of two; nor is the welfare payment to a family of four twice that of a family of two. Nelson (1988) argues that if larger households benefit from increasing returns to scale, then welfare payments should decrease per household member to maintain income equivalence with smaller households. The technical question for policy makers is calculating the returns to scale of household size.

External Scale Economies of Consumption

Meanwhile, the metaphor of external scale economies of consumption has been left unexplored. Consistent with the “new” economic geography, two forms of external scale economies are proposed. *Agglomeration* effects occur when a variety of retail establishments aggregate to offer the greatest retailing options to consumers. Agglomeration reduces the time costs of consumers by increasing variety and selection, as well as attracting “out shopping” behavior from rural areas. Variety reduces search costs for consumers interested in minimizing the costs of the market basket. Myrdahl’s (1957) circular causation emerges here, as well, where more consumers attract more merchants, and more merchants attract more consumers. So long as the dis-economies of congestion are not overwhelming, consumers are willing fight the traffic in the mall parking lot, even on the day after Thanksgiving, to benefit from greater selection and lower search costs.

As well, *localization* occurs when retailers of the same industry group together, be they auto dealers, restaurants, or theme parks. While this increases competition among them, all firms benefit from

hotbed of antiques and arts-and-crafts, and draws in a great deal of retail activity from these industries. Most rural counties exhibit the effects of out-shopping.

Findings and Conclusions

Examination of aggregate retailing patterns in Colorado, South Carolina and New York finds evidence of external scale economies of consumption, both agglomeration effects and localization effects. Urban centers benefit from agglomeration scale economies of consumption, possessing a disproportionate number of retail establishments and receiving disproportionate sales revenue. Suburban areas do not demonstrate similar benefits. Suburban counties attract residents, but not retail, out-shopping or tourist dollars like urban areas. Most rural counties lose more retailing dollars to urban areas than they gain back. Some rural counties generate retail sales disproportionate to their populations, but they either have some natural advantage (e.g., mountains, ocean or other natural beauty) or fall along interstate highways. One can imagine that in the latter case the benefits of localization do not stray far from the interstates themselves. Limited evidence exists, as well, that concerted efforts by a county to create a consumption image (e.g., arts and antiques in Steuben County, New York) generate localization effects. If South Carolina is typical, however, population shifts from rural counties to urban counties create diseconomies of non-consumption for most rural communities. This is consistent with theoretical expectations of external scale economies of production (Fujita, Krugman and Venables 1997), which suggest that once the process of population movement is set in motion, market forces alone will neither stop nor reverse the trend.

Why should macromarketers care? First, macromarketing has a long tradition of exploring the externalities (particularly negative externalities) of market transactions (c.f., Klein 1977; Nason 1986; Meade and Nelson 1991). "External effects occur as a result of every transaction. Thus, as externalities grow in frequency and severity, the diverse impacts of them must be understood, analyzed, and coordinated so that public policy can be developed to deal with those aspects deemed important and actionable" (Nason 1986, p.284).

External scale economies of consumption fall within the categories of externalities, though in ways differently than normally conceived. Although Klein (1977) points out that externalities can be either positive or negative, more effort has been focused on negative externalities of transactions (environmental, social, economic and human costs) than their positive counterparts. External scale economies can be either positive or negative, depending on the geographic and demographic circumstances of a market. Additionally, we normally treat externalities as consequences of market transactions. In this case, external scale economies tend to be antecedents to market activities.

The issues of interdependence, characteristic of externalities, are no less important, though. Rural communities that benefit from agglomeration scale economies of consumption do so by trading off natural beauty for economic development. Economic growth for skiing or beach communities requires additional ski slopes, beach front erosion, etc., enjoyed by consumers of the "natural" experience, who use the facilities but do not stick around to absorb the hidden costs of ecological change. Urban communities benefit from agglomeration scale economies, but like agglomeration scale economies of production, it comes with the price of urban growth, and the accompanying growth pains – civil, environmental, social and the like. In their extreme, the warning signs of these pains can be found in Queens, Brooklyn and the Bronx. Retail sales and the taxes they generate to maintain necessary social services are not proportionate to the population they must serve. Rural communities without natural competitive advantages lose one end of the channel of distribution (retailing) as a mechanism for economic growth. These are communities that can least afford to have one economic hand tied behind their backs.

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Figure One
 % Retail Sales as % Population: Colorado

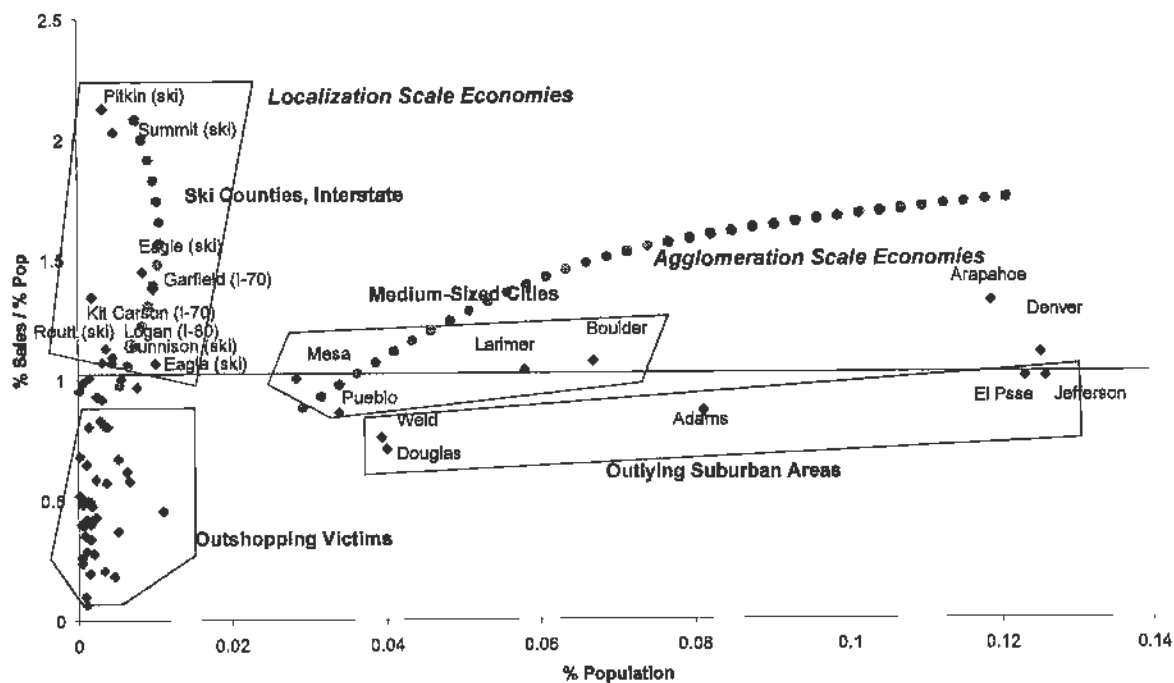


Figure Three
% Retail Sales as % of Population: South Carolina

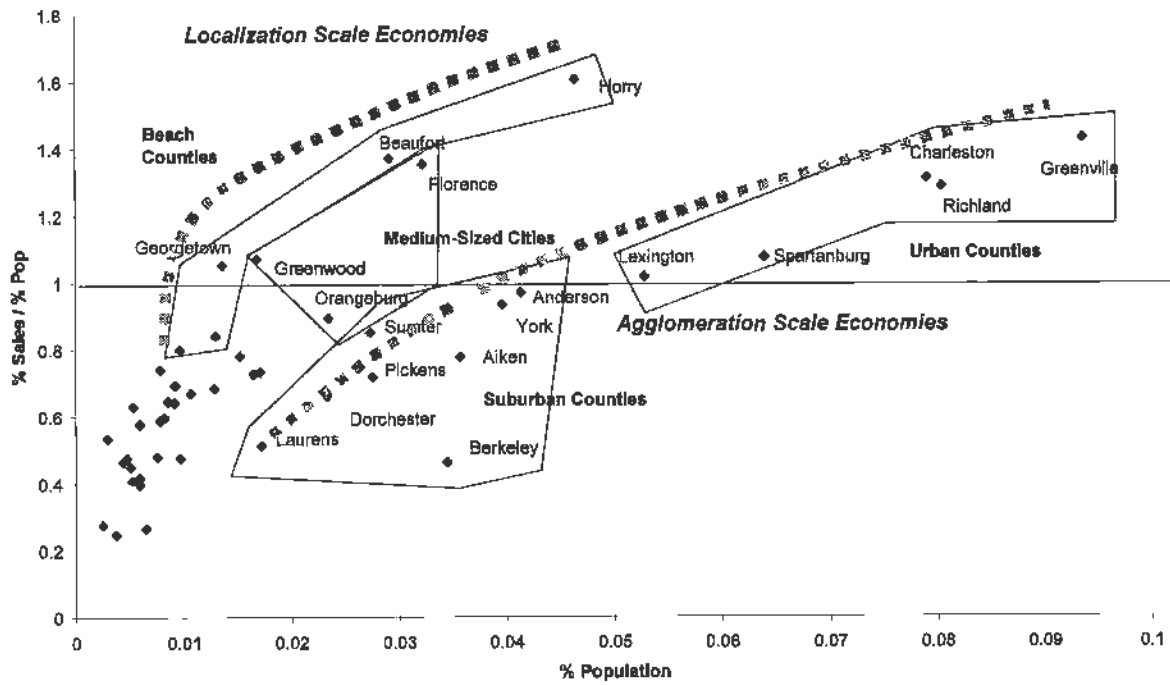
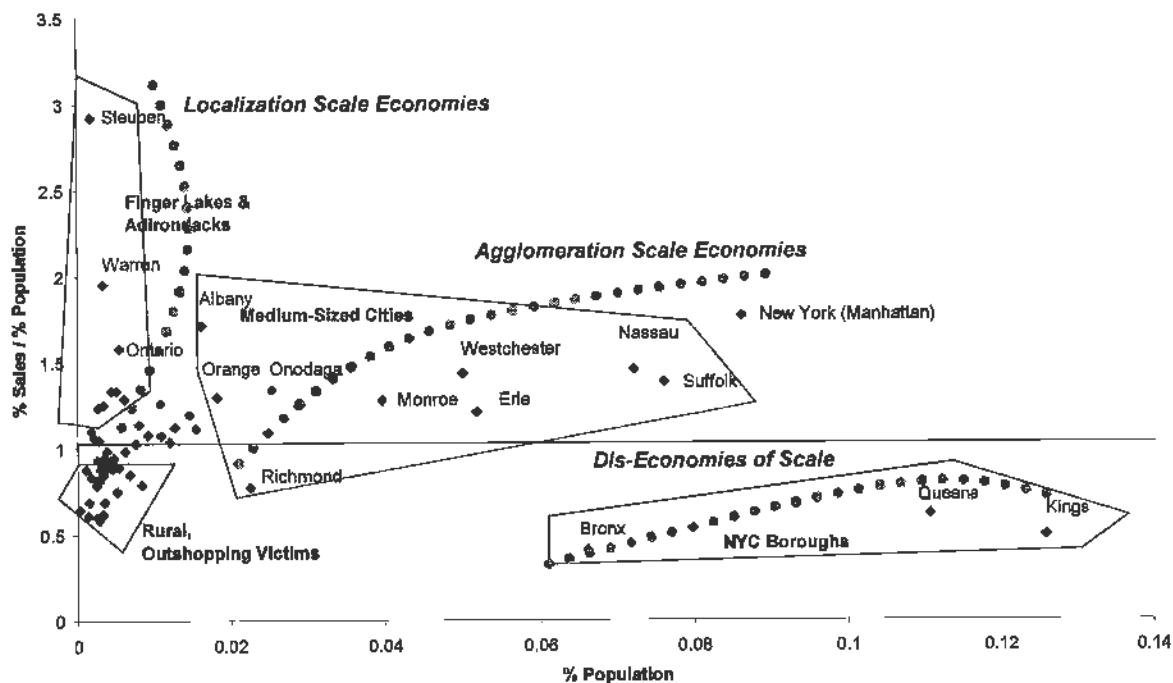


Figure Five
 % Retail Sales as % of Population: New York



What Would Jesus Drive?: Frugality Sermons in American Consumer Culture

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Abstract

The anti-SUV media campaigns of 2002-2003 are just the latest episode in a long American tradition of preaching frugality. Frugality “sermons” – publicly criticizing excessive consumerism and advocating more prudent and high minded consumption – reveal a conflict of values whose outcome today may have real consequences for world resource depletion and global warming. To better understand the phenomenon, this paper examines frugality sermons from six different periods: Colonial, Antebellum, Gilded Age, Great Depression, World War II, and Postwar. Some implications of this history are discussed in the final section.

Introduction

In the Fall of 2002, a small group of concerned Christians calling itself “The Evangelical Environmental Network” launched a media campaign built around the headline “What Would Jesus Drive?” An advertisement published on their website and in *Christianity Today* juxtaposed an image of Jesus at prayer with a photo of freeway congestion (Figure 1). The copy attacked car pollution for the illness it causes and for its contribution to global warming. The appeal concluded as follows:

Transportation is now a moral choice and an issue for Christian reflection. It’s about more than engineering—it’s about ethics. About obedience. About loving our neighbor. So what *would* Jesus drive?
We call upon America’s automobile industry to manufacture more fuel-efficient vehicles. And we call upon Christians to drive them.
Because it’s about more than vehicles—it’s about values (WWJD 2003).

This rhetoric doesn’t explicitly accuse owners of gas guzzlers of immorality, but the implication is not far below the surface. Similar criticism – the “Detroit Project” ran television ads that linked driving an SUV with supporting terrorism (Detroit Project 2003) – was circulated in early 2003 by environmental activists and assorted gadflies (Armstrong and Welch 2003; Beam 2002; Huffington 2002). These campaigns received extensive news coverage, which soon generated heated reaction from SUV owners and conservative pundits (see, e.g., Kennedy 2003; McNamara 2003).

This flurry of public scolding is just the latest of many episodes in which critics have preached the need for more frugality in America’s consumption. As used here, frugality means being disciplined and resourceful in product and service acquisition, use, and reuse (Lastovicka et al. 1999). Frugality does not imply rejecting one’s material culture for voluntary deprivation, but consuming carefully and thoughtfully. Frugal consumers make short-term sacrifices to achieve longer-term goals. The word “sermon” is not limited to religious instruction – although many frugality discourses have come from clergy – but more generally refers to any serious public, and frequently controversial, exhortation on the ideology and morality of excessive spending and consuming. Analyzing frugality sermons historically

brings new insight into the development of mainstream American consumer culture by taking the perspective of its sometimes vocal opposition. Moreover, the time may be ripe for renewed scrutiny of the ideology that supports current U.S. consumption patterns.

The United States has created a formidable consumer society. On the United Nations Human Development Index, America ranks sixth overall and second in GDP per capita (United Nations Development Programme 2001), and few consumers anywhere have as many opportunities to buy such a wide variety of goods and services at such reasonable prices on easily obtained credit. However, current trends in American consumption may not be sustainable over the longer term. By most measures, the United States consumes more, both in the aggregate and per capita, than any other nation. America's environmental "footprint," the amount of land required to support one person, is 12 times larger than that of India, a developing country, and 50% larger than that of the Netherlands, another rich country (Hart 1997). Americans are known for having larger houses, automobiles, refrigerators, and even restaurant portions than consumers in most other countries. With accumulating evidence implicating carbon dioxide emissions as a factor in global warming, the U.S. generated 20.5 metric tons of CO₂ per capita in 1995, compared to 14.8 tons for Canada, 10.3 tons for Germany, and 9.0 tons for Japan (United Nations Development Programme 1998). American patterns of consumption have taxed natural resources, contributed to problems of waste disposal, and led to reliance upon undemocratic foreign nations for oil imports. Partly to maintain their preferred consumption standards, U.S. households now have the lowest savings rate as a percent of disposable income of any big country (Popper 2002), and American consumers have developed a large appetite for borrowing stoked by aggressive credit card companies and lax bankruptcy laws (*Economist* 2002).

This paper contends that the ideological underpinnings of American consumption are an issue worth revisiting, not only because the topic is challenging intellectually, but because the behavioral consequences of this way of thinking may be contributing significantly to worldwide environmental problems, especially global warming. The position taken here is not intended to be alarmist – some environmental claims deservedly breed skepticism (Lomborg 2000) – and makes no specific public policy recommendations. Nevertheless, it would seem prudent to learn as much as possible about the value system supporting America's resource intensive consumer culture. More scientific evidence may indicate that not all consumption practices (e.g. high per capita energy use, reliance on private automobiles, excessive consumer packaging, and short-lived throwaway goods) that follow from this ideology are sustainable and, hence, may have to be changed eventually. One way to investigate American consumerism, therefore, is through a narrative history of the public criticism and debate it has generated for over three centuries.

Colonial Frugality Sermons

For many decades after the first English settlements of the early 17th century, frugal consumption was a necessity. Europeans and Africans crossed the Atlantic with few possessions and, in this pre-industrial age, it took them years to accumulate a store of material goods that could be passed on to the next generation. Settlers on the frontier needed to grow most of their own food, make most of their own clothing, and build their own houses and furniture. Tools and other useful objects had to be repaired and re-used as long as possible. Even the wealthier merchants in the north and planters in the south, maintained a rather plain style of living well into the 1700s (Witkowski 1989).

Frugality was also a moral virtue and to some a religious injunction. Drawing from a western Judeo-Christian tradition skeptical of excess in acquisition, Puritans and Quakers, for example, favored productive work for the benefit of society and frowned upon consuming more than necessity required (Shi 1985). A person was supposed to be thrifty:

items. In other words, some women were adopting the propensity to consume characteristic of modern consumer culture (Slater 1997).

Antebellum Frugality Sermons

By the middle of the 19th century, the U.S. economy was considerably larger than it had been in the Revolutionary period and quite literally gathering steam for even faster growth in the future. Material conditions were rising steadily for many, but far from all, Americans, and middle-class women were becoming increasingly active as their households' purchasing agents and mavens of domesticity (Witkowski 1999). Distribution was spotty and advertising remained primitive, but a few bold retailers, like New York's A.T. Stewart, were beginning to experiment with more opulent and larger-scale merchandising formats that would soon evolve into full-fledged department stores (Benson 1986; Resseguie 1964).

Frugality sermons of the antebellum period took several forms. Those preached in the 1820s and 1830s by the revivalist, Lyman Beecher, advocated a conservative, moralistic "Christian simplicity," a throwback to the Puritan era. Beecher worried about materialism undermining the established social order (Shi 1985). Harris (1981) contends that during this mid-century period, criticism of consumption began shifting from a moralistic disapproval of the upper classes buying luxuries to a concern about working class consumers unable to restrain themselves from purchasing the increasingly alluring array of goods presented in stores. Other voices stressed a frugal domesticity. In his essays and architecture, Andrew Jackson Downing, advocated utilitarian cottages and farmhouses for the people and unostentatious, moderate homes for country gentlemen. Magazines, such as *Godey's Lady's Book* (founded in 1837), instructed middle-class women on how to tastefully furnish and manage their houses (Shi 1985).

Perhaps the most interesting ideas came from the philosophers, Ralph Waldo Emerson and Henry David Thoreau, who endorsed in their lectures and writings a more spontaneous, liberating, and romantic "transcendental simplicity" (Shi 1985). Emerson, who himself lived comfortably and genteelly, saw frugality as a means to a higher end: "Economy is a high, humane office, a sacrament, when its aim is grand; when it is the prudence of simple tastes, when it is practiced for freedom, or love, or devotion" (cited in Shi 1985, p. 133). Thoreau's sojourn at Walden Pond in 1845-1847 taught him to value self-sufficiency in raising food, making clothes, and building shelter. High thinking was preferable to high living.

Mid-century genre artists, who depicted the nation's ordinary people and the vicissitudes of their everyday lives, also began commenting on the morality of buying (Witkowski 1996). This theme was explored in several paintings by Francis W. Edmonds (1806-1863), a New York banker by profession, who was also a talented artist influenced by early Dutch genre scenes (Clark 1988). *The New Bonnet* (1858), perhaps his most visually striking work, tells the story of a young woman raptly admiring her just delivered acquisition, while her parents, when presented the bill of sale, give a horrified reaction to their daughter's "extravagance" (Figure 2). The relatively simple dwelling and plain dress of the older couple – not to mention the presence of a forlorn little delivery girl in the doorway – are contrasted with their daughter's more stylish appearance and buyer's rapture. Once again, frugality with things is positioned as a moral opposite of consumerism. Edmond's painting echoes concerns about unbridled female purchasing, but clearly shows some admiration for the object in hand. The work is not judgmental and seems to ask the audience to draw its own conclusions about consumerism. Equally important, the artist connects consumption, for better and for worse, with private, bourgeois domesticity (Slater 1997; Witkowski 1999). Thus, the evolution of American consumer consciousness passed another important milestone.

Thorstein Veblen. In his *Theory of the Leisure Class*, Veblen (1899) wrote a scholarly, but highly influential frugality sermon that combined social criticism with new insights from economics and cultural anthropology. His theory contended that consumption became grossly conspicuous in order to create invidious distinctions and mark status. Veblen also explained how women had been transformed historically from domestic laborers to household consumers. Those men who could afford it paraded their finely attired females in public as gaudy signs of their commercial or professional success. The more visible idleness these wives and daughters enjoyed, the greater their symbolic value. The image of well-dressed women at leisure appeared in a number of works by American painters around the turn of the century. This social pose irritated Veblen who had a high regard for productive work.

Depression Frugality Sermons

The Great Depression presented a serious challenge to the consumption patterns established during the booming economy and exuberant popular culture of the previous decade. With wages down and unemployment rates averaging 17.9 percent between 1930 and 1940, many people were forced to greatly lower their material expectations and to scrimp wherever they could (Hill, Hirschman and Bauman 1997). Although the 1930s saw increases in the percentage of U.S. households with inside flush toilets and electric lighting and appliances, many families still lacked a modern consumer infrastructure.

Thirty-three percent of all Americans had no running water in 1940, 67 percent had no central heat, 47 percent had no built-in bathing apparatus in their homes, 48 percent had no interior access to automatic or other washing machines, 48 percent had no refrigerator, and 33 percent cooked with wood or coal (Green 1992, pp. 7-8).

In 1942, 58% of all U. S. families owned at least one automobile (55% urban v. 69% farm), a percentage about the same as in 1930 (60%) and more than double the 1920 figure (26%) (Lebergott 1993). The 1930s did see continual development of mass audiences for radio, the movies, and professional sports whose stars were lionized by the mass media (Green 1992).

A new frugal sentiment emerged and was expressed through condemnations of 1920's greed and ostentation, excessive consumer credit, "waste" in manufacturing, and "immorality" in the movies (Cross 2000). The Marx Brothers and Three Stooges, among others, loved to twit the pompous rich. Although advertising by nature boosts consumerism more than frugality (savings bank, investment, and insurance companies being important exceptions), depression-era advertisements began to echo and play upon public concerns about economizing, job security, and day-to-day survival. More and more ads started to emphasize price and mention the competition. Clenched faces and clenched fists, a visual cliché of many advertising tableaux, mirrored consumer anxieties as well as a mythic determination to somehow prevail over adversity (Marchand 1985).

The advertising industry discussed the threat posed by frugality in its trade publications, where writers complained about hoarders, a "buyer's strike," and "consumer constipation." The gloomiest prophets worried about an impending collapse in the consumption ethic:

Columbia professor Walter B. Pitkin warned in 1933 and 1934 of a potential "return to the primitive, a back-to-the-soil type of living" that would disdain progress and "the finer things." "Millions of rising consumers" might well relinquish "what we now consider the American standard of living," he declared. . . . Hart, Schaffner and Marx tried to re-stimulate the buying instincts of men who were becoming accustomed to "skimping" on themselves, and American Telephone and Telegraph worried that people who gave up on their phones during the depression years might lose the "telephone habit." Not only had it become the fashion to be thrifty, complained advertising writer, Roberts Updegraff, but

Figure 3
World War II Frugality Posters



3a. Weimer Pursell for U.S. Office of Price Administration, 1943



3b. U.S. Office of Price Administration, 1942.

influence, less materialistic, less compulsive in buying, and more price and value conscious" (p. 96). Interestingly, their frugality scale was not related to their measure of ecocentricity.

Some of the most political frugality sermons recently have been published in *Adbusters*. Based in Vancouver, but with two-thirds of its readers in the U.S., this magazine and its website – www.adbusters.org – not only espouses an anti-consumerist ideology, but organizes local, grassroots activities to resist the hegemony of the dominant consumerist ideology (Rumbo 2002). This "culture jamming" includes attempts to place spots with anti-consumption messages on network television, an annual "TV Turnoff Week," and a "Buy Nothing Day" on the Friday after Thanksgiving, the busiest shopping day of year in the U.S. (Figure 4). *Adbusters* has also encouraged company and industry boycotts and has discussed the defacing of outdoor advertising or "billboard liberation." Less stridently, the PBS program, "Affluenza" and its sequel "Escape from Affluenza," diagnosed an "epidemic of over-consumption" and provided viewers with teaching and program guides for changing consumer behavior (Affluenza 1998).

Discussion and Implications

A Comparative Note

In a learned account of his travels in the U.S. titled *America Seen Through German Eyes*, the distinguished editor of the *Frankfurter Zeitung*, Dr. Arthur Feiler (1928), wrote:

Waste is the outstanding motto of the American economic system, just as it is typical of all colonial economic systems. Natural resources are more than plentiful, but human beings, who could turn them into useful products, are scarce. Raw materials are cheap, but the labor necessary to produce and finish them is all the more expensive. Over and over again, therefore, one observes a waste of raw materials, a waste which is incomprehensible to a European and especially to a German, whom the rationing system of the War and the poverty of the post-war years have taught economy to the point of stinginess. (p. 9)

Feiler's comments provide an economic explanation for the origins of resource-intensive American production and consumption patterns that continue to the present day. America's heritage of abundant natural resources has influenced the national character (Potter 1954) and has led to a mindset where, for many consumers, waste is unremarkable. In contrast, the history of Germany and perhaps of Europe in general, especially the privations of the first half of the 20th century, has created a much more frugal attitude toward consumption or, in other words, a different formula for consumerism. Europeans put less stress on producing and consuming typical goods and services in order to have more time for leisure, educational, and cultural activities (Etzioni 1998), and are more willing to accept limits on their consumer sovereignty for the sake of the community (Brownstein 2003). Systems of consumer values and customary behaviors established in the past appear to be quite durable over time. History matters.

Historical Continuities

Several ideological threads connect the different frugality sermons discussed above with the most recent anti-SUV campaigns. These continuities reveal some of the cultural forces underlying and opposing present consumption in the U.S.

1. Religion and morality. From the 17th century proponents of the Puritan and Quaker ethics to today's Evangelical Environmental Network, frugality has had a religious and moral dimension, where caution with material things honored God and preserved His creation. Yet, the stern vision of these jeremiads has

never been a serious competitor, in a free society, to the simple pleasures of consumption. For a couple of hundred years, the majority of the American faithful have seemed quite content to let their consumerist and religious lives coexist peacefully. Indeed, religion and commerce have had a long acquaintance in the U.S., where various denominations have often been marketed as vigorously and as skillfully as any other product or service. A few Protestant congregations today, as well as the Black Muslims, even preach a gospel of material success attractive to the lower middle classes, among others. Linking Jesus to resource conservation may have limited resonance in the current political environment because so many fundamentalist Christians, the so-called "Religious Right," have become loyal foot soldiers in a Republican Party whose present leadership and platform are not entirely sympathetic to environmental issues. Chevrolet, maker of the notorious Suburban SUV, has courted religious conservatives by sponsoring a Christian concert series (Hakim 2002). Perhaps the WWJD campaign and similar messages will appeal to more socially moderate Protestants, Catholics, and Jews.

2. Politics and patriotism. Frugality has been used as a battle flag for political partisans. During the Revolutionary era, and for many years thereafter, it represented an important character trait of "republican" citizenship, an ideal favored by the founding fathers and their generation. During World War II, frugality was a patriotic emblem that gave the home front a greater sense of participation in the war effort. In recent years, the SUV has become an symbolic lightning rod for forces from the left, who deplore its environmental consequences, and for forces on the right, who defend it vociferously and, in turn, scoff at the claims of the critics. By linking alleged over-consumption of gasoline to the support of terrorism, the anti-SUV campaigns – borrowing a page from some dubious post-9/11 anti-drug campaigns – latch on to patriotism as a rhetorical tactic. Environmentalists and other liberal moralizers can thereby outflank conservatives on the issue of national security. Whether this ploy will convince SUV owners, who consider themselves as pro-American as the next person, to give up their trucks in favor of a fuel-efficient hybrid vehicle is doubtful. And, as the purchasing of Olympic Games memorabilia – or flags after 9/11 – suggest, Americans feel comfortable expressing their love of country through acts of consumption.

3. Individual v. collective consumption. Frugality sermons reveal a dialectic in American consumer culture between private and public consumption. The colonial and frontier experiences, with their isolation and demand for self-reliance, fostered a brand of hyper-individualism (Potter 1954). Protestant and Enlightenment thinking favored an individual's own soul and personal ability to reason. When expressed in the modern marketplace, these national character traits have put primacy on the consumer and his or her own choices. Rising affluence has created even more consumer individualism. American society has become a place where more and more people choose to live alone, drive their own cars, watch their own TVs, and eat their meals at the times most convenient for their hectic schedules (Cross 2000; Putnam 2001).

Although frugality sermons often reflect on individual behavior – think about Thoreau living alone at Walden Pond or the range of personal lifestyle options in the voluntary simplicity movement – they also call for collective consumption projects, such as the boycotts during the non-importation movement or the recycling and energy conservation drives during World War II and the 1970s. Consumer sovereignty sometimes needs to be sacrificed for the common good. History shows that these adjustments can be successful in times of crisis, but only temporarily, and that consumers returned to their old ways as soon as they were able to do so. Americans have put a high premium on the exercise of personal freedom (Brownstein 2003), which has been equated with the freedom to buy. The anti-SUV campaigns draw from ideas of individual morality, while at the same time trying to implement collective solutions through government mandates calling for more fuel efficient vehicles. Thus, the latest frugality sermons are trying to straddle two conflicting value systems.

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list of the top three sports in countries such as Mexico, Brazil, Britain, France, Spain, Germany, Greece, Romania, Russia, China, South Korea, Japan, and Malaysia, but the top three sports in the US are American football, basketball, and baseball (*The Economist* 1998).

Regarding television viewing of all sports, Gardyn (2001) reported that 91 percent of Americans say that they watch sports on television; South Koreans (96% of adults) and urban Chinese, Russians, and Thais (all with at least 95% viewership) watch even more sports on television. Other cultures are less likely to watch TV sports, as only 68% of Taiwanese adults and 76% of Turkish adults say that they watch sports on television. Nevertheless, these numbers indicate considerable interest in sports. Table 1 summarizes some television viewership-rates across sports.

Table 1
Sports Television Viewership Across Countries*

Soccer	Basketball	Baseball	American Football
Brazil 57%	Philippines 59%	Japan 45%	U.S. 33%
Colombia 53%	Taiwan 20%	South Korea 26%	Canada 11%
Saudi Arabia 52%	U.S. 13%	Taiwan 12%	Mexico 7%
Overall 22%	Overall 8%	Overall 8%	Overall 8%

*Numbers are percentages of countries' residents who watched the sport (Gardyn 2001).

This passion and concomitant media exposure make professional sport an opportune venue for paid sponsorship (e.g., Tavassoli, Shultz, and Fitzimons 1995). Both passion and sponsorship will grow as countries such as China and India continue to develop their economies and have more leisure time and disposable income. Furthermore, as literacy levels continue to improve, as exposure to the world media via cable/satellite channels grows, as sponsorship of teams by global companies continues to expand, and with the increasing size of the youth market in most developing countries, we will likely see increased homogenization in terms of global professional sports. Also, increase in counterfeit sports paraphernalia for teams involved in global sports will likely coincide with the rate of growth in professional sports worldwide. This will come at considerable cost to those who hold the property rights to the logos, brands, and other proprietary items associated with those teams and perhaps their sponsors.¹

Globalization of Sports – The American Perspective

Leadership in the professional sports in the United States is well aware of the need to attract markets on other continents. American football, probably the least universal of the major sports in the US, has developed a summer professional league in Europe and has held exhibition games in Japan, Europe, and Mexico.

¹ There is the possibility of free riding for some sponsors, however. Consider the case of FC Bayern Munich, one of the world's most popular soccer teams, sponsored by T-Mobile and Adidas. A brand pirate could manufacture a shirt, which legally only could be manufactured by Adidas. The pirate could place both the Adidas and T-Mobile logos on the shirt. If the shirt sold, it could come at a cost to Adidas, but could possibly benefit T-Mobile, presuming the pirate produced a quality image of the T-Mobile logo. Incidentally, FC Bayern administers a website in both German and English, to expand their global reach and to help sell the multiple products available for purchase through website (see www.fcbayern.de). Pirates in Southeast Asia also have access to this site and the manufacturer based on the designs seen thereon (Shultz 2003).

Product Counterfeiting

The International Chamber of Commerce estimates that counterfeit products account for 8% of world trade (Freedman 1999). Recent academic research has dealt with several aspects of product counterfeiting: ethical issues (Gutterman and Anderson 1997; Jain 1996; Nill and Shultz 1997; Shultz and Saporito 1996), different cultural perspectives (Mittelstaedt and Mittelstaedt 1997), what firms can do to protect their brand equities (Green and Smith 2002; Shultz and Saporito 1996), and why consumers seek counterfeits volitionally (Bamosy 2002; Bloch, Bush, and Campbell 1993; Cordell, Wongtada, and Kieschnick 1996; Gentry, Putrevu, and Shultz 2000; Gentry et al. 2001, 2002; Grossman and Shapiro 1998; Nia and Zaichkowsky 2000; Rice 1996; Wee, Tan, and Cheok 1995; Wilke and Zaichkowsky 1999). The findings indicate varying levels of acceptance of counterfeiting across and within cultures, along with different levels of persecution for those involved in the sale of fakes. For example, Singaporeans reported being less interested in buying fakes and also having more difficulty in gaining access to them within the country than did Malaysians and Indonesians (Gentry et al. 2001, 2002). The quality of counterfeits was found to constitute a continuum from the obvious fake to a level comparable to the genuine item (in the case of production overruns showing up in the night markets; Gentry et al. 2001).

For the purposes of the issue at hand (counterfeit sports paraphernalia), we will not differentiate between seconds, overruns, high quality counterfeits, and low quality counterfeits (nor levels in between). For our purposes, it is the mere presence of lower-priced sports apparel that will be purchased more readily and that will serve as free promotion of global professional sports. Please note the interaction of two important issues: the systemic nature of sports' global diffusion and the possibility of social traps for various stakeholders in the process. For example, in the case of the NBA, multiple stakeholders and brand-owners must cooperate: the NBA, Nike, Adidas, the players' union, broadcast companies, team owners, players themselves who may be "brands", e.g., Michael Jordan and Kobe Bryant. There are numerous buyers, sellers, and stakeholders in the marketing system that contribute to the product, the global market and consumption of the NBA. As suggested in footnote 1, some of these entities actually may profit when others produce and distribute counterfeit items, but it is not entirely clear that there is a long term cost to all stakeholders from such free riding. It is possible that tacit approval of such free riding will actually benefit all stakeholders in the long run.

The Role of Counterfeiting in Diffusion Processes

We believe that the availability of non-licensed sports paraphernalia in developing countries may accelerate the rate of diffusion of global professional sports, to the long term benefit of most stakeholders in that marketing system, who hold intellectual property rights to the brands being counterfeited. The individual consumer can demonstrate his/her support of a distant team (or, possibly, a famous team member, e.g., Beckham, Jordan), fulfilling an affiliation need. At the same time, wearing the sports apparel provides a "walking billboard" promotion for the team or player, at small, short-term cost (e.g., the immediate opportunity cost of lost royalties from the sale of licensed goods) to the team. This conjecture is not a new idea, as some companies have acknowledged that having their brands counterfeited is a boon to their efforts to build awareness (cf. Freedman 1999; Shultz and Saporito 1996). One unidentified security manager for a major manufacturer noted that her firm gives away merchandise (free sampling) to increase market share, so why should it be upsetting if someone else takes on the expense of manufacturing and distributing the goods, as long as they are high quality (Freedman 1999)?

The argument that counterfeits can accelerate the diffusion of a phenomenon has been made previously (Givon, Mahajan, and Muller 1995; Parthasarthy and Hampton 1993) in the context of software piracy. They argue that pirated software will enable the software user population to reach the critical mass where

attending a large state university. These interviews focused on TV viewership in the country, the coverage of sports in the media, and the status of product counterfeiting in the country. Most interviews took about an hour. They were not audio-taped, but rather the gist of the informants' comments were input to a laptop computer by the interviewer. Table 2 lists the countries from which students were interviewed.

Table 2
Informants' Nationalities

Bangladesh	Malaysia
Brunei	Nepal
China	Pakistan
Hong Kong	Singapore
India	South Korea
Indonesia (three interviews)	Taiwan
Japan	Thailand

The intent of our data collection was to obtain the consumer perspective of the issues. The use of international students provides a biased perspective in some ways in terms of current levels of awareness and usage (with students being more likely to be aware of and to follow global professional sports). However, their youth makes them more representative of the rapidly growing youth population throughout Asia, as well as being more familiar with the rapidly changing levels of communication technology found there (both legal and illegal). Similarly, students may be expected to have keener insights into counterfeit markets than their elders. The fact that international students in the US market have access to more information and likely are the "best and brightest" of their home country makes them good key informants.

Given the nature of the issues involved in the paper, we question greatly the accuracy of relevant secondary sources. How does one measure the level of counterfeit sales? These take place in informal markets where accurate business numbers are extremely rare, and getting informants to discuss illegal activities is never easy. How does one measure TV viewership in an age when many consumers will obtain cable or satellite channels through unauthorized means? For example, our Bangladeshi informant told us that cable providers went door-to-door, allowing one to have access to cable for a monthly fee in the US \$10 range. Their service is unauthorized but largely unmonitored. Our Pakistani informant said that cable there is available for a one-time installation fee of US \$58, but did not know whether this was legal or illegal (it was just how one got cable). In Taiwan, one can get a free CD (like the AOL CDs) from the local 7-11 Store and upload the program so that one can watch C Sky Net (the main Satellite TV provider there). In more regulated (and developed) countries like Singapore and Hong Kong, the secondary sources may reflect usage levels more accurately. However, most informants indicated that access to cheap global television channels was similar to the access to counterfeits, which was straightforward.

Findings

Tables 3 and 4 summarize the key characteristics with respect to media sports coverage, level of interest in specific sports, and extent to which there is access to counterfeits in the various countries according to our respondents. We were particularly interested in South and East Asia since the countries of this region account for about half the world's population, have some of the highest proportions of young people (the primary market for sporting goods), have seen significant growth in per capita incomes in the recent past, and are a lucrative market for counterfeit goods since the income levels are still relatively low compared to most western developed countries.

As global sports become a reality, the purchase of sports paraphernalia (both official and counterfeit) will grow rapidly. Issues of “face” may help generate substantial markets for the “official” apparel in the more developed countries in Asia (i.e., Singapore) and among the middle class in many countries in South, Southeast, and East Asia. But, at the same time, there will be huge demand for counterfeit sports paraphernalia throughout Asia. The “walking billboard” promoting global sports will likely have a “trickle up” effect, not unlike that witnessed with the grunge look in North America.

In order for this scenario to be managed to the satisfaction of most stakeholders, we assert that a macromarketing perspective is absolutely necessary.

Table 3
Media Sports Coverage

COUNTRY	GLOBAL SPORTS COVERAGE		NEWSPAPERS
	LOCAL	CABLE/DISH	
Bangladesh	4 channels local coverage 1 channel with international coverage	Fox Sports, ESPN, Star Sports mostly cricket, football	4 – local coverage with some international coverage
Brunei	4 channels modest football coverage	ESPN, Star Sports mostly football	3 – some local coverage, rare (World Cup) international coverage
China (Qing Dao)	2 local, 3 national	most have a dish ESPN, local sports, European football	wide variety of papers good local coverage, weak international coverage
Hong Kong	4 local cover football	ESPN, ESPN2 European football	3 main ones, good international sports coverage
India	3 or 4 national & several local cover cricket and Other Asian sports	ESPN, Star Sports	Several major English papers as well as numerous local papers (in local languages). Primarily Asian sports but limited international coverage.
Indonesia	6 local, 1 local covering international football	cable available in Jakarta, not in Salawi	3 main ones, moderate international coverage
Japan	7 local, very international in scope	1 cable provider very good sports coverage	4 main ones, excellent global coverage
Malaysia	4 local, little sports coverage	Cable has ESPN, Star Sports; football is big; NFL available but not popular	local coverage only
Nepal	1, some sports	1 cable provider, ESPN, Star Sports, Fox Sports, football covered most	2 local newspapers, good local coverage of sports, no rural coverage
Pakistan	3, cover cricket	1 cable provider, ESPN, ESPN2, Start Sports cricket covered most	3 main newspapers, limited sports coverage
Singapore	4 local	1 cable, ESPN, Start Sports	current international sports coverage
South Korea	6 local cover Asian sports	110 cable providers broad sports coverage	current Asian sports coverage
Taiwan	4 local, all cover sports (especially baseball and basketball)	several cable providers	11 main newspapers, good coverage of local and global sports

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The Robinson-Patman Act and Marketing Education

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Abstract

The Robinson-Patman Act (RP) is important antitrust legislation. However, it is seldom enforced at the Federal level and many of its provisions have been ignored in the marketplace. Some of the complications of RP are described. Leading marketing texts related to the beginning undergraduate course in marketing are examined. The texts do not capture the realities of the market place. Texts offer a literal, conservative view of RP. This paper offers perspectives on how RP might be addressed in class and in texts.

Introduction

Ancient marketing academics will remember a time when the Robinson-Patman Act (RP) was central to the teaching of marketing and retailing. For example, Ralph Cassady had four articles re RP published in the *Journal of Marketing* in 1946 and 1947. That interest does not exist today. Many would not even assume that marketing professors understood the provisions of the act, let alone the complexities that are integral to the act. However, RP can be related to concerns of substantial importance for antitrust today (Dickinson forthcoming). Europeans have a perspective of antitrust that indicates concerns similar to those reflected in RP. Slotting allowances, supplier auctions, retail auctions to obtain a single supplier (Kodak Co. Wins the Right to be Sole Sam's Supplier 2000), and category captains can be seen as related to the concerns manifested in RP.

This paper

1. Describes elements of the present environment in which we consider RP.
2. Offers elements of RP
3. Suggests some complexities of RP.
4. Reports a study of marketing texts
5. Offers some general inferences
6. Indicates some possible responses for marketing education
7. Describes some implications for macromarketing

RP Environment

Several elements of the business environment that can be seen as relevant to RP are now delineated.

1. Antitrust is about the abuse of power (Grimes 2002). Power¹ within the channel of distribution appears to be strongly used by buyers and sellers, (however, sellers are not considered directly here), particularly in the context of bad economic times for society, e.g. today (Dickinson forthcoming). Powerful retail chains will increasingly exercise uninhibited buying power against increasingly powerful sellers (Skitol 2002, p. 17, Stauth 2002).

At the very least the behavior of firms should force observers to question the oft repeated assumption that negotiators in the channel focus on increasing the joint profitability of the buyer and seller. And therefore

¹ Definition of power is an obvious problem. See Dickinson and Hollander (1996).

Mart executive suggested that it would be feasible by 2002 to have the merchandise sold before the bills are paid (Nelson 1999). An Amazon executive suggested that the company's goal was to have a negative figure in its working capital, as many other large retailers do (Hansell 2001). And suppliers must contribute to making the distribution system low cost, particularly where factors other than low net invoice costs drive low costs for the retailer. In an event seemingly related to the importance of non price dimensions, a trade report suggested that Whirlpool was "booted out" of Home Depot because of delivery problems (Gustke 2000). Developing and/or locating separate offices (Kaufman 2000), distribution centers and manufacturing plants for very important retail accounts appears an obvious supplier decision in particular circumstances. Another change not directly related to invoice price, but strongly related to logistic costs, is that of penalties attributed to shipping, delivery and so forth.

The Basics of RP

RP is not concerned directly with interactions between firms and consumers. RP is concerned with business to business interactions, including industrial purchasing (Pinkerton and Kemp 1996)). Further, the Act is not concerned with services, although exceptions have been made. Electricity has been held to be a commodity under RP (Calvani 2000). In circumstances where a transaction has both commodity and service components, most courts have held that the dominant nature of the transaction will govern (Calvani 2000).

RP, an amendment to the Clayton Act of 1936, consists of 6 sections. The first two sections are concerned with direct and indirect price discrimination. Section 2 (a) makes it illegal to discriminate in price between different purchasers of commodities of "like grade and quality" where the effect of such discrimination is to "...lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination, or with customers of either of them." An important test over the years has been whether or not the price discrimination causes competitive injury. There need only have been the possibility of injury in some situations (Shenefeld and Stelzer 1996, LaRue 1995, Levin 1994, Pinkerton and Kemp 1996). The injury could have been at the level of the seller's competition (primary), at the level of the customer (secondary), or at the level of a customer of the disfavored customer (tertiary). Although rare, violations at higher levels are possible (Aalberts and Judd 1991).

Some price differences are deemed appropriate within RP. In section 2(a) there are allowances for "...differences in the cost of manufacture, sale, or delivery resulting from different methods or quantities." 2 (a) also permits price differences based on changed market conditions such as often occur with perishable products or products facing obsolescence. Section 2(b) offers a defense for price differences where an effort is "made in good faith to meet an equally low price of a competitor."

In section 2(c) the granting of a commission or brokerage fee except for services performed is prohibited. Sellers were prevented from providing a price difference in the form of a brokerage fee to a non-brokerage buyer, e.g. when a large retail chain purchases directly from a manufacturer.

Sections 2(d) and 2(e) prohibit giving advertising, promotional allowances or services to a buying firm A that are not freely available on a proportionately equal terms to the firms competing with A. Section 2(f) makes it illegal for a buyer to knowingly induce a price discrimination prohibited by section 2(a). Varied judicial interpretations have expanded section 2(f) to include marketing mix elements other than price.

RP is antitrust legislation. There can be treble damages (Gellhorn and Kovacic (1994, 434). States are active in antitrust considerations (Foer 2002). Antitrust legislation and the related regulatory forces have been highly political (Hunt and Arnett 2001, Hovenkamp 1985).

with the resale of the product and should be considered a price discount (Calvani 2000). And as we have seen price “discriminations” are more easily defended than possible violations of 2(d) and 2(e).

Applebaum (1984, p. 991) suggests that discriminatory payments to customers for booths at a trade show may be legal because they are related to original sale and not for resale.

A third complicating aspect offered is that of auctioning by retailers.² A retailer decides to have only one supplier. Thus in 2000 Kodak won the right to be sole supplier of 35millimeter film to Sam’s Club (Kodak Co. Wins the Right to be Sole Sam’s Supplier 2000). Microsoft and Radio Shack have had similar arrangements. Obviously the retailer desires to obtain great conditions in such an arrangement, in essence auctioning off the business. How does the arrangement consummated effect the supplier’s obligation to other retailers?

From a slightly different perspective, a retailer might auction off the management of merchandise categories. Many retail chains, supermarket chains and others, have decided to manage their business on a product category basis (Balto 2002), perhaps instead of managing by brand (Basuroy, Mantrala, and Walters (2001). The supplier captain interfaces with a “Category Manager” from the retailer (Steiner 2001, p.77). Steiner (p. 79) describes the auctioning off of captaincies by retailers as not an uncommon practice. He mentions (p. 80) a study by DeVincentis and Kotcher (1985) that suggests the three leading manufacturers in a category were plan-o-gram captains in over 50 percent of the retail stores in the grocery and mass merchandiser sectors, in 67 percent of the stores in the drug store and convenience store sectors, and in 33 percent in the warehouse club sector.

Academic Texts: A Study

Most marketing texts designed for the first undergraduate course in marketing in a College of Business have something to say about RP. Given the complexity of RP suggested earlier, it was decided to examine some leading texts used in the first course in marketing. In the fall of 2001 a research assistant consulted publishers and researched elements of the internet to identify the best selling texts in marketing. Seven texts were obtained that were reflected to be best sellers. The sections on RP were examined by the author.

The texts reflected a statute oriented approach to RP. RP is described and particular defenses offered by the statute are articulated. Most texts suggest that firms should not charge different business customer different prices unless the actions come under one of the several specific defenses under RP. In general, the texts suggest that students should obey the law as conveyed in the statute. The texts do not indicate that the law is not being enforced at the Federal Level.

The texts imply that it is better for an executive to be legally correct and conservative. This can be seen as making sure that one does not violate the law whatever the ramifications might be to one’s career. Trade offs are not suggested.³ The texts do not reflect the difficulty that an aggressive executive might have to stay within the law or for an aggressive firm to stay within the law. The firm could suffer within varied marketplaces.

Only one of the texts reflected the complexity of RP to the student.

The texts make many errors in statements with respect to RP.

² Auctioning (reverse auctioning) can be very important in industrial buying. See Jap (2002).

³ Perhaps tradeoffs should not be encouraged. However, it would appear that the business executive should be informed of what the realities are, what his competitors for the positions in the firm are doing, and so forth.

A discussion of RP might indicate the extreme complexity and contradictory elements of antitrust and its varied RP elements. As suggested earlier, RP is an antitrust law that does not fit in. But that this dichotomy is reflected within society and within the world (France 2001). RP is designed to protect small firms from the ravages of competition while trying to maintain a vital and dynamic economy. These goals are often contradictory. But to many, both objectives are meaningful. And to Europe the maintaining of fair competition is a dominant consideration (France 2001).

As suggested earlier, the instructor or text might indicate the problem that some executives have in staying within the law and still having an effective career in a dynamic firm.

A discussion of RP could be a vehicle to cover the conflicting goals that an executive must feel in everyday decision making, outside of antitrust considerations. An executive will feel the pressure of meeting the “demands” of many stakeholders. Being extremely aggressive in the market place may be illegal in many instances, but what is an executive to do, particularly when the Federal government does little to enforce the law?

The description of the marketplace as a battlefield (Kaufman 2000) also emphasizes the “hard-ball” elements of business competition in the United States. But the battlefield metaphor also highlights the importance of resolving conflicts through negotiation and compromise.

A discussion of RP gives an excellent opportunity to discuss the change in the importance of logistics in attaining and maintaining competitive advantage. Wal-Mart has dramatically illustrated that logistics matter. Indeed, logistics has become central to marketing (Svensson 2001). The elements central to competitive advantage have changed.

Macromarketing Problems

Some of the philosophical inferences made earlier can obviously have macromarketing implications. Additional macromarketing perspectives are now offered.

Competition is deemed central to key elements of our society. But in the context of what goals? Is efficiency the critical dimension with consumer welfare the dominant consideration, i. e. the philosophy of the Chicago School? Is innovation, perhaps creative destruction, the prime driver of competition and society, e.g. Schumpeter? Should productivity growth be the driving force? (Michael Porter as reflected by Foer (2002b). Or perhaps the developing of responsible citizens in the context of a competitive environment should be the most important (Sandel 1996 might be seen as reflecting this). Perhaps central to a discussion might be – Is a level playing field necessary to whatever the key drivers are seen to be?

Should society subsidize small retailers and/or entrepreneurs? Americans have always distrusted power. Liberty may depend on sharing self government (Sandel 1996, 2). Small business can be seen as an element in creating civic virtue and better citizens. Efficiency is not everything. Perhaps the European approach to antitrust has some merit (France 2001, Evans 2002). The view that citizenship comes first and economic efficiency later has been a very important part of our history (Sandel 1996).

Is an executive morally obligated to obey laws that are not being enforced? Is the legislature being immoral in not allocating funds to allow reasonable enforcement of acts that it has passed? Is it immoral to create an environment in which an executive can not obtain answers as to the legality of his/her actions? Are the artificial jurisdictional requirements of RP an inappropriate way of limiting the impact of legislation with which one does not agree (Coons 1996)? These appear to be legitimate questions that could be raised by a discussion of RP.

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The lack of trust in marketers became especially evident during the Progressive Era in North America, a period of time extending roughly from the late nineteenth century to the 1930's. During this period, high rates of immigration from countries with diverse cultural traditions (e.g., Nugent, 1992) and rapid industrialization and urbanization undermined the social ties on which the stability of traditional societies relied and provided the potential for material wealth that encouraged cartels and market manipulations of various kinds (e.g., Higgs, 1971). The "progressives" tried to counter the erosion in the traditional basis of social life through the reform of election processes, the implementation of rational bureaucratic management processes in government and the regulation of industry according to scientific norms. This was a period in which the basis for trust in market exchanges was being reinvented (Zucker, 1986).

Zucker (1986) has described three basic modes of trust production (process, institutional, and characteristics-based) between businesses and their constituents and, using historical data, demonstrates that the relative emphasis on these three mechanisms changes depending on the social context in which transactions occur. In particular, the demographic changes of the Progressive era are seen as undermining process-based trust since communities were in flux and firms were entering and exiting the market more rapidly than in earlier times. She suggests that during the progressive era the institutional mode of trust formation, focusing on rational bureaucratic mechanisms and scientific knowledge, came to dominate in economic transactions. This change is evident in the professionalization of many occupations during this period and the use of training, examinations, and credential systems to provide consumers with assurance about the quality of goods and services (Hatch, 1988). In marketing, however, attempts to professionalize practice failed (Laird 1998; Schultze 1982; Carr-Saunders and Wilson 1933) leaving open the question of whether and/or how marketers established their trustworthiness during this period.

The purpose of this study is to examine whether or not Canadian marketers could have used a characteristics-based process to gain the trust of consumers during the Progressive Era. We compare the distributions of key social characteristics among marketers and the general population using a sample of marketers drawn from the Canadian business elite. Following the brief description of Zucker's typology below, we explain the methodology used in this study, then discuss the results according to the various social characteristics for which data was available. The summary includes a discussion of some limitations of the study which also raise some interesting speculations about how trust might be developed in market exchanges.

Modes of Trust Production

Process-based trust is derived from one's reputation in past exchanges. A history of positive exchanges between merchant and customer can create trust between them. Prior to the late 19th century, relationship marketing (as it is so often referred to today) was the order of the day as small firms selling unbranded products to a local market relied on building a trustworthy reputation with those local customers. However, social and economic upheaval brought on by immigration, internal migration, and the instability of firms (high numbers of failures and new entries) during this period disrupted process-based trust in North America. Product branding, which emerged during the 1870s, was a deliberately constructed proxy for reputation and hence for process-based trust. Branding spread from patent medicines and tobacco products in the 1870s to safer and more reputable product categories (canned foodstuffs, soap, film, processed grain products such as biscuits) by the turn of the century. During the early 20th century there was a proliferation of national manufacturers' brands. However, consumers did not become brand loyal overnight. Brands were discontinuous innovations that required considerable re-learning on the part of consumers, many of whom simply distrusted brands (Low and Fullerton 1994; Strasser 1989). Often brands "were erratically distributed, weakly promoted, and had no clear identity to consumers" (Low and Fullerton 1994, p.175). Most retailers were small independents whose profit margins were lower on branded goods than on unbranded ones. Hence, they resisted carrying brands.

included demographic variables such as birthplace/ethnicity, religious affiliation, education, and gender, as well as political affiliations, which are assumed to be related to values and beliefs.

The subjects of this study include individuals listed in *Canadian Who's Who* (1936 edition) and *Who's Who in Canada* (1922 and 1927 editions). These sources have been widely used as a means of gathering data about the elite of Canadian society (e.g. Clements 1975; Olsen 1980; Porter 1967). Both sources include the major political, industrial, academic, artistic, and religious figures of the time in addition to others nominated to them or whose names had appeared in major newspapers or magazines. The dates of these publications ensured that the individuals selected had risen to prominence during the time period in question. Both sources had a policy of having individuals verify the information included under their name. This adds to reliability, but also allows for a self-selection bias since individuals failing to confirm or provide information were not included. The listings found in those two sources are not identical, but together represent a cross-section of Canada's elite during the early 20th century. Our 'sample' includes all 75 individuals listing advertising or sales (the marketing elite) as part of their biography (see Appendix for a complete list of names, organizations represented, positions held, and marketing occupations grouped into advertising and sales). Overall, most of the advertising professionals worked for ad agencies or in some capacity in the newspaper industry. Sales professionals tended to represent either consumer durables or industrial corporations. Relevant comparison data for the general population are drawn from the 1881 or 1931 Census of Canada where relevant and from *Historical Statistics of Canada* (Leacy 1983).

Birthplace/Ethnicity

The birthplaces of the marketing elite and the Canadian population as a whole are listed in Table 1. For comparison, census data for 1931 and 1881 are included. The 1881 census data reflect the population at the approximate time of birth of individuals in the 1922-1936 elite. This allows us to test for the possibility that the marketing elite were representative of their birth cohort rather than being selected to fit the demographic characteristics of current consumers.

Of those born in Canada, marketers were most likely to be born in Ontario and least likely to be born in the Prairie Provinces. Between 1881 and 1931 there was an influx of eastern European immigrants (especially German, Ukrainian, and Polish) to the Canadian prairies. It is noteworthy that none of the marketing elite were born there. Also, very few of the marketing elite were born in the Maritime Provinces. Both the prairies and Maritime Provinces were less urbanized than Ontario, suggesting that marketers came more from urban centers than small, rural communities. It appears that marketers were drawn primarily from regions that had a stronger manufacturing base.

Catholic than the general population. This may have had significant implications for the trust level between marketers and consumers. As Mittelstaedt recently noted, “religions affect the foundation of people’s understanding of the world and thus their understanding of markets and marketing institutions... [more particularly, it affects] perceptions of development, quality of life, appropriate standards of exchange, and competition” (2002, p.6). Religions maintain social authority over cultural beliefs and the market expectations of individuals. Researchers have found, for example, different levels of economic development between former colonies of predominantly Protestant versus predominantly Catholic people and attribute those differences to the different social authorities of their faiths (Grier 1997). Overall, the lack of shared religious beliefs between marketers and consumers (at a time when religion was more central to people’s lives than it is considered today) may have been a significant obstacle for the development of trust.

Table 2
Percentage Distribution of Religious Affiliations

Religion	Marketing Elite	1931 Census of Canada
Anglican	40.00	15.76
Baptist	5.00	4.27
Presbyterian	18.33	8.39
Protestant	6.67	0.23
United	13.33	19.44
Sub-total for Protestant Sects	83.33	48.09
Catholic	10.00	41.30
Other	6.67	10.61

Chi-Square = 153.965 marketing elite vs. 1931 Census; SIGNIFICANT

*Critical Value = 12.592 (df = 6, p=.05)

Sub-dividing the marketing elite into advertisers and sales people again as we did for the comparison of birthplaces, we found some evidence of shared religious characteristics between sales people and the general population. Again, this mirrors the results for birthplace. The proportions of total Protestants and Catholics for sales (77.78 and 14.81 percent) and for the general population (48.09 and 41.3 percent) are still significantly different, but are more similar than when advertisers are compared with the general population.

Education

At least one of the recent studies of salesperson-customer similarity and trust has found that education level is an important measure of social status relevant in establishing trust (Crosby et al 1990). The biographical dictionaries used as data sources for this study provide a listing of the educational institutions attended by each individual. Those institutions were categorized in hierarchical order as (1) public schools, (2) high school and private commercial schools, and (3) universities and colleges. The average educational achievement for the marketing elite on this scale was 2.101. Comparison data for the general population was not available, but it is unlikely that the average consumer had achieved a similar level of education, which would at least involve completion of secondary school.

Acheson (1973) did provide similar data on education levels for the “industrial elite” of 1885 and 1910 that yielded values of 1.42 and 1.9 respectively. This suggests a general increasing level of education,

Table 3
Percentage Distribution of Political Affiliations

Affiliation	Marketing Elite	1930 Federal Election Results by Votes Polled	1930 Federal Election Results by Ridings Held
Conservative	66.67	48.99	55.90
Liberal	12.12	43.98	35.90
Independent	21.21	1.27	1.20
Other	0.00	5.76	6.90

Chi-Square = 114.937 marketing elite vs. Votes Polled; SIGNIFICANT

Chi-Square = 118.270 marketing elite vs. Ridings Held; SIGNIFICANT

*Critical Value = 7.815 (df = 3, p=.05)

Summary

In this paper, we tested the hypothesis that marketers used characteristics-based trust to overcome the lack of process-based and institution-based trust during the Progressive Era. If characteristics-based trust was common, then one would expect that the distribution of key demographic characteristics among marketers would mirror the distribution of those characteristics in the general population.

For the majority of the social characteristics tested here, members of the marketing elite in Canada between 1922 and 1936 were different from the general population. Similar proportions of both groups were born in Great Britain and the most popular political party for both groups was the Conservative party, but for all other comparisons there were statistically significant differences. Successful Canadian marketers did not share the same social characteristics as the population of customers represented by the Census data. In other words, we cannot conclude that marketers relied on shared social characteristics to establish a trusting relationship between themselves and consumers.

There are three possible limitations of this result. First, it is possible that our analysis has omitted key demographic variables that are in fact used to establish trust. The variables we used include birthplace, religion, political affiliations and gender. These variables have high face validity as indicators of the most significant forms of social segmentation and are frequently used as indicators in studies of interpersonal trust. It is possible, however, that a trusting relationship can be established based on the quality of interpersonal interactions that are not sufficiently proxied by these characteristics.

Second, marketers may have used other mechanisms to establish their trustworthiness that has been missed in analyses so far. For example, to the extent that contact between marketers and consumers is mediated by mass media (particularly print media during this time period), it is likely that marketers used images that appealed to the average consumer. Marketers were able to hide behind the media like the Wizard of Oz behind the curtain, using images to reassure consumers that they were dealing with people who reflected their culture and values. Zucker (1986) suggests that one form of institutional trust is the creation of "intermediaries" that guarantee a transaction. To the extent that "the medium is the message," the use of mass media may have provided consumers with a degree of trust that interpersonal contacts would not provide.

Third, it may be the case that the key to marketers' economic success during this period was their relationship with the business elite rather than with customers. During this period firms were achieving significant economies of scale and consequently prices were falling on most consumer goods. The key challenge for these firms was distribution rather than advertising. In order to establish the worth of

Name	A/S*	Organization	Position
Kemp, Clarence Arthur	S	Sheet Metal Products Co.	Director
Kennedy, Michael Alexander	S	M.A. Kennedy Ltd.	President
Kennedy, Roderick Stuart	A	Montreal Daily Star	Advertising anager
Kent, Daryl Herbert	S	Kent Piano Co.	Manager & Secretary
Kerby, Roy D.	S	Durant Motors of Canada	GM
Locke, Clarke E.	A	Clark E. Locke Ltd.	President
McCrae, J. Cooper	A	Canadian Advertising Agency	Manager
McLure, W. Chester S., MLA	A	Charlottetown Agencies	President
Mewhirter, Harry D., MLA	S	Gutta Percha & Rubber Ltd.	GM
Milne, James Andrew	S	Canadian Allis – Chalmers Ltd.	General Sales Manager
Neale, Arthur D.	S	Canadian Car & Foundry Co.	VP
Patenaude, Joseph Leon	S	Patenaude-Carignan Ltd	Wholesale Mercbant
Patterson, John P.	A	Norris-Patterson Ltd.	President & GM
Pearce, Charles T.	A	A. McKim Ltd.	President & GM
Penberthy, Frank J.	S	The Lowe Brothers Co.	VP & Managing Director
Perry, Gordon Foxbar	S	National Iron Corp.	President & GM
Perry, Raymond George	S	Gotfredson Corp.	Manager
Purkis, Thornton	A	Self employed	Advertising Counselor
Putnam, Edwin Meredith	A	Ronalds Advertising Agency	VP
Reid, John Frederick	S	Cbick Contracting Co.	VP & Sales Manager
Ronalds, Russell Corbett	A	Ronalds Advertising Agency	President
Ross, Walter Mackie	S	J.R. Booth Ltd.	Sales Manager
Sampson, Joseph Ernest	A	Sampson-Matthews Ltd.	President
Scott, Frank Edgar	A	Stevenson & Scott Ltd.	President
Scroggie, George Edward	A	George E. Scroggie Ltd.	President
Smith, Robert C.	A	R.C. Smith & Son Ltd.	President
Stead, Robert James Campbell	A	Dept. of Immigration & Colonization	Director of Publicity
Stewart, Frederick William	A	Cluett, Peabody & Co.	Managing Director
Tandy, Harry Munroe	A	Tandy Advertising Agency	President
Toller, Philip Bremridge	S	Canadian Bank Note Co.	Director & Sales Manager
Thompson, Walter Scott	A	Canadian National Railways	Director of Publicity
Tuttle, William Parkhurst	A	Cockfield, Brown & Co.	Executive
Van Scoyoc, Harry S., B.S., C.E.	A	Canada Cement Co.	Manager of Publicity
Vickers, Rex Henry	A	Vickers & Benson Ltd.	President
Wisner, Charles Lemar	S	Massey – Harris Co.	Sales Manager
Yull, Thomas Henry	A	McConnell, Baxter & Eastman	Director

* A=Advertising S=Sales

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Alderson: A Chronology

Wroe Alderson was born near St Louis, Missouri Sept 27 1898. He was the eldest of a large Southern Methodist family and when his father died while Wroe was still young he took on the mantle of man of the house looking after his siblings — which he was to continue to do for many years. Rather unusually for the times, Wroe's mother had attended college and was a teacher.

Alderson's father had been an impressively strong man, who was rumoured to have lifted train wheel assemblies for entertainment at a circus (Hollander, 2001). There is no question that Wroe's father was a very strong man, but lifting a train wheel assembly is likely beyond the bounds of possibility. Walter Alderson, Wroe's father, had travelled widely in the United States as a young man. In 1897 he had gone to Alaska to prospect for gold, unsuccessfully. While he had no formal education, he was a voracious reader and strong debater. For a time he served as U.S. Marshall in a small Missouri town (Bennett, 2001).

Wroe graduated eighth grade and left home at the age of 15 (Bennett and Bennett, 2003). As a young man he took a job in a tannery to help support the family. Wroe then taught school for a while in backwoods Missouri (Bennett and Bennett, 2003). He was to do a number of predominantly manual jobs until World War I broke out, when he enlisted in the army. In 1919, while Wroe was in the army Wroe's father, 16 year old sister and 3 year old brother died in the influenza epidemic. Wroe had not seen them since leaving home and enlisting in the army and he felt terribly guilty (Bennett and Bennett, 2003).

Being “severely left-handed” Wroe was not suited to using a rifle with a sight designed for right handed soldiers and was posted to Washington state where he was trained as a typist and journalist and given the job of clerk/typist for the army (Bennett, 2001). It was probably the last time that Wroe ever typed - he always hand wrote his papers, books and reports and then had a typist translate his generously flowing hand writing into a readable form.

After leaving the armed forces Wroe worked in a number of casual jobs in the Washington area, including as a lumberjack. It was during this time in Washington that Wroe met Selden Smyser, a professor from the Central Washington School of Education — later to become Central Washington University. Smyser noticed in Wroe an able mind and encouraged him to study. Wroe was to later repay Smyser's support by sponsoring the Smyser Award, a \$50 award for the “best paper in some phase of social communication or relationship” each year (Hogan, 2003).

In 1923 Wroe enrolled at George Washington University, in Washington D.C., where he graduated in 1925, aged 27, with a degree in economics and statistics. He was to receive further education from MIT and the University of Pennsylvania (Alderson, 1957b), but Wroe never gained a Ph.D. and was very aware of this lack in his academic credentials.

While at college he courted Elsie Wright. They were married on Christmas day two years later in 1927, while Wroe worked on a project for the Department of Commerce in the Southern states (his influential study into the efficiency of drug store purchasing policies, among others). He was so busy that Christmas day was the only day he could be sure to have off for the wedding. They married in a church, with the Alderson crest on it, in the town of Alderson, West Virginia. Wroe was busy working, studying and supporting his mother and siblings. Wroe worked for the Department of Commerce, under Herbert Hoover, from 1925 until 1934, producing a number of influential reports (Alderson, 1928; Alderson, 1930; Alderson and Bromell, 1930; Alderson and Haag, Jr., 1931; Alderson and Aiken, 1932; Alderson and Meserole, 1932; Alderson and Miller, 1934). His wife continued her studies and eventually was only one course and a thesis short of completing her doctorate in genetics and embryology at Johns Hopkins University. She was also undertook research at Woods Hole research center. Wroe may have been not

after the war (Fitch and Taylor, 1946). Herbert Stein won the first prize and Wroe received one of 17 awards, being given a grant of \$1000 and a medal in recognition of the value of his entry.

In 1944 Wroe set up a consulting business, which was to become Alderson and Sessions consulting company in 1945 with the addition of Robert E. Sessions. In 1949 the firm was known as Wroe Alderson, Simons and Sessions (Alexander et al., 1949). Wroe was not, particularly, interested in money and used the company to sponsor the development of theory and his social concerns. William Baumol developed the ideas, which he wrote in *Business Behavior, Value and Growth* (Shapiro, 2001). Charles Sevin also developed his earlier work on distribution cost accounting (Shapiro, 2001). The consulting company published Wroe's Cost and Profit Outlook periodical, which contained many of the ideas that went into his books and articles.

Wroe was imaginative, idealist and a risk taker, which occasionally lead to tight finances for the family. Though he earned more money than it may have appeared to look at him, typically dressed in a suit, which had seen better days (Bennett, 2001). Alderson and Sessions was an internationally successful company with many important clients, see Table 1. In 1948 the firm's office moved to Lewis Tower in the commercial heart of Philadelphia, putting some pressure on the finances. Wroe also spent a great deal of time travelling, giving speeches and writing. When Robert E. Sessions left the company it became Alderson and Associates. The consulting company was later sold to John Diebold and Associates when Wroe was advised by his doctor to leave the stressful life of consultancy and enter academia (Sass, 1982). The academic life was not enough for Wroe and he set up Behavior Systems a research company in 1963 (Robinson, 2001).

Table 1
Clients of Alderson and Sessions consulting company
(Alderson and Sessions, circa 1945, pp. 6-7)

E. I. du Pont de Nemours & Co., Inc.	Smith, Kline & French Laboratories
Standard Oil Company of New Jersey	National Dairy Products Corporation
The York Corporation	Bigelow-Sanford Carpet Company, Inc.
Bendix Aviation Company	The Publicker Industries
The United States Rubber Company	The National Association of Retail Grocers
Zellerbach Paper Company	The American National Retail Jewellers Association
Sharp and Donme, Inc.	Paraffined Carton Association
Laminated Bakery Package Association	Farm Journal, Pathfinder, Inc.
Curtis Publishing Company	The Philadelphia Evening Bulletin
The Traffic Audit Bureau	The Advertising Research Foundation
J. Walter Thompson Co.	McKee and Albright, Inc.
Lamb, Smith and Keen, Inc.	The Rockefeller Foundation
Haverford College	The Western Saving Fund Society
The Real Estate Trust Company	John Wanamaker, Philadelphia
Baily, Banks and Biddle Co.	Sixty-ninth Street Merchants Association
White and Case	Morgan, Lewis and Bockius
Blenko, Hoopes, Leonard & Glenn	Carl Seiler & Co.
Joseph E. Lewis & Co.	Scripto, Inc.

1948 saw Wroe take on the mantle of President of the American Marketing Association. Wroe was also heavily involved in the Institute of Management Sciences — later to become INFORMS — among a number of professional bodies. In the same year, Wroe visited Mexico as a delegate of the American Friends Service Committee (AFSC) to survey the service projects there as a part of AFSC's peace work.

During the height of McCarthyism Wroe campaigned, ultimately unsuccessfully, for a noted Chinese actress, who had become a family friend when a graduate student at Bryn Mawr College and her journalist husband who were being deported to China. They were arrested and imprisoned on return to communist China.

In 1957 Wroe's best known book *Marketing Behavior and Executive Action* was published to rave reviews (Mitchell, 1959; Mulvihill, 1958/59). It remains his most cited work. The functionalist/biological/systems approach that Wroe applied to the problem of how marketing works was justified in the first part of the book, before being expounded upon in the second part. The third part of the book applies that theory to the problems of the marketing manager. It has been suggested that Alderson's use of the organised behavior system as his fundamental unit of analysis owes its parentage to Edith Penrose, author of *The Theory of the Growth of the Firm*, but this would seem unlikely as her book was not published until two years later. Her 1959 book cites Alderson's *Cost and Profit Outlook* an indication that she was known to Wroe, to have received a subscription.

In 1959 Wroe joined the faculty of the Wharton Business School where he was to work until he died.

When times were good in the late 1950s he and Elsie built the family holiday home, One Hand Clapping in Royal Oak, Maryland on Chesapeake Bay.

In 1961 Wroe was published in *Philosophy of Science*, a hard journal for a philosopher to get into and a considerable achievement for someone with a background in business management. He also published in *Law and Contemporary Problems*, *Annals of the American Academy of Political and Social Science*, *Explorations in Entrepreneurial History*, *American Statistician*, and *Advanced Management* along with a host of marketing periodicals and conferences.

Wroe approached Thomas McCabe, Sr., former president of the Scott Paper company, and convinced him to invest in the setting up of the Marketing Science Institute (MSI) in 1962, which was based near Wharton. McCabe had the reputation to pull many corporate sponsors into the project and it was successfully run near Wharton for five years, before being moved to Harvard Business School in 1968 (Bloom, 1987; Robinson, 2001). Wroe was instrumental in hiring Wendall R. Smith as the first president and Patrick J. Robinson as the first research director (Robinson, 2001). Michael H. Halbert was another of Wroe's hirings to the MSI. In the same year Paul Green joined the faculty at Wharton, he was to be heavily influenced by Wroe and to work alongside him on several projects.

In 1962 Wroe was also instrumental in setting up the Management Science Center at the University of Pennsylvania, which he directed, and the migration of the Case group, with director Russell L. Ackoff to the University of Pennsylvania (Robinson, 2001).

Wroe and Elsie sold the family home in Haverford and moved to an apartment close to Wharton, spending weekends at the holiday home, where Wroe had a boat, which was his pride and joy. It was a sign of having reached Wroe's inner sanctum to be invited on to the 'yacht' — a rather unspectacular motor boat which allowed Wroe to live out his desire to be a 'country gentleman' (Bennett, 2001). Those who were invited onto the boat were his closest friends and colleagues (Fisk, 2001).

Wroe organised a symposium to gather the leading minds on the relatively new business topic of computing and published *Marketing and the Computer* in 1963 as a collection of the papers presented at the meeting. Wroe was a Ford Foundation Visiting Professor at New York University during part of 1963 (Sheth et al., 1988). He also visited Japan to share his business theory with the Japanese people as they sought to rebuild their country. At the same time that the Japanese were listening to W. Edwards Deming on quality control, they were listening to Alderson on marketing (Wren, 1994). Japan was to have a

In 1965 Michael Halbert wrote:

In order to explore the possibilities of having a science of marketing, we must integrate knowledge of two different kinds: knowledge about marketing phenomena, and knowledge about the methods of science. We have both of these kinds of knowledge now. There is a great deal of marketing data and marketing information available. There is also available extensive material on the philosophy of science. Seldom, however, does one person take a serious interest in both, so progress depends on more interest in putting them together. (Halbert, 1965, p. xiii)

Wroe was such a person. He had a very serious interest in the philosophy of science, and was a contributor to the *Philosophy of Science* journal, the premium epistemology journal in the western world. He produced theory of marketing using his practical experiences and his wide reading of literature from philosophy and the social sciences to provide the basis.

Wroe was not always an easy man to get along with. He could be very generous with his ideas, as when he gave his notes to Wendall Smith to write up on segmentation which were to become the award winning article 'Product Differentiation and Market Segmentation as Alternative Marketing Strategies' in the 1956 *Journal of Marketing* (Robinson, 2001; Monroe, 2001). Or he could be very protective of 'his' ideas. When Wroe picked up a new book the first thing that he would do is go to the back to see if he was referenced, such was the confidence of the man (Robinson, 2001).

Wroe was the father and director of the Marketing Theory Seminars (Wales and Dawson, Jr., 1979). The seminars were conferences as they should be and in many ways led to the Macromarketing Conferences (Shapiro, 2001). Alternating between Boulder, Colorado, hosted by the University of Colorado and Burlington, Vermont, hosted by the University of Vermont, the conference attendees were invited to bring their families. Mornings were spent in discussion of 'issues' in marketing theory and afternoons were spent recreating together (sailing, walking, etc.) (Bennett, 2001). He managed to be friends with a number of very well known thinkers, including Russell Ackoff, Bill Baumol, Kenneth Boulding, C. West Churchman, Joel Dean, and Herbert A. Simon who all visited the Marketing Theory Seminars at one time as Wroe's guest. Attendants, who were by invitation only, at the Marketing Theory Seminars included P. D. Converse, Donald Dixon, Al Duddy, George Fisk, Bill Lazer, Stanley J. Shapiro, Monty Somers and Hugh Wales (Shapiro, 2001; Wales and Dawson, Jr., 1979). No formal papers were presented, though Wroe would often prepare at length to present his latest thoughts, and no proceedings were produced, though there was an attempt one year to record the discussion, but it broke down when an argument reached the level where it could not be recorded (Dixon, 2001). The seminars could be both boring or exhilarating, but they built a community of scholars with interests in marketing theory and its development.

Wroe was a very intellectually vibrant man. He has been described as both a filter of ideas and a distributor of ideas (Robinson, 2001; Shapiro, 2001). He had an ability to bring relevant material from other disciplines to whatever he was thinking about in a way that surprised those around him (Alderson, 2001; Shapiro, 2001). Whether he was the originator of ideas or the person who saw their value in a wider, or other, situation, he was widely recognised as a genius (Fisk, 2001; Robinson, 2001; Shapiro, 2001).

He was very interested in people and delighted in discussing and philosophising, but when he was finished with someone he was completely finished with them. An ex-friend would be dead to him and his family would be expected not to mention the name again (Alderson, 2001). He was a dedicated and loving father and husband, but was not always patient with his family having very firm views about how things should be done and when they should be done. When his son Evan read *The Hidden Persuaders* it led to many arguments, with Wroe defending business against what he saw as slurs (Alderson, 2001).

The hoarse cry of the wild goose is like a brute reaction to beauty too bright to be borne. A world in flames, over land and water, re-enacts the ancient and tragic mystery of Death-in-Life and Life-in-Death.

The dogwood leaves are dying in a burst of battle red. Oak and maple strew the lane with the vivid hues of passion and the soft shades of memory. And soaring there on a high stark limb is the scarlet banner of ivy.

On the water, where life first found its home, life is still harvesting life: a fisherman out in the chilly dawn; the sails of the oystermen at noon; a belated woman crabber poling her skiff through the ripples along the shore. Underneath the surface the living still feeds on the living or faces death in the stab of the heron or the swoop of the osprey.

A philosopher speaking for the pantheism of the East has said that life is perpetual perishing. What we see now shall never be seen again. What we love most, even now is slipping away. We weep for beauty vanishing but beauty is its heir. The flower fading on its stalk will cast its seed for flowers to scent tomorrow.

A poet once prayed to be released from too much love of living. Let us rather pay to love life freely and to spend it freely. Time is our sovereign currency but let us not grasp it with a miser's hand.

*And let no puny man fancy himself Atlas, bearing the world on his shoulders. The world will not fall apart without us because God holds it together. Individually we are held and jointly we endure within the magnificent fabric of his grand design. The notes are transient – the symphony eternal. Our faith in a loving and eternal God is faith in the abundance of life.
(Alderson, 1960, p. 1)*

Wroe Alderson's works have continued to have influence on the discipline of marketing, though they are often not referenced. His paper continues to be the first chapter in *Marketing Classics* and a number of recent papers have considered his contribution (Brown, 2002; Holbrook, 2001; Wooliscroft, 2000; Wooliscroft, 2001).

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consequences. The ultimate goal is to understand the concept of QOL marketing in a nomological sense by shedding light on its antecedents and consequences. Doing so will help guide future empirical studies in QOL marketing. In addition, identification of antecedents of QOL marketing will provide marketers with practical guidelines on how to facilitate the development and implementation of marketing programs that enhance customer well being while preserving the well being of the firm's other stakeholders.

This paper is organized as follows. We will first discuss the philosophic foundations of QOL marketing. We then present the conceptual definition and dimensions of QOL marketing. After that, we present a set of propositions linking QOL marketing with its antecedents and consequences. Managerial and theoretical implications follow.

Philosophic Foundations of QOL Marketing

QOL marketing is a concept that originated from a set of philosophic foundations in marketing thought. These include societal marketing (e.g., Kotler 1986), relationship marketing (e.g., Macneil 1980; Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994; Parvatiyar and Sheth 1994), and stakeholder theory (e.g., Carroll 1989; Evan and Freeman 1988; Freeman 1984).

QOL Marketing As a Concept Embedded in Societal Marketing

Kotler (1986) has long maintained that marketing thought can be viewed in terms of fundamental marketing strategies. He described the following philosophic concepts: the production orientation, the product orientation, the selling orientation, the marketing orientation, and societal marketing. The *production orientation* holds that "consumers will favor those products that are available and highly favorable, and therefore management should concentrate on improving production and distribution facilities" (Kotler 1986, p. 14). The *product orientation* posits that "consumers will favor those products that offer the most quality, performance, and features, and therefore the organization should devote its energy to making product improvements" (p. 14). The *selling orientation* holds that "consumers will not buy enough of the organization's products unless the organization undertakes a substantial selling and promotion effort" (p. 15). The *marketing orientation* holds that "the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors" (p. 15). Kotler defined *societal marketing* in terms of quality of life: "The organization's task is to determine the needs, wants, and interests of target markets and to deliver satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well being" (p. 16). The *societal marketing orientation* posits that marketing success is likely to be mostly based on serving the many stakeholders of the firm and balancing their demands. The societal marketing concept calls upon marketers to consider the ethical ramifications of their marketing decisions. Today's consumers increasingly look for signs of corporate citizenship and expect that business firms conduct themselves ethically and responsibly in order to preserve or enhance the consumer's and the society's well being (Kotler 2003).

The focus here is the well being of consumers and various stakeholders of the firm. This is where *QOL marketing* fits in (Sirgy and Lee 1995). QOL marketing is a strategy that focuses on enhancing the well being of target consumers while preserving the well being of all other stakeholders of the firm that are affected through the process and/or outcomes of serving target consumers. Marketers adopting a QOL strategy attempt to maximize the welfare of their customers without adversely affecting the well being of the stockholders, distributors, suppliers, employees, and the local community in significant ways (Sirgy and Lee 1995, 1996). QOL marketing is therefore a marketing strategy founded on the philosophic concept of societal marketing. In this paper, we make an attempt to further define the conceptual domain

adversely impact the well being of other external stakeholders, it is vital to make marketing decisions in ways to minimize the adverse effects.

QOL marketing borrows from stakeholder theory in that the focus is not only on serving customers to generate customer satisfaction, trust, and commitment, but also on the preservation of well being of the firm's other stakeholders. Thus, QOL marketing challenges marketers to make marketing decisions in ways not to adversely affect the firm's other stakeholders.

The Construct Definition of QOL Marketing

QOL marketing is marketing practice--the business mechanism that plans, prices, promotes, and distributes consumer goods to customers--designed to *enhance* customer well being while *preserving* the well being of the firm's other stakeholders (e.g., stockholders, distributors, suppliers, employees, local community, and the environment) (Sirgy 1996, 2001; Sirgy and Lee 1996; Sirgy, Morris, and Samli 1985; Sirgy, Samli, and Meadow 1982). Please note that our definition of QOL marketing in this study focuses on marketing practices of consumer goods firms. Our definition does not apply directly to other types of marketing such as non-profit marketing, business-to-business marketing, and social marketing. Future research may extend the concept of QOL marketing to those other areas of marketing. We propose our first formal definition of QOL marketing as follows:

Construct Definition 1: *QOL marketing* refers to the business mechanism that plans, prices, promotes, and distributes consumer goods to customers for the purpose of enhancing customer well being (i.e., marketing beneficence) while preserving the well being of all other stakeholders (i.e., marketing non-maleficence).

As noted above, QOL marketing has two major dimensions, namely beneficence and non-maleficence. QOL marketing can also be conceptualized from the customer's perspective as well as from the firm's perspective. This framework is shown in Table 1. That is, in order to develop a comprehensive conceptualization of QOL marketing, we need to further define the four sub-domains of the QOL marketing construct: (1) marketing beneficence from the customer's perspective, (2) marketing non-maleficence from the customer's perspective, (3) marketing beneficence from the firm's perspective, and (4) marketing non-maleficence from the firm's perspective.

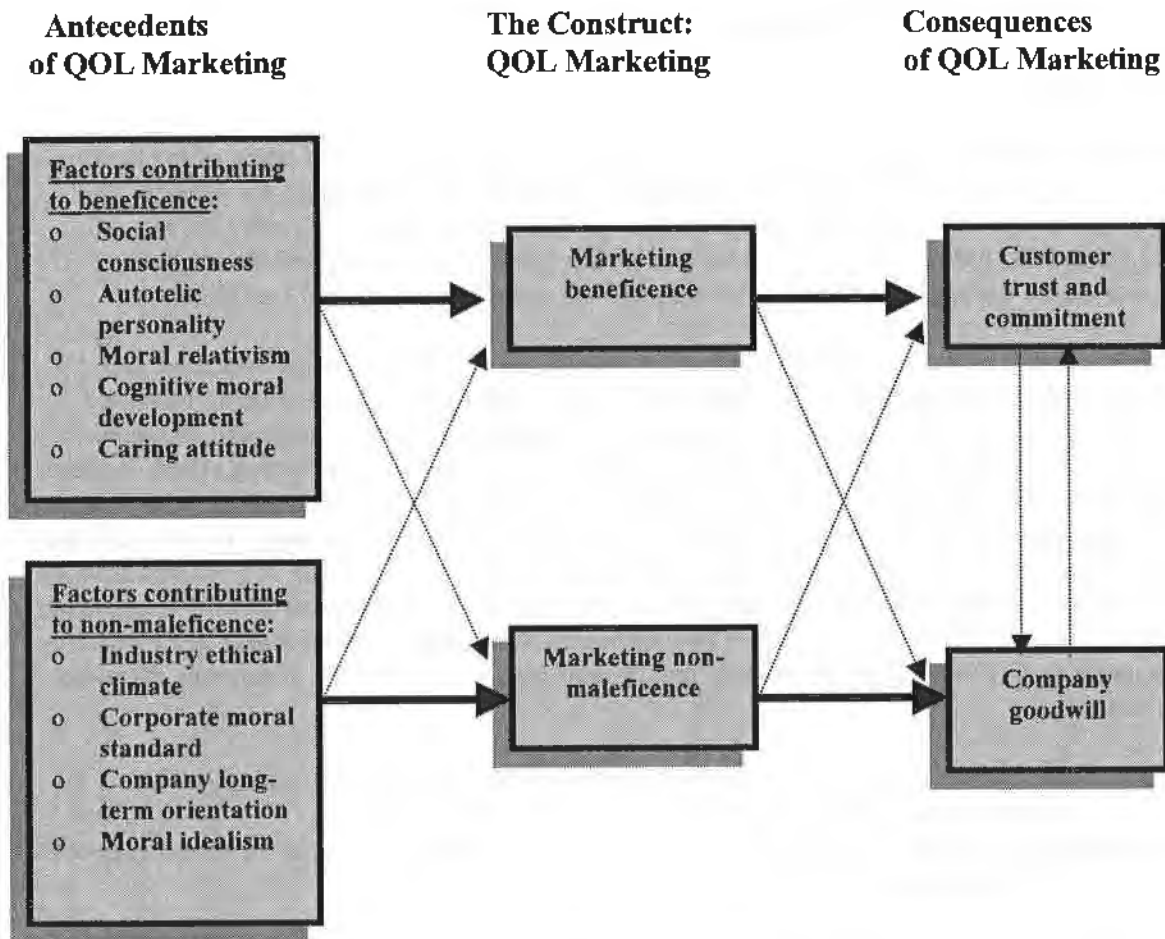
Table 2
Dimensions of QOL Marketing from the Customer's Point of View

	Product acquisition	Product preparation	Product consumption	Product possession	Product maintenance	Product disposition
Maximizing customers' benefits (marketing beneficence)	Benefits associated with the process of shopping and buying include: <input type="checkbox"/> Fun and <input type="checkbox"/> Excitement.	Benefits associated from product preparation include: <input type="checkbox"/> Sense of mastery, <input type="checkbox"/> Leisure activity, and <input type="checkbox"/> Monetary savings.	Benefits derived from using the product include: <input type="checkbox"/> Significant functional or utilitarian value, <input type="checkbox"/> Significant symbolic value, and <input type="checkbox"/> Significant aesthetic value.	Benefits of owning the product include: <input type="checkbox"/> Significant financial asset, <input type="checkbox"/> Significant financial investment, and <input type="checkbox"/> Status & prestige.	Benefits associated from servicing and repairing the product include: <input type="checkbox"/> Sense of mastery, <input type="checkbox"/> Leisure activity, <input type="checkbox"/> Monetary savings from extended use, and <input type="checkbox"/> Monetary savings from avoiding the cost of professional repair services.	Benefits associated with product disposal include: <input type="checkbox"/> Money from product sale <input type="checkbox"/> Self-esteem enhancement resulting from negotiating a good sale, and <input type="checkbox"/> Satisfaction of social needs related to product disposal <input type="checkbox"/> Satisfaction of moral needs related to environmental social responsibility.
Minimizing customers' costs (marketing non-maleficence)	Costs associated with the process of shopping and buying include: <input type="checkbox"/> Costs related to information acquisition, <input type="checkbox"/> Costs related to product accessibility, and <input type="checkbox"/> Costs related to transaction and delivery.	Costs of product preparation include: <input type="checkbox"/> Costs related to assembly, and <input type="checkbox"/> Costs related to training for use.	Costs of consuming the product include: <input type="checkbox"/> Costs related to functionality, <input type="checkbox"/> Costs related non-functionality, and <input type="checkbox"/> Safety-related costs	Costs of owning the product include: <input type="checkbox"/> Costs related to product depreciation, and <input type="checkbox"/> Costs related to product obsolescence	Costs of product maintenance include: <input type="checkbox"/> Costs related to servicing and repairs, and <input type="checkbox"/> Costs related to lost time spent on servicing and repairs.	Costs related to product disposition include: <input type="checkbox"/> Costs related to identifying sources of purchase or disposal, <input type="checkbox"/> Costs related to accessing buyer or source of disposal, and <input type="checkbox"/> Costs related to transaction and delivery to disposal site.

Consequences of QOL Marketing

Figure 1 shows the conceptual model of this paper. In this section, we will describe the consequences of QOL marketing. We will argue that the consequences of QOL marketing lead to outcomes affecting the survival and growth of the organization practicing QOL marketing. These organizational outcomes will be discussed in terms of company goodwill and long-term customer relationships.

Figure 1
QOL Marketing: The Construct and Possible Antecedents and Consequences



Customer Trust and Commitment

We believe that QOL marketing (particularly the beneficence component) should lead to *long-term relationships* with the firm's customers by enhancing their well being. QOL marketing provides customers with satisfaction in the process of acquiring the firm's products and services. In addition, QOL marketing provides satisfaction in the process of possession, consumption, and disposition of the firm's products and services (Lee and Sirgy 1995; Lee, Sirgy, Larsen, and Wright 2002). Enhancing satisfaction with all aspects of the consumer cycle should lead to increased customers' trust in the firm and its products and services, which in turn should lead to repeat purchasing and commitment to the firm (e.g., De George 1993; Oliver 1997; Szymanski and Henard 2001).

Proposition 3: Customer trust and commitment are likely to have a positive influence on company good will, and vice versa.

Antecedents of QOL Marketing

In this section, we will describe what we believe to be antecedents of QOL marketing. These are categorized as environmental factors, organizational factors, and individual factors.

Environmental Factors

Two environmental factors are identified to influence the adoption of QOL marketing as a strategy. They are social consciousness related to customer well being and industry ethical climate.

Social consciousness related to consumer well being refers to the degree of a society's sensitivity to the well being of consumers (cf. Lee, Sirgy, and Su 1998; Schlegelmilch and Robertson 1995). A society characterized as high on social consciousness is one that has strong norms regarding how business should be conducted. An example is for-profit firms do not have an inalienable right to make money at the expense of society at large. Society allows them to practice as long as society benefits. Profit is a reward for only "good" business. Good business needs to be adequately rewarded because profit is the basis for organizational well being. Society wants those businesses that do "good" to survive and prosper. Business is expected to serve customers well by providing products and services valued to customers. The primary purpose of any business enterprise is to market products and services valued by certain customers in the society. Hence, the mission of any business enterprise is first and foremost to serve customers by providing offerings that have value added. The same societal norms of business are reflected in government agencies (as well as consumer advocacy groups) keeping track of consumer well being statistics and trends. Based on these assessments, government agencies develop and implement programs designed to control the adverse effects of marketing (Donaldson 1989). In contrast, societies with a low degree of social consciousness are guided by an ultra-conservative philosophy of capitalism that encourages the practice of business, *period*--irrespective of whether the business is good or bad.

Firms in a society with high social consciousness are likely to closely examine the impact of their specific marketing practices on their customers and make a conscientious effort to enhance their well being. In sum, social consciousness related to consumer well being should motivate firms to engage in beneficent and non-maleficent practices. Based on the discussion, we propose that:

Proposition 4: Firms in a society with a high level of social consciousness related to consumer well being are more likely to engage in beneficent and non-maleficent marketing than firms in a society with a low level of social consciousness.

Proposition 4a: Firms in a society with a high level of social consciousness related to consumer well being are more likely to engage in beneficent marketing more so than non-maleficent marketing.

In many cases, marketing decisions are influenced by the *industry's ethical climate*. Ethical climate of an industry refers to the degree to which ethical norms are shared and reinforced by the firms in the industry (e.g., Hunt and Vitell 1993; Vitell, Rallapalli, and Singhapakdi 1993). An ethical climate of an industry may sensitize firms to better understand the importance of the firm's many stakeholders, not only the stockholders. In addition, firms in an industry with an ethical climate tend to have a code of ethics and a judicial system that actively discourages ethical violations (e.g., Ferrell, Grasham, and Fraedrich 1989; Ferrell and Grasham 1985; Singhapakdi, Kraft, Vitell, and Rallapalli 1995). In contrast, firms in

Long-term orientation of a firm refers to the degree to which the firm believes that maintaining a long-term relationship with the firm's various stakeholders is more important than short-term gain or loss arising from a single transaction (Ganesan 1994). Firms with a long-term orientation are motivated to preserve the relationships with their customers and various stakeholders over the long run (Macneil 1980).

We believe that firms with a long-term orientation are likely to adopt QOL marketing. Firms with a long-term orientation are likely to make every effort to develop lasting relationships with their target customers by providing products and services with significant benefits. This is an expression of *beneficence*. In developing new products and services, for example, marketers with a long-term orientation are likely to evaluate the long-term impact of their offerings on the well being of their customers. They are not likely to market products and services that may provide a short-term gratification to their customers, but adversely affect customer's well being in the long run (cf. Macneil 1980; Sirgy and Lee 1996).

Moreover, firms with a long-term orientation are not likely to engage in marketing practices that may have a negative impact on the well being of other stakeholders. This is an expression of *non-maleficence*. Firms with a long-term orientation view the well being of the stakeholders as interdependent. Thus, long-term oriented marketers are likely to make a conscious effort to preserve the well being of other stakeholders affected by the firm's marketing decisions. We also believe that firms with long-term orientation may not express beneficence outright. There are other factors required to allow firms to do this. But at a more basic level, firms with a long-term orientation are very likely to avoid maleficence. Based on the discussion, we hypothesize the following:

Proposition 7: Firms with a long-term orientation are more likely to engage in beneficent and non-maleficent marketing than firms with short-term orientation.

Proposition 7a: Firms with a long-term orientation are more likely to engage in non-maleficent marketing more so than beneficent marketing.

Individual Factors

Individual factors affecting the adoption of QOL marketing include the autotelic personality, moral relativism, moral idealism, cognitive moral development, and a caring attitude.

Csikszentmihalyi (1997) recently introduced the concept of the *autotelic* personality. People with autotelic personality confront life with enthusiasm and involvement. They engage in certain activities not because of their extrinsic benefits but because of their intrinsic values. For example, marketers with autotelic personality got excited by showing prospective buyers how the product can enhance the quality of their lives. They experience intrinsic satisfaction from their jobs. If they do their jobs because of extrinsic benefits, then they are *exotelic*, not *autotelic*.

Many entrepreneurs who start their own business are autotelic. They are intrinsically motivated by their business. They believe that their product or service will make a big difference in people's lives. They may make less than minimum wage--that is if one counts the number of hours they put in their jobs relative to their pay. But they don't do it for the money. There is a higher calling. This is the autotelic entrepreneur. The autotelic marketers can be described similarly. They know a great deal about the product and its benefits. They know how the product can be used most effectively to extract the most benefits from it. They believe that the product has significant benefits to consumers and the society. They know how the product does better than competitor products in the marketplace. They are willing and eager to negotiate a deal with prospective buyers to get the product into their hands--not necessarily

Proposition 10a: Firms with marketers characterized as high in moral idealism are more likely to engage in non-maleficent marketing more so than beneficent marketing.

The theory of *cognitive moral development* (Kohlberg 1976) is widely used to assess the quality of individuals' ethical reasoning. The theory posits that moral development is a progression of cognitive construction of concepts of right or wrong. Managers in the lower developmental stages rely mainly on a set of self-interest criteria (e.g., avoiding punishments, complying with regulations). They may behave unethically "if they can get away with it." They often try to maximize their self-interests at the expense of other parties involved. Thus one can argue that managers low on cognitive moral development are likely to engage in marketing that is neither beneficent nor non-maleficent.

In contrast, managers in the higher moral development stages tend to make moral judgments based on "universal principles of justice" (Kohlberg 1976, p.35). They are likely to be proactive and engage in efforts to enhance consumer well being. They do so by providing customer benefits and reducing customer costs (Lee, Sirgy, and Su 1998; Sirgy 1996; Sirgy and Lee 1994, 1996). This is an expression of *beneficence* of QOL marketing. Furthermore, they are likely to be sensitive to the needs of other stakeholders. They take account of other stakeholder's well being in their marketing decisions, and plan socially responsible marketing programs (Hunt and Chonko 1984; Kotler 1986). This is a characteristic of *non-maleficence*.

One may argue those who are as marketing managers move up the cognitive moral development ladder their marketing practices change from non-beneficence to non-maleficence, and with further development to both beneficence and non-maleficence. Based on the discussion, we propose the following.

Proposition 11: Firms with marketers characterized as high in cognitive moral development are more likely to engage in beneficent and non-maleficent marketing than firms with marketers characterized as low in cognitive moral development.

Proposition 11a: Firms with marketers characterized as high in cognitive moral development are more likely to engage in both beneficent and non-maleficent marketing, while marketers characterized as moderate in cognitive moral development are more likely to engage only in non-maleficent marketing.

With respect to caring attitude for the well being of customers, traditional marketers are usually motivated by economic values such as short-term sales and profit. Customers are sometimes treated in a dehumanizing fashion and may suffer at the hands of traditional marketers. The tarnished image of traditional marketers is the direct result of their lack of caring attitude and compassion for consumer well being.

In contrast, marketers with a caring attitude for their customers are willing to help beyond their call of duty. They care, not because caring is likely to enhance the bottom line, but because they think it is the right thing to do. Their caring attitude is an expression of affective commitment and passion for the well being of their customers (e.g., Gilligan 1982; Prilleltensky 1997). This value is reflected in *beneficence* dimension of QOL marketing. Based on the discussion, we propose the following:

Proposition 12: Firms with marketers characterized as having a caring attitude are more likely to engage in beneficent and non-maleficent marketing than firms with marketers characterized as not having a caring attitude.

Proposition 12a: Firms with marketers characterized as having a caring attitude are more likely to engage in beneficent marketing more so than non-maleficent marketing.

and firm perspectives) were articulated in this paper. In addition, nomological validity of the measure can be tested using the conceptual model introduced in this paper.

Second, the conceptual model of this study focuses on the influence of each antecedent in the adoption of QOL marketing. Future empirical studies can be conducted to identify *under what conditions* specific antecedents in the model become more important than others in predicting the adoption of QOL marketing. For example, one can argue that a caring attitude is likely to be more predictive of QOL marketing in the mature stages of an organization (e.g., well-established large size firm with a long history) than in the early stages of the organization. If so, then the managerial significance of this hypothesis is to focus on the adoption of QOL marketing in the later stages of the organizational life cycle, rather than in the early stages of the organizational life cycle (Sirgy and Lee 1995). Future longitudinal studies can be conducted to examine this moderating effect of organization life cycle. Understanding on the relative importance of the antecedents should provide marketers with practical guidelines for input into resource allocation decisions.

Third, this study has focused on a model of QOL marketing in a North American context. Could the antecedents and consequences of QOL marketing be different in other cultures? For example, one may argue that QOL marketing is likely to be adopted and successfully implemented in feminine cultures than in masculine cultures (Hofstede 1980, 1991). Future cross-cultural studies may be conducted to identify how the proposed relationships in the model might differ as a function of culture (cf. Singhapakdi, Karande, Rao, and Vitell 2001).

In conclusion, we believe that the construct of QOL marketing is important for contemporary marketing. This construct should be researched systematically, methodologically, and programmatically. We hope that this paper may motivate some of our marketing colleagues to join us with a conceptual refining and an empirical testing of the proposed relationships. Doing so will help us better understand the construct, its determinants, and consequences.

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20 percent consume slightly more than 1 percent. Specifically, this wealthiest one-fifth of consumers globally:

- Consume 45 percent of all meat and fish, the poorest one-fifth 5 percent.
- Consume 58 percent of total energy, the poorest one-fifth less than 4 percent.
- Have 74 percent of all telephone lines, the poorest one-fifth 1.5 percent.
- Consume 84 percent of all paper, the poorest one-fifth 1.5 percent.
- Own 87 percent of all vehicles, the poorest one-fifth less than 1 percent.

Using the Human Development Index (HDI), which focuses on the level of achievement of a nation's people on three consumption dimensions - longevity, knowledge, and standard of living, Hill and Adrangi (1999) found that one-third of the world's population or two billion people live under low human development conditions, with the worst possible situations in Sub-Saharan Africa and South Asia. Consistent with these findings, the UNDP (1997) reports horrific conditions among these consumers:

- Approximately 1.3 billion people are income poor, surviving on less than \$1 a day.
- Almost 1 billion people are illiterate.
- Over 1 billion people do not have access to safe drinking water.
- Some 840 million people lack food security and must go hungry.
- Nearly 100 million people are homeless.
- About 800 million people are unable to receive health services.

Consumption and Environmental Damage

These consumer inequities across nations, peoples, and regions of the world have resulted in widespread dissatisfaction, alienation, and concern (Hill and Dhanda 1999). As Udombana (2000, p. 753) decries: "Four fifths of the world's population can no longer accept that the remaining fifth should continue to build its wealth on their poverty." This perspective is consistent with the UNDP (1997; 1998; 2001) *Human Development Reports*, which acknowledge that wealthy nations reap the benefits of production and consumption, while the developing world suffers most of the adverse consequences.

Such criticisms go beyond typical concerns about negative influences of the larger material culture and include externalities of consumption that do ecological harm (Borgmann 2000). Within this context all consumption-related activities, from production to usage to disposal, have environmental effects that are experienced throughout the world regardless of the physical location of the consumer. Thus Ger (1997, p. 112) reflects: "Consumption and production patterns of affluent countries are responsible for most transboundary problems, such as ozone layer depletion, ocean pollution, and chemicalization of the habitat."

One of the leading causes of environmental damage that is a byproduct of energy consumption for a wide variety of personal and industrial usages is carbon dioxide (CO₂). The burning of fossil fuels for such consumption has nearly quintupled since 1950, and emissions of carbon dioxide annually have quadrupled as a result (UNDP 1998). If consumption of energy worldwide continues to grow unabated, CO₂ emissions will rise by as much as 40 percent in less than a decade. Compounding this dilemma, the current level of emissions already exceeds the ability of the globe's vegetation to absorb them, and declining forest areas are exacerbating this dire situation.

A particularly devastating consequence of the overabundance of carbon dioxide is the thinning of the ozone layer of the atmosphere, especially over temperate areas of the world (UNDP 1998). The resulting increase in ultraviolet light does damage to farm crops and to plankton eaten by marine animals, reducing

Model Development and Results

Theoretical Model and Hamiltonian Optimization Problem

In this section, a theoretical model is developed that presents an optimization problem. The assumption is that consumers derive utility from consumption while simultaneously generating pollution. Hence, the model focuses on the trade-off between aggregate consumer behavior and environmental degradation. The problem for global society, nations, or government-sponsored regulatory agencies is to determine optimal consumption that takes into account the interaction of this trade-off. The theoretical model follows the treatment of Lambert (cf. 1985) wherein the production-consumption trade-off is modeled within an optimal control theory format. However, in our paper utility is multivariate in nature and is a function of consumption and emissions. Earlier, Forester (1973) modeled a similar problem that used the Pontryagin's Maximum Principle to solve for the optimal solution.

The objective is to maximize the discounted utility. Let $\Phi(t)$ designate the utility function:

$$\Phi(t) = f [C(t) - E(t)]$$

where $C(t)$ represents the function for consumption over time and $E(t)$ denotes the function for emissions over time.

The future utility is discounted at rate r (constant exponential)

$$\text{Max}_C \int_0^T e^{-rt} U [\Phi (t)] dt$$

subject to:

$$\dot{E} = aC - bE$$

$$E(0) = E_0, E(t) \leq E_T, 0 \leq t \leq T.$$

The first constraint states that the change in emissions over time is a function of consumption and emissions. This constraint identifies the time path of the state variable, which is required for the existence of an optimal solution. This is a plausible condition for the time path, which shows that the rate of change of emissions has to decrease with rising emission levels if the terminal level of emissions is to be finite. The second constraint states the end-point conditions that govern the time-path for the build-up of emissions.

The optimization problem is expressed as follows:

$$\text{Max}_C \int_0^T e^{-rt} U[C(t) - E(t)] dt$$

subject to:

$$\dot{E} = aC - bE$$

$$E(0) = E_0, E(t) \leq E_T, 0 \leq t \leq T.$$

With:

$$E' = aC - bE \quad (\text{vi})$$

$$aC = E' + bE \quad (\text{vii})$$

$$C = \frac{E' + bE}{a} \quad (\text{viii})$$

If $U(C)$ is linear, then $U'(C) = 1$. Plug equation (viii) into equation (iv) to get

$$f'\left(\frac{E' + bE}{a}\right) = -ma \quad (\text{ix})$$

Also, if $U(C)$ is linear, then $U'(C) = 1$ and equation (V) takes the form:

$$m' = (b + r)m + g'(E) \quad (\text{x})$$

These are the equations for E and m' that are required for the diagrammatic analysis of the steady state. Figure 1 is the phase diagram, which shows the time path for both E and m . In the following discussion we analyze time paths with varying levels of emission. Of particular interest are situations with low and high emission levels. Both low and high emission starting statuses could lead to steady state equilibrium, to higher emission levels, and/or to lower levels of emission.

The steady state for emissions and consumption depends on the position of $E'=0$ and $C'=0$. Thus, there is no guarantee that the resulting steady state is necessarily ideal at any given time, due to the initial assumptions of the model and the reality of a dynamic marketplace and updated research data. For example, the optimal paths that seemed attainable twenty years ago are not deemed optimal given the recent information regarding the ozone layer or the consumption of fossil fuels.

Figure 1 indicates that matters of emission and sustainable growth and consumption require continuous dialogue across nations. The Figure shows that countries on the lower rungs of emission and consumption (Quadrant IV in Figure 1) could develop along paths that lead toward the steady state equilibrium or away from it. To ensure that all nations remain on the path toward a steady state (that is justified by the latest scientific data), nations must have ongoing interactions. This may be considered a theoretical foundation for international conferences on the issue, such as the recent Marrakech meeting that followed the Kyoto Protocol. Unfortunately, several key governments, most notable the United States, were not present during these discussions.

Table 1 reports the estimation results of equation (1) for all 212 nations, all available years (1990 to 1998), and pooled data for all nations and all years. The β coefficients are highly significant and consistently positive for all years as well as the pooled data. These findings indicate that emissions are positively correlated with GDP levels of nations. The values of the coefficient of determination for all years further indicate that an inevitable side effect of economic growth is effluent levels of emission and environmental degradation.

Table 1
Estimation Results of Equation (1)
Autocorrelation-Heteroscedasticity Consistent Estimates

Years	α	β	R ²	F
91	21.34 (1.57)	0.0007*** (6.51)	0.75	548.92***
92	38.89*** (2.83)	0.0004*** (3.93)	0.44	154.36***
93	19.07 (1.51)	0.0007*** (7.08)	0.76	598.13***
94	24.67** (1.86)	0.0007*** (7.91)	0.73	524.63***
95	25.04** (1.84)	0.0007*** (8.25)	0.72	497.50***
96	27.17** (1.94)	0.0007*** (8.18)	0.71	467.54***
97	19.01 (1.56)	0.0008*** (17.66)	0.78	648.31***
98	-48.84 (-1.64)	0.0007*** (15.92)	0.96	697.37***
Pooled	21.13*** (4.42)	0.0007*** (23.561)	0.76	4381.17***

Notes: *** significant at 1 percent level, t statistics are reported in parentheses

Estimation results based on equation (2) are reported in Table 2. These verify the findings reported in Table 1. Thus, empirical results remain robust even under an alternative formulation of the functional relationship between emissions and GDP levels. The policy ramifications of the evidence reported in Tables 1 and 2 are compelling. Specifically, as nations achieve consumption levels and economic growth, they face a rising threat of environmental deterioration. In terms of Figure 1, we can assume that different stages of economic growth place nations in different quadrants of the phase diagram. Therefore, depending on domestic environmental policies continued economic growth might move a nation away from sustainable steady state equilibrium over time.

Table 3
Estimation Results of Equation (1)
Autocorrelation-Heteroscedasticity Consistent Estimates

Category	α	β	R ²	F
Low	-2.88 ^{***} (-10.16)	0.001 ^{***} (14.26)	0.67	491.19 ^{***}
Medium	-27.03 ^{***} (-2.70)	0.003 ^{***} (7.63)	0.68	1038.94 ^{***}
High	-33.24 ^{***} (-2.76)	0.007 ^{***} (26.16)	0.92	4105.89 ^{***}

Notes: *** significant at 1 percent level, t statistics are reported in parentheses

Table 4
Estimation Results of Equation (2)
Autocorrelation-Heteroscedasticity Consistent Estimates

Category	α	β	R ²	F
Low	-8.10 ^{***} (-25.44)	21.04 ^{***} (26.14)	0.76	763.63 ^{***}
Medium	-8.02 ^{***} (-52.34)	1.14 ^{***} (75.32)	0.91	4744.01 ^{***}
High	-5.26 ^{***} (-21.81)	0.83 ^{***} (42.20)	0.83	1648.40 ^{***}

Notes: *** significant at 1 percent level, t statistics are reported in parentheses

Table 4 shows the estimation results of equation (II). The β coefficients represent the percentage change in emissions with respect to percentage change in GDP. According to these estimates, the highest percentage contributors to emissions in the process of expanding consumption are countries in the low development category of nations (Human Development Index [HDI] values less than .05; for example, Pakistan and Nigeria). This is followed by the medium development category of nations (HDI values between 0.5 and 0.8; for example, China and Venezuela). The lowest percentage contributors are the countries in the high development category (HDI values greater than 0.8; for example, Norway and United States). (See Hill and Adrangi 1999 for a recent listing of HDI values across all nations of the world.)

Two possible explanations emerge: First, at the lowest levels of economic development, nations may have fewer resources and therefore less ability to influence environmental quality as consumption expands.

While these tactics may have the desired effect, the magnitude of the problem revealed by our results suggests that their cumulative impact may not be enough to ensure a steady state path of consumption and pollution. Thus, Dhanda (1999, p. 258) recommends three “policy options designed to reduce such environmental degradation based on the belief that pollution is a residual *discommodity* that is created concurrently with a valued commodity.” The first is command and control policies, which compel polluting firms to employ the best control and abatement technology that currently is available. The second is environmental taxes that result in higher prices for goods and services that generate pollution such as CO₂ emissions. The third is marketable pollution permits whereby a government agency establishes a cap on pollutants like CO₂, and issues a fixed number of permits that can be freely traded and allow the bearer to pollute up to a defined limit.

Of course, our findings advocate for a global solution that goes beyond the confines of the developed world and takes into account the resources and constraints of developing and less developed nations. One possibility is the full implementation of the 1997 Kyoto Protocol, which was the result of a highly publicized international conference. Under this accord, industrialized countries agreed to reduce carbon dioxide emissions by more than five percent by 2012 (Hayami 2000). While no targets were established for developing or less developed countries, developed nations could meet their targets by supporting emission-reduction programs in these less-affluent nations.

Opportunities for the transfer of scarce resources between the developed and developing worlds exist within this market-based program. For example, the United States could meet its target reduction rate of CO₂ more cheaply by helping producers in developing countries make factories less polluting than by making their own facilities less polluting. Such trading could result in the transfer of advanced environmentally friendly technologies from developed to developing and less developed nations that is estimated to exceed \$100 billion annually, an amount that our results suggest they cannot afford on their own (see Millock 2002). Of course, this exchange of wealth depends upon the ratification of the Kyoto agreement by the most affluent countries including the United States, which has failed to do so at this point in time.

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How Physical Infrastructure Might Moderate Innovation and Organizational Structure and Affect Economic Development in Developing Nations

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Abstract

The World Bank group report on Global Economic Prospects (2001) suggests that over the next decade, aside from the dismantling of trade barriers, technological innovations over the past decade will contribute to the economic development of developing nations. Scholars believe, however, that economic development will depend on the level of infrastructure necessary to support these innovations (Nosal and Rupert 2002). This paper aims to develop propositions that provide a theoretical framework to address this belief. These propositions are partially based on diffusion theory and hope to contribute to the macromarketing literature in economic development. The outcome of this paper suggests that, all other things equal, (e.g. stable economic condition) the higher the physical communication infrastructure development for the nation in which the innovation is adopted, the higher the economic development attributable to that innovation. Arguably, this effect results from the enhanced cost efficiency associated with adoption under situations of good infrastructure development. This paper presents a further complementary argument that the adoption of such innovations by individual organizations (in a developing country) is more effective and more situationally adaptive (and, hence, more likely to be successful) when such organizations are relatively more agile and lean.

Introduction

Starting in the 1980s many countries began dismantling controls on the movement of capital and by 1994 significantly lowered trade barriers. This has generally been achieved through declining transportation costs and advances in communication and information technologies leading to economic growth in developing nations (Yusuf 1999). Adopting innovations like the Internet has also substantially reduced trade barriers (Yusuf 1999). It has been argued that globally, developing nations are increasingly using electronic commerce based on Internet technology in performing business activities (Cadeaux and Gupta 2001). Woodall (2000) argues that although electronic commerce is not in the same league as either electricity or the printing press in terms of its impact to date on the economy of any nation, it may have potentially the biggest economic impact of any technology yet, particularly for developing nations. As such, developing nations have begun to invest in information technology. For example, textile producers Li & Fung, work with specialist spinners, dyers, knitters, weavers, finishers, sewers and printers as well as wholesalers and retailers (Garnsworthy 2000). Many of Li & Fung's business partners are spread across Asia and are using electronic commerce not only to transact but also to gain and provide manufacturing services. Thurow (2000) argues that governments are becoming platform builders that invest in infrastructure to allow economic growth. In particular, Thurow (1999; 2000) argues that new technology such as computers and telecommunications, through a process of creative destruction, are reshaping the economies of the third millennium. One can argue that a global innovation like the Internet may have some local impact on the economy where firms in different locations engage local employees to perform business activities.

World Bank. India, in particular, is used as an example of a developing nation. Economic development here is defined in terms of marketing system productivity and export market development.

Economic Development

The effect of public capital accumulation on economic development has long been a controversial subject in the development and growth literature (Wang 2002). Wang (2002) argues that provision of public infrastructure is one of the effective means by which governments can promote economic development. Government investments, particularly in infrastructure, are theoretically considered to have a variety of effects on the economy ranging from bidding up interest rates and "crowding-out" private investment to raising productivity and stimulating growth (Wang 2002). Wang (2002) argues that an important issue regarding infrastructure is not how much new infrastructure stock can be established, but rather how efficiently government manages the new stock. Scholars have addressed economic development in terms of export and economic growth (Feder 1983), in terms of contribution of infrastructure to economic development (Kessides 1995), in terms of investment into infrastructure and its impact on economic growth (Munnell 1992). Entrepreneurial opportunities to work and invest in situations where great disequilibriums-imbances or openings in the economy are created by new circumstances exist and, usually, with new technology, economic wealth is then created (Thurow 1999). Thurow (2001) suggests that using contemporary sales channels rather than electronic sales channels could lead to economic suicide by firms. However, Thurow (2001) does not provide substantial empirical data in support such shift in channels, nor does he provide any information on the structure or size of firms that could benefit economic growth. More importantly, it is not well understood how innovations and organizational structure of firms within the developing countries affect economic growth.

Organisation Structure - Firm

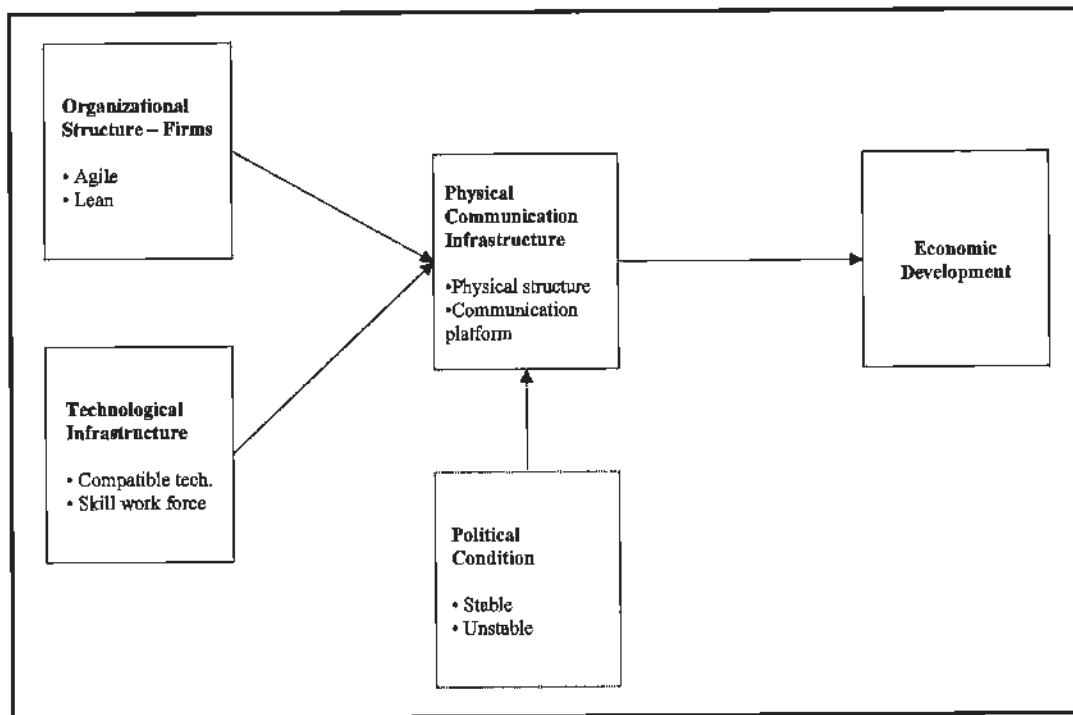
Organizational structure refers to the structure of firms within the developing nations. These firms require flexible and agile structures in order to meet the different requirements in changing markets. For example, firms competing in global markets must meet the needs of individual nations and, at the same time comply with international ISO 9000 standards.

In order to achieve competitive advantage using the start-up model, firms must be structurally aligned. In a management context, two factors, leanness and agility, have been identified in the literature to help best achieve competitive advantage outcomes. The key characteristic of flexibility is agility, while leanness is an element of agility in certain circumstances (Christopher and Towill 2000). Christopher and Towell (2000) state that agility should not be confused with leanness where leanness is about doing more with less. Leanness is defined as a set of practices intended to remove all waste from the manufacturing system while agility is the measure of a manufacturer's ability to react fast to sudden, unpredictable changes in customer demand for its products and services, and to make a profit (Noaker 1994).

Technological Innovation

Innovations clearly are one source of competitive advantage (Davis and Devinney 1997). Yet, it is not understood how innovations that cross borders can affect the economic development of nations. However, scholars such as Tkalac et al. (2000b) have begun to address some of these issues. Many technological innovations are important for macromarketing because they can be considered as both a link and buffer for market globalization, which seems to be a primary goal of the development of any economy in developing nations (Tkalac et al. 2000b). Technological innovations like the Internet seem to break down barriers. However, this is only possible because a widely shared technological compatibility exists in the communication platform. These types of technological innovation include the acquisition, transmission, processing and presentation of information in all its forms: audio, video, text, data and graphics that is

Figure 1
Conceptual Model



Conceptual Framework

Innovation and Physical Infrastructure

In very general terms, innovation is defined as an idea, practice or object that is perceived as new by an individual or other unit of adoption (Rogers 1995). Scholars have investigated innovation from the strategy perspective (Christensen, Suarez, and Utterback 1998; Christensen 1997; Davis and Devinney 1997) from the network perspective (Biemans 1989; Christensen et al. 1998; Christensen 1997; Davis and Devinney 1997; Gulati, Nohria, and Zaheer 2000) and from a new product perspective (Dougherty and Hardy 1996; von Hippel 1976; von Hippel 1978). Others have studied diffusion of information technology innovation from a global perspective (Drury and Farhoomad 1996; Eisenhardt and Tabrizi 1995; Premkumar 1994). Although this literature provides a good foundation, it is not well understood how the diffusion of this innovation is dependent on the spread of physical infrastructure. In particular, given that developing nations are at different stages of building physical communication infrastructure, it is important to understand from a macromarketing perspective how such infrastructure development might affect the economic development of a nation (Tkalac, Pavicic, and Lisanin 2000a).

Due to the existing development gap and differences between the developed and developing countries, developing nations face a challenge in order to rationalize the promises inherent in new technological innovations such as the Internet (Singh 1999). Singh (1999) argues that two issues face developing nations: (a) how to equip the developing countries as far as infrastructure is concerned so that they benefit from the use of the Internet and (b) how to manage the growth and development of the Internet as a public good and utility that would promote and enhance economic development.

Table 2
Comparison of Communication infrastructure and access between
India and the South Asia 2000

Infrastructure & access (per 1000 people)	India		South Asia
	1995	2000	2000
Tel. main lines	13	32	27
Capital Cities	95	131	118
Mobile phones	0	4	3
Newspapers		48	47
Radio	119	121	112
Television sets	61	78	75
Personal Computers	1.3	4.5	4.2

Source: World Bank Development Data Group ICT 9/9/2002

Diffusion of Innovation

The current consensus amongst industry consultants is that Internet connections will grow rapidly in developing nations during the next decade (Rajkumar and Wheeler 2000). Rajkumar and Wheeler (2000) argue that trends suggest that Internet use will grow at a much faster rate in developing nations than in developed nations. This implies convergence in per capita use, since projected Internet growth rates are in the double-digit range which is greater than projected population growth (Rajkumar and Wheeler 2000). Diffusion of the Internet in developing nations will closely resemble its past pattern in the industrial economies. This notion is augmented by the enthusiastic support shown to the low-earth-orbit (LEO) satellite system by developing nations due to its potential to leapfrog conventional technologies.

In spite of such forecasts, the nascent condition of Internet diffusion in many developing nations reflects several constraints on Internet use, the most important of which is the availability of telecommunication infrastructure (WorldBank 2000). Canning (1999) argues that strong evidence exists that suggests that quality and quantity of telecommunication services provided in a country is a significant determinant of the existence of Internet connections and the level of Internet use. Canning (1999) also argues that, to date, Internet users have depended on telephone lines for connection. The trend experienced in many developing countries suggests a much more rapid diffusion of the technology for the given availability of telephone lines than is the case for the United States (WorldBank 2000). The report (WorldBank 2000) thus argues that the digital divide results from differential access to telecommunication infrastructure and not from any subsequent disparities in usage rates of the Internet after adequate telecommunications infrastructure becomes available.

Unfortunately, however, the gap in telecommunication services between the developed nations and the developing nations is large, so the digital divide is likely to remain wide for some time. For example, the average OECD country had 70 times and the average Latin American country had 17 times the number of telephone mainlines as did countries in Africa (excluding South Africa). On the other hand, dependence on the expensive installation and maintenance of land lines will hopefully give way to digital cellular phones with Internet access which are already spreading rapidly in some Asian countries like Japan and in Western Europe. With the advent of cheaper technology this mechanism will become more accessible to developing nations (WorldBank 2000). Duhaime, McTavish and Ross (1985) argue that new innovations will be accepted by developing nations when they meet the need of people effectively and without unanticipated risks or costs.

A number of studies have recently focused on factors that include agility and leanness in supply chain networks and in particular procurement using B2B e-market firms (Naylor, Naim, and Berry 1999; Yusuf et al. 1999). Christopher and Towill (2000) also discuss how agility and leanness are factors that can be related to firms in a supply chain network using a B2B e-market. Burgess (1994) argues that, in a manufacturing context, agile manufacturing is coincident with post-industrial network structures. Empirical study indicates that by controlling for firm size, market share increases were significantly correlated with improvements in manufacturing agility (Ettlie 1998).

The literature provides some indications of how factors such as agility and leanness can be related to firms in supply chain networks using B2B e-marketplaces. Yet, what is unclear from the literature is the impact of such factors as agility and leanness on firms and industries in developing countries. Furthermore, Yusuf (1999) argues that agility should not be equated just with the speed of doing tasks and recognizes that structural changes within firms and infrastructural changes within a country are required for economic development.

One can argue that firms in developing nations, in order to achieve economic development, require appropriate organizational structures. As broadly shown in Figure 1, dimensions of organization structure such as agility and leanness, in themselves can contribute to economic growth and complement the positive contribution of technology while themselves having an even stronger effect when communicational infrastructures are well-developed. Thus, we make the following proposition:

P₂: Industries in developing nations make the strongest contribution to national economic development when they are populated by organizations that are agile and lean enough to make effective use of Internet technology and adapt to an increasingly interconnected global marketplace. Good communications infrastructure and a skilled workforce facilitates this process of adaptation.

Discussion

This paper presents some basic theoretical arguments and some evidence for how physical communications infrastructure can increase the efficiency of the diffusion of a technological innovation such as the Internet within a developing nation and thereby contribute to national economic development. It also considers how the organizational flexibility and agility of firms in developing countries can itself be a source of effective and adaptive use of such new technology, and given adequate infrastructural support, itself become a contributor to national economic development.

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Special Panel:

Assessing our Ancestors: With Particular Reference to Wroe Alderson Discussion

Stanley J. Shapiro, Simon Fraser University, Chair

Brian Jones, Quinnipiac University

Tom Klein, University of Toledo and Notre Dame University

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What has been the intellectual legacy, if any, of Wroe Alderson, Ted Beckman, P.D. Converse, Reavis Cox, E.T. Grether, John Howard and other senior marketing scholars active half a century ago? What are the various ways of measuring any such legacy? Is making such an effort a worthwhile academic undertaking? If so, why?

These are among the questions to be explored in this session. While attention will be paid to how any senior marketing academic's legacy might be assessed fifty or so years later, Wroe Alderson will be the particular focus of attention. How Alderson's legacy might best be explored in a commemorative publications will also be discussed.

This model is typical of the biological metaphors brought into business writings in the early and mid-twentieth century, requiring objects to be born, grow, mature, and decline before death (Sheth, Gardner and Garrett, 1988). While there is much anecdotal support for the wheel of retailing, though it is hard, or impossible, to conclusively test this type of model (Hunt, 1991).

The recognition of the changing establishment makes the model implicitly a wheel of branding. The authors contend that this model of branding can be considered as a general model of branding change. It is nonsensical to think of the wheel of retailing out of the context of a retail brand. We cannot use this model to describe a retail site, only to describe a retail brand. The wheel of retailing model, or the wheel of branding model, can be considered to understand the system of branding's implications for society. The wheel of branding model merely predicts that quality of a brand will increase over time until the brand is vulnerable to competition from below. By considering how the branding system works it can be seen why the quality increases.

Systems and Marketing

The systems approach brings strength to marketing analysis and has been used by many leading marketing authors (Alderson, 1957; Bass, 1969; Dowling, 1983; Fisk, 1967; McNair, 1958). Many of the models in common use in marketing are developed in a systems perspective, for example the hierarchy of effects, the product life cycle, the wheel of retailing, the Bass model, the law of exchange, the four Ps, etc.. These models are usually considered without the attributes that the systems perspective has, leading to poorly understood and less effective models and marketing tools.

Few authors have taken a macro-systems perspective when generating marketing theory, the most notable being Alderson (1957, 1965). Those theories/models generated in a micro-systems perspective often have their work used without consideration of the fact that there are many levels of systems, from the cellular level to a global or universal level. It is the layering and interrelating of systems, which is both the systems perspective's greatest strength and its most off-putting feature — it is frequently considered to be too complex and to include information that does not help the marketing manager.

The advent of chaos theory, complexity theory and self organizing critical states have lead to a need to understand the system at a macro-level better so that the micro-level can be understood (Buchanan, 2000; Fortin, 1995; Gleick, 1987). According to these theories a seemingly small influencer can have major, even catastrophic, impacts on the dependent variable under study (Buchanan, 2000; Gleick, 1987). It is studying the system, which encourages the identification of all the interrelations in a situation that helps to understand why seemingly unpredictable situations are predictable.

Brands

A brand is a mark of quality which communicates to the (potential) customer the values of the products associated with the brand (Kotler, Chandler, Gibbs and McColl 1989). The promise to the customer associated with the brand can not be ignored, except at the peril of the branding organization's profits.

... brand equity, which can be thought of as an intangible asset of added value or goodwill that results from the favorable image, impression of differentiation, and/or the strength of consumer attachment to a company name, brand name, or trademark. Brand equity allows a brand to earn greater sales volume and/or higher margins than it could without the name, providing the company with a competitive advantage. (Belch and Belch, 1998, p.56].

Attributes of Systems

Brands can be analyzed as systems of interacting components, with inputs, throughput and outputs. Using Katz and Kahn's (1966) nine characteristics of complex, open and behavioral systems brands can be seen to satisfy each, see Table 1.

Table 1
Characteristics of Complex, Open and Behavioral Systems
 (Katz and Kahn, 1966, adapted from)

Characteristic	Applied to Brands
Importation of energy	Promotion, packaging, product, distribution, personnel
The Throughput	The exchange of information between the promotion, packaging, distribution, pricing and product features and consumers
The Output	Consumers', producer's and the market's perceptions of the brand and brand equity
Systems as cycles of events	Buying, product release, promotion, distribution, manufacturing, seasonal cycles
Negative Entropy	Entropy — if a brand is not supported it will, over time, die. Negative entropy — more inputs are required than outputs will be generated
Information Input, Negative Feedback, and the Coding Process	Market research and sales figures associated with the brand
The Steady State and Dynamic Homeostasis	The brand moves through its life cycle, from introduction to death, in a dynamic equilibrium
Differentiation	Brands will try to differentiate themselves from each other and to specialize
Equifinality	It is possible for a brand to achieve a position in the market in many different ways

Importation of Energy

There is considerable energy that goes into a brand. The obvious forms of energy are; promotion, pricing, the products associated with the brand and the distribution channel used for the brand's products. There are many people involved in the branding system and their influence, in some way, explains the upward direction of brand quality associations.

The brand is an extension of the brand manager, whose job it is to nurture the brand as if it were a child, helping it to grow and develop. It would be hard to find a well adjusted brand manager who wanted to see his or her brand become associated with lower quality, shoddy promotion, lower quality distribution channels or lower product quality. The brand manager ratchets up the brand, increasing its quality associations and differentiating the brand at every opportunity. All other staff associated with the brand have a similar interest in being associated with a high(er) quality brand, from the workers on the shop floor, should they work for the branded company rather than being outside contract workers, to the clerical and sales staff who work for the brand.

Entropy and the Death of Brands

A brand that is not supported — i.e. does not have sufficient importation of energy in the form of promotional, distribution, pricing and product support — will entropy, or die out. This will not occur immediately but will vary according to the accrued brand equity when the brand is no longer supported.

Information and Feedback for Brands

Market research, sales figures and management perceptions are all forms of feedback on the brand's performance, as are whether the brand manager is promoted, or given a bonus, or the consumer receives favorable evaluations from their reference group(s) for their use of the branded product.

Dynamic Homeostasis and Brands

The wheel of branding model conjectures that brands move through a life cycle, which involves them increasing their quality associations over time. Whatever the initial brand values that are offered it is only possible for the brand to increase its quality associations over time. The exception to this statement would be the short term harvesting of the brand equity that has been accumulated.

The authors welcome counter-examples to this model of brands, which have decreased their quality associations and survived long-term. As the brands in the market for a certain product class are all changing their quality associations any equilibrium that is reached is dynamic and momentary, with the possible exception of a market where one brand is in a dominant position.

Differentiation of Brands

Brands, as systems, seek to differentiate themselves from other brands, specializing as they mature. In seeking to differentiate brands it is natural to raise the quality associations of the brand and to pursue a segment of the market which is currently not well served. Whether the company, which owns the brand wants to differentiate its brand or not the brand will be differentiated by the branding staff and the consumers of the brand as parts of the system. There are many examples of brands, which are introduced as commodity type discount brands, and have subsequently raised their quality associations, and become prestige brands. This is particularly apparent in the store-brand grocery brands. In some cases the store has introduced another brand underneath the original brand, in keeping with the predictions of the wheel of branding.

As an example the New World grocery chain in New Zealand many years ago introduced their own branded products, *Pams*, which was to be a discount brand. Over time the brand managers for *Pams* made the packaging more attractive and made the promotions associated with the brand carry higher quality messages. When *Pams* was first released it was hidden in the bottom of customer's shopping trolleys and in the back of the shelves. Customers having purchased the brand justified its purchase with a reassessment of its quality. As the *Pams* brand's quality associations increased and it was able to carry a higher price in the market, the New World chain introduced another store-brand, *Budget*, to attract the customers who had been left behind in *Pams*' rise in price and quality. It would appear a matter of time before the *Pams* brand is a premium brand and the *Budget* brand replaces *Pams*' current position in the market, though it will be harder to change the associations of a brand with a name like *Budget* than it was with a more neutral name, *Pams*. Similarly the Countdown supermarket chain introduced the *Signature* brand and later the *Basics* brand, when the *Signature* brand had increased in its quality associations.

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perspective. Subsequently, Hunt and Burnett (1982) posit that the study of macromarketing should also include a non-societal perspective.

The inclusion of marketing system from a non-societal perspective is yet another expansion to the definition of macromarketing. It seems that no matter how expanding and increasing the definition of macromarketing has become, the essence that macromarketing is the antithesis of or what counteracts micromarketing remains in the Field. For example, Tamilia (1992a) articulates his concern that "the more the society grants rights to its institutions and its members, the more the need to understand the macromarketing implications of these rights" (p.91). Micromarketing and macromarketing are presumed to be antithetical because macromarketing is seen to be employed by society to counteract micromarketing forces. Illustrating the process of a macromarketing research, Meade and Nason (1991) enunciate their predisposition to the negativity of micromarketing by highlighting the externalities of the consumption of disposable diaper. Reidenbach and Oliva (1983) posit that the inherent entropy waste arises from micromarketing justifies the destruction of demand. Moyer and Hutt (1978, p.5) and White and Emery (1978) identify an orientation of the notion of macromarketing to the society's welfare. Nason (1989) articulates his inclination of studying the negative impact of marketing on society, while acknowledging that a positive impact could exist.

As prescriptive connotations have to conform to the primary objective of the entity to which they prescribe (Venkatesh and Dholakia 1986; Zif 1980), the antithetical views are unlikely to be transferable to acceptable prescriptive connotations. For example, McKitterick (1957) and Levitt's (1960) suggestion that the primary objective of marketing should be the creation of satisfied customers contradicts many businesses' inherent profit orientation (Zif 1980). Meade and Nason's (1991) suggestion to negate the negativity of the use of disposable diapers by imposing disincentives on manufacturers fulfils a green objective, but dissatisfies self-interested consumers who focus on immediate hygiene. Until a truly creative and chivalric public honour that motivates "higher" objectives than self-interest (Marshall 1907, p.26) can be invented, self-interest will remain businesses' and consumers' primary concern. Even society, whose concern is set to be congruent with the concern of the current macromarketing field, has not been overwhelmingly receptive of the Field's recommendations. There is a paucity of evidence that the macromarketing field has been able to direct macromarketing outcomes (Tamilia 1992b; Zif 1980). The lack of achievement (Dholakia and Nason 1986; Tamilia 1992b) may be caused by the Field's consensus that macromarketing is exclusively descriptive (Shawver and Nickels 1979). Hunt and Burnett (1982) suggest that such a consensus is "ill guided" (p.23).

Few have been endeavouring to identify issues that prevent the Field from being prescriptive. Zinkhan et al (1990) suspect if it is the infancy status of the Field that prevents it from being effectively prescriptive. If recency is the factor that contributes to the Field's lack of prescription, the lack of a clear objective, which causes highly diverse literature developed since its inauguration, exacerbates the situation (Sheth, 1992; Sheth, Gardner and Garrett 1988:142). Notwithstanding the decades-long controversy of whether marketing is a scientific discipline, macromarketing should be able to prescribe as well as to describe (Tamilia 1992b). Zif (1980) postulates that the Field will be confined to being descriptive unless it embraces a prescriptive objective similar to its micromarketing counterpart. The recurring presumption that business and society are antithetical appears to be an important limitation that prevents the Field from being effectively prescriptive.

Monieson (1981) posits that invariably confronting the opulence of the real world is what prevents the Field from being effectively prescriptive. Monieson must have presumed that confronting the opulence of the real world is a unique situation facing macromarketing field. It seems that the Field does not differ from disciplines such as electrical engineering in which efficient interface with human operators who are not necessarily receptive of scientifically imposed rationality, determines the viability of an engineering

focus of macromarketing field is essentially to counteract the detrimental effect of micromarketing on society (Venkatesh and Dholakia 1986).

Following the rationale of the antithetical view, the interest of business inherently contradicts the interest of society. For example, business is seen as specialising in targeting segments of society but these segments should not be chosen in some cases as it is anti-societal in terms of its outcome (Smith 1978). The antithetical predisposition presumes certain groups within the broad public should not be targeted and this proactive delimiting is part of the macromarketing mandate. Inevitably, as Nason (1989) articulates, regulation such as public policy is what creates, maintains and improves such an order. The antithetical view proposes that in a market where there is absence of the overt intervention of business, society's interest would not be advanced (Meade and Nason 1991). In other words, micromarketing exploits society and has a negative impact on society, which is why society, as the antithesis of business, has the exclusive role of negating micromarketing's impact.

Micromarketing's Positive Impact on Society

A critical presumption of antithetical view precludes the possibility that micromarketing may have a positive impact on society. Based on this predisposition, for example, consumers' lack of ability to choose (Fennel 1987), non-consumers' disinclined exposure to marketing activities (Moyer and Hutt 1978) and the wasteful effect of micromarketing (Reidenbach and Oliva 1983) are attributed to micromarketing. The negativity of micromarketing justifies the corrective action from macromarketing. Acknowledging the risk of being incomplete, Nason (1989) enunciates his interest in studying the social cost arises from the negative externality of marketing, irrespective of the social benefit.

The question of whether the impact of micromarketing on society is necessarily negative remains unanswered. The call for the answer occurred in the 1970s, when the Field searched for solutions to curb the escalating oil prices, a marketing system crisis for which micromarketing is hardly responsible. It occurs to Gardner (1978) that the solution to this Western societies' arch crisis may reside in micromarketing, what supposedly exacerbates the detrimental impact on society. This event essentially prompted a priori contradicting the predisposition that the impact of micromarketing on society is necessarily negative. To use Meade and Nason's (1991) example, the disposable diapers in solving one problem only contribute to another, as the land and water are both exhaustible.

In talking about the negative impacts of marketing on society it is often forgotten that business is part of that society. Dixon (2002) posits that business is part of market institution, which is one of the institutions that constitute society. In the absence of a consensual definition of institution, Dixon (2002) takes the liberty of using Hamilton's (1930: 84) definition of institution as what

“connotes a way of thought or action of some prevalence and permanence which is embedded in the habits of a group or the customs of a people...they constitute standards of conformity from which an individual may depart only at his peril.”

As well as having some prevalence and permanence, institution is the product of deliberation of all individuals within. Alfred Marshall (1891) posits that only part of an average individual's behaviour is the result of such deliberation. A leader, such as “a bright man” from a societal perspective, is needed to initiate deliberation from which many individuals can benefit (Wieser 1914, p.159).

Antithetical views envisage that the practice of marketing will remain deficient in the absence of such a “bright man”. Fennell (1987) presumes that business's trait of an “economic man” (Smith 1776/1937) prevents it from having the vision of and sensitivity to societal values and consequently prevented it from being “a bright man”. Firat, Dholakia and Bagozzi (1987) argue that the emergence of such a “bright

Macromarketing that supposedly counteracts the negative impact of micromarketing on society could itself exert negative impact; micromarketing that is supposedly counteracted because of its negative impact on society could also exert positive impact. The rationale of setting macromarketing as the counteracting force against micromarketing appears to be untenable. If marketing as exchanges between business and society are generally multilateral, rather than bilateral or unilateral (Dixon 2002), no negative impact on both society and business appears to be sustainable.

Macromarketer and Macromarketing

The philosophy that seller's gain is at the buyer's expense is based on monopoly power in which the seller has no competing peers (Bagozzi 1975). The holders of antithetical view choose not to acknowledge that the opposite of the predisposition could also stand: buyer's gain is at the expense of seller's loss. In this context, the buyer has no competing peers who negotiate to settle an exchange. The asymmetry of marketing study (Karlinsky 1987) that favours the study and criticism of organised sellers rather than the study and criticism of organised buyers seems to be apparent. To understand the role a macromarketer plays in macromarketing, the predisposition that causes the asymmetry should be refrained. A holistic view on what constitutes a society should be established.

Macromarketing as an Institutional Force

One such holistic view is Dixon's (2002) postulation that business is part of market institution which occurs as individual habitually meets to exchange goods and services. From this institutional perspective, business is part of society rather than the antithesis of society. The reason why business is often treated as the antithesis of society is not only because of the dispute over whether society consists of business, but also whether business with its self-serving interest, *should* be part of the society. In modern history, Marxism (Marx 1873/1974) advocates and practises the abolishment of business because profit is seen to be derived from paying workers less than what the works are worth and charging consumers more than what the products are worth, which causes society's misfortune on an aggregated level. In contemporary Western societies, specialisation of business increases as routine exchanges in market institution intensifies. That a consumer is often recognised as a part time "amateur buyer" facing full time "professional sellers" justifies intensifying the conscience-oriented quest for macromarketing knowledge on consumers' behalf. As a result, the consuming public is seeking to lead the market institution not the reverse. Consumers' interest, are often what current macromarketing programs, for example, public policies, favour (Douglas and Larche 1979). In these programs, political institutions exercise their overriding power (Keim 2002), assuming the role of unrivalled macromarketers. They exert institutional, or top-down macromarketing forces.

Macromarketing as a Constitutional Force

Adam Smith, the influential advocate of the maxim of "an invisible hand" was one of the first to theorise the influence of a political institution on a market institution. Smith (1776/1937) postulates that a market is best regulated when it is self-regulated and opposes overt coordination such as "remedies" suggested by Nason (1989, p.249).

The rationale of overt coordination of activities is based on the presumption that exchanges between business and wider society, such as an exchange between a salesman and one of his customers, are necessarily dyadic. Institutionalists (Bagozzi 1975; Dixon 2002, Pandya 1987) argue that ordinary exchanges generally involve parties other than those dyadic parties. As was discussed previously, dyadic, or restricted exchanges are special cases of complex exchanges. Intermediaries are generally essential ingredients of marketing mix, or the 4Ps (McCarthy and Perreault 1990). For example, sustainable and effective micromarketing entails not only the satisfaction of customers, but also satisfaction of channel

Paradoxically, organized anarchy respectively unites both overt and covert regulation of institutions in one concept.

Overt regulation of institution is what is commonly known as governing, by which an entity with institutional authority relentlessly discharge the full function of its office at all times. Feudalism exemplifies this mode of regulation in which institutional forces dominate most institutions within a society. Democratic autocracy, suggested by Marx (1887/1974), was widely practised by former communist regimes to gain maximum control over the process of achieving the societal goal. Other societies, such as Western democratic ones, have been practicing overt regulation to a various degree during various eras in various institutions. If the entities that exert constitutional forces are muted and disabled, the burden of regulation shifts simply to the regulator's worldview. The magnitude of regulation becomes the regulator's conjecture. However, both excessive and insufficient regulations result in undesirable social outcomes. The assortment of regulation also requires the regulating entity to constantly surmise. Appropriateness is only evident when the regulation is time-honoured. What is more challenging is that both magnitude and appropriateness of any single corrective actions have to be justified from a systems perspective (Nason 1989). Otherwise the regulating entity could be involved in the island scenario, in which Robinson's well-intended, enlightened, undisputed and "effective" problem-solving measures turned out to create a chain of problems which were caused by the solving of the preceding ones and were far more problematic than the first problem be tried to solve. In a society that is often an entangled web of institutional relationships, an overt mode of regulation by itself is unlikely to solve a marketing system problem without creating another one.

Constitutional forces, or bottom-up forces, originate from entities within institutions and primarily seek to advance each entity's self-interest (Stigler 1975). Lindblom (1955; 1977) and Pandya (1987) postulate that constitutional forces are forces of bargaining, which form and reform political and many other institutions through eliciting the institutions' prevalence and permanence that facilitate the advancing of the entities' self-interest. Constitutional forces often cause friction, reaction or even revolution to the institutional forces.

However, institutional forces are necessary in regulating the institution. Momentarily forsaking that institutional force is always present in most societies in the modern era, the absence of institutional forces would cause absolute anarchy, as each entity would most likely pursue their own self-interests without conforming to standards of thought or action. Since no prevalence and permanence of thought or action exist, institutions cease to exist.

Smith's organized anarchy (1776/1937) proposes to reconcile institutional and constitutional forces so that social objective can be achieved through self-regulation. Acknowledging the adverse effect of overt mode of regulation, a covert mode of regulation by which institutional forces ensure free competition of constitutional forces constantly optimises the institution. By including competition, the seemingly anarchical constitutional forces ensure that institutional forces are not at the discretionary disposal of a single social entity, but at the mercy of institutions' punitive or rewarding reaction.

Simons (1949) and his "Chicago School" of economics identified the limitation to which organized anarchy and the Smithian laissez faire apply. Because free competition is contingent upon an infinitive number of free-willing competing entities, absolutely free competition is imaginary. Simons (1949) suggests that absolutely free competition is not realistic, the inclination of market institution to self-regulation remains and is permissive by less than ideal conditions. The central limitation has thus become the appreciable number of supplying and demanding entities who are capable and willing enough to compete against one another. Simons' (1949) postulation expands Smith's (1776/1937) frame of reference from Western democracy to the rest of the world, because Simons posits that self-regulation could also occur in societies under a non-democratic regime as long as competition is not seriously

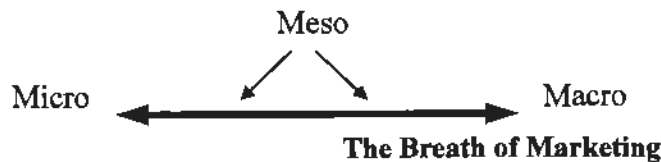
CSR, it is likely that the corporate's well intended socially responsible conferment will not be well received by the society it obligates responsibility to.

The Micro/Macro Dichotomy vs the Micro/Meso/Macro Trichotomy vs the Micro-Macro Continuum

The use of firm boundary to demarcate micromarketing and macromarketing (Hunt 1976b) becomes increasingly problematic when such a boundary becomes obscure (Ohmae 1985; Porter 1980). The suggestion that “micromarketing focuses on the internal marketing interests of firms, whereas macromarketing focuses on the interest of society concerning marketing activities” (Hunt 1976b, p.12) excludes the focus of inter-firm relationship from the study of marketing. Ardnt (1982) suggests that for the micro and macro domains to be mutually exclusive and exhaustive, a meso level of aggregation should be introduced to make the micro/macro dichotomy a micro/meso/macro trichotomy, so that Hunt’s (1979) “inclusive and healing” rather than “exclusive and divisive” (p.575) rationale of devising the dichotomy can be fully fulfilled. Such a trichotomy includes marketing studies from the aspect of an intermediate level between business and society. Studies from the aspects of business and society respectively could be reconciled.

From a non-antithetical viewpoint, Ardnt (1982) effectively reconciled the two aspects by introducing the notion of meso. However, the demarcation question left unanswered by the taxonomy of the micro/macro dichotomy remains unanswered by the micro/meso/macro trichotomy. Instead of demarcating the fuzzy boundary of meso, the notion of a micro/macro continuum (the Continuum) is suggested here. The Continuum, with “micro” at one extreme and “macro” at the other, connotes the level of aggregation of marketing, ranging from very micro and very macro (see Figure 1).

**Figure 1
The Micro and Macro Continuum in Marketing with a Meso Range**



This continuum suggests the atypical characteristics of both micromarketing and macromarketing in reality cover the gamut except the micro and macro infinities. Before the Continuum can be rationalized, the meaning of these two infinities has to be explained. Because the Continuum and the concept of level of aggregation originates from the Model, the meaning of the micro and macro infinities could reside in Hunt's explanation of the micro/macro dichotomy.

In the macro infinity, an entity would focus entirely on the collective interest of society without the slightest concern of the interest of any societal entity's individual interest. Those societal parties can include the incumbent political party, electorates that are critical to the re-election success and firms that export. An exchange will only occur and recur when the macromarketer benefits all macromarketees without any vested interests, prejudice, emphasis, but with lateral thinking in meeting the need that underlies the demand. However, a macromarketer that is able and willing to assume such a role is, at least, not imminent (Keim 2002). Approximating the macro infinity, an activity gradually ceases to be a marketing activity when the marketer and marketee become congruent. This is why the macro infinity is also purely imaginative. When a social entity's focus is not entirely “on the interest of society concerning

Table 1
The Width of Marketing from the Perspective of the Micro/Meso/Macro Trichotomy

Denomination in the micro/meso/macro Trichotomy	Width of Marketing	Typical Marketers
Micro	<ul style="list-style-type: none"> • Narrow • Low extent to which the involvement of other entities in exchanges 	<ul style="list-style-type: none"> • A fisherman who sells his daily catch to the local seafood shop • Corner stores
Meso	<ul style="list-style-type: none"> • Medium • Medium extent to which the involvement of other entities in exchanges 	<ul style="list-style-type: none"> • An industry association, a local government, • A company that has a broad base of stakeholders within a society
Macro	<ul style="list-style-type: none"> • Wide • High extent to which the involvement of other entities in exchanges 	<ul style="list-style-type: none"> • A sovereign national government • A company that has comprehensive interest in the society

Many writers consider that some biological laws offer answers to social science questions (Ardrey 1970; Dawkins, 1989; Henderson 1989; Rodman 1999; Waller and Kriz 2001). There is a debate between the ones who postulate that man as a species has strayed from the path of animal righteousness (eg, Ardrey 1970) and the ones who argue that a biological entity's genes along with the environment are the two determinants of behaviour including human behaviour (eg, Dawkins 1989). Henderson (1989) and Waller and Kriz (2001) articulate that a central tenet of marketing can be extrapolated from the notion of phenotype. Phenotype of a living organism is the observable physical or biochemical characteristics, which is determined by both its genome and environmental influences (Boehm 1997). This socio-biological extrapolation suggests that the phenotype of a human entity is determined by the entity's "genome" responding to the environment (Ingold 1998; Rodman 1999). The inherence and coherence of involvement are thus united and governed by the entity's phenotype.

Dawkins (1989) postulates that phenotypic self-interest is what is driving human behaviour. He argues that self-less behaviour exclusively concerns the welfare of others, it is of aspiration rather than behavioural, because the definition of "others" tends to lose its altruistic bearing when intra-species concern is expanded. When planet earth is not the final periphery of the definition of "others", altruism starts to resemble, rather than to distinguish itself from selfishness.

Concurring with the suggestions by Dawkins (1989) and Ridley (1996) that the original biological imperative to survive necessitates self-interest, Waller and Kriz (2001) posit that self-interest is the central tendency of phenotype. Selfishness, rather than mutualism or altruism, is the socio-biological imperative of exchanges. Therefore, inherence of involvement relates to a marketer's tendency of advancing its self-interest by involving a marketee. Coherence of involvement relates to a marketee entity's tendency of advancing its self-interest by being involved. The Width of Marketing is the extent of involvement of entities that seek to advance their self-interests.

The Depth of Marketing

As this investigation of the comprehensiveness of marketing moved away from a focus on the description of the Width of Marketing to one on the rationale of an entity's Width of Marketing, so too did the attention moved from discussion of an entity's phenotype as a description, to self-interest as a rationale.

The public infinity refers to extremely public self-interest of a human entity, which coincides with the interest of the society. Approximating the public infinity, an entity becomes the perfect de facto administrator of the society. Such infinity is unreality because the account contradicts the presumption that self-interests of member entities in a society are heterogeneous. Heterogeneousness makes it unlikely for a single entity to host all self-interests of the entire society. This presumption follows the same rationale as what accommodates the division of labour theory in economics.

It seems that the reality of an entity's self-interest resides between the private and public infinities. A parsimonious marketing operation involves, for example, distribution (McCarthy and Perreault 1990), and distribution involves parties whose self-interests are not necessarily congruent and consistent with those of the marketees of the marketer. The marketer chooses to advance the interest of those intended marketees as well as unintended marketees so that marketing, which is meant to advance the marketer's self-interest, could be conducted more effectively than otherwise. The extent to which a marketer advances the self-interest of those inherently and coherently involved relates to the degree of self-interest that is atypically private or atypically public.

Self-interests that are atypically private or public are the ones that are commonly referred to as private and public interests. The boundary between private and public interests is nebulous rather than precise. There is a comparative degree of "public-ness" of self-interests, i.e., one entity's self-interest is more public than the other. Here, such a degree of "public-ness" is referred to as the Depth of Marketing when self-interests are materialised in marketing context. Hence the Depth of Marketing is defined as the degree to which a marketer does or is prepared to advance the interest of those directly and indirectly involved in its marketing. Because group interest is a common interest, it is often more public than each self-interest within the Width. The taxonomy of self-interest by the order of the Depth of Marketing prepares for further investigation of the rationale of marketing at large.

Towards Understanding the Connotation of Marketing

As was previously discussed, the Width of Marketing (the Width) refers to the scope or width of an entity's inherent and coherent marketing involvement with the remainder of the society. The Width concerns *what* is involved. Also, the profoundness of involvement is expressed as the Depth of Marketing (the Depth). The discussion in concert has already begun when acknowledging that the Depth is moderated by Width. Reflecting this intertwining relationship, Figure 4 systematically unites the continuums of the Width and the Depth to form a coordinates that results in four quadrants. Each of these quadrants typifies a specific category of marketing entities, or marketers. These marketers could be of any type of human entities by common denomination, i.e., individuals, businesses, associations and government agencies.

Quadrant 1 represents a domain in which entities are relatively private in Depth, and relatively micro in Width. An example might be a corner store with a local, small volume market and limited interaction with suppliers or marketing agents. The dominant style of activity is that of operating, or undertaking day-to-day business activities. For a public marketer to be in this Quadrant, it would have to be an entity with more limited involvement than its inherent involvement is and with self-interest that is less public than the most parsimonious marketing exchange between the public marketer and its public marketees would require. This can happen when the public marketer contrives ways of advancing its interest by partially advancing the marketees' interest. The degree to which the marketer advances the self-interest of those involved in its marketing is low. For example, in exchange for personal benefits, the office of a local councillor breaches policy to approve building or land developments for a particular business.

Quadrant 3, effectively the opposite of Quadrant 1, represents a domain in which entities are relatively public in Depth, and relatively macro in Width. An example might be the Singaporean government whose

comprehensively involved with governments, public shareholders, employees, suppliers and marketing intermediaries. Because its self-interest is not public enough to substantially meet the demand of most entities involved, the Depth of its marketing is limited. The dominant style of activity is that of complying and lobbying, in which complying prevails. For a Public Marketer to be in this quadrant, the marketer would have to be an entity with self-interest that is less public than it is supposed to have. This can happen when the Public Marketer partially ignores the call to substantially advance the interest of the society. Even though in democracy, a Public Marketer often has high degree of freedom because the diversity of society's demand renders the overall need of society to the discretion of public macromarketers (Keim 2002). A Public Marketer, as a human entity, would advance the self-interest determined by its underlying phenotype. For example, an incumbent political party supported by predominantly religious electorates tends to advance the interest of the religion. In order to advance its private self-interest, the party may have to be more selfless by advancing the interest of the group, or those within the Width.

Conclusion

Overall, Figure 4 (the Coordinates) or the connotation of marketing from a macromarketing perspective demonstrates how macromarketing can be integrated rather than accommodated in the connotation of marketing. The Coordinates suggests that marketing exchanges are more likely to occur and recur when the Depth and the Width of marketing are commensurate. A marketing entity's self-interest is best advanced when self-interests of other entities within the Width are appropriately advanced, which indicates that social welfare is not the outcome of intervention by a monopolistic entity, but the outcome of contribution by many competing macromarketers.

Clearly, the Coordinates will benefit from further elaboration. However, the fundamental proposition for empirical testing is that the long-term marketing performance, or the sustainable competitiveness of a marketer is contingent upon the marketer's initiative in matching the Depth and Width of marketing.

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Human Nature and the Marketing Concept

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Abstract

The marketing concept and the sales orientation are considered in light of the works of Hobbes and Rousseau. It is found that a case exists for marketing being equivalent to the Enlightenment for business practices.

Introduction

Many of the typologies and classification systems developed by marketing theorists over the last one hundred years have made implicit assumptions about the nature of human behaviour. Examples include the kind of product groupings developed by Copeland (1925) and others, which divided market offerings into convenience, shopping or speciality goods. Behind each of these groups lay unspoken statements about the degree of motivation arousal in consumer behaviour and self-serving nature of humans in meeting their own needs as individuals. The fundamental state of nature, and the basic assumptions that govern our behaviour as human beings, have been argued in many disciplines over the centuries, but have especially formed a major part of the debate in philosophical treatises. The intentions in this paper are not to cover all the areas of controversy concerning this debate but to focus one of the principle contrasts in the history of philosophy and then demonstrate how the fundamental dichotomy in this debate actually lies behind the assumptions made about the implementation of the marketing concept. In particular it can be demonstrated how sales and marketing orientations in particular, make assumptions that reflect the contrasting views of human nature contained in the works of Thomas Hobbes (1588-1679) and Jean-Jacques Rousseau (1712-1778). Although other views can be found in philosophical writings, Hobbes and Rousseau provide useful and contrasting views that are often considered as opposites (Pinker, 2002).

Hobbes and Rousseau

Despite the fact that there are some similarities between the writings of Hobbes and Rousseau in the ways in which they both suggest individuals must submit to a collective will or social contract, they are still held as providing contrasts in the essential elements of human nature. Writing one hundred and fifty years before Rousseau, Hobbes was the son of a clergyman who was fortunate enough to have an education provided by a well-to-do uncle. He has been described as having a sheltered and leisured upbringing and was sent to Magdalen, Oxford before he was fifteen years old. Hobbes was able to travel continental Europe while instructing the sons of the English aristocracy as a private tutor. With this relatively easy and privileged background it is perhaps surprising that it was Hobbes that produced a view of man as totally self-serving in nature. The self-serving nature of human interest has parallels with Machiavelli who produced a similar argument in "The Prince". This was particularly shocking to sixteenth century Italy since Machiavelli was seen to promote political ambition and ends as justifying means in contrast to centuries of prevailing thought regarding the purpose of man as seeking to acquire knowledge of God (Gutfreund, 2000). While Machiavelli has been considered at some length in relation to marketing and management issues (Harris, Lock and Rees, 2000), the writings of Thomas Hobbes have drawn less attention although they may be seen to offer further insights into other issues relating to both demand and supply side behaviours in marketing.

maximising total utility above their own individual outcomes (De Dreu & Van Lange, 1995; Olekalns & Smith, 1999)

3. The framework for government and the “rights” of the sovereign may be useful to understand expectations and the exercise of power in other institutional frameworks such as marketing channels. Hobbes provides a clear set of guidelines regarding the basis for the exercise of legitimate power in a respect of Government. As the name “Leviathan” indicates, this is not a benevolent institution. In its own behaviour, it mirrors the essential self-serving nature of mankind, just as a retailer, who might be a channel leader, will ultimately drive the best bargain for themselves while fulfilling obligations to protect other channel members with whom they ultimately share some interdependency.
4. Most importantly to this paper, Hobbes presents a view of the motivations of mankind that may be both contrasted with other philosophers and linked to more contemporary views of market place behaviour inherent in different orientations that might be held by the firm.

As indicated above, a contrasting view of human nature, which has carried a great weight of influence since the eighteenth century, is Rousseau’s characterisation. In *Emile* he presents the ideal citizen who is naturally inclined to God and goodness. Rousseau develops a theme in which the natural condition is emphasised. This is the essence of the “noble savage” who without the artificiality and corruption of society is essentially pure and devoid of evil. Naturally inclined to cooperation, Rousseau argued that mankind had subjugated by errors in philosophy and a culture that had corrupted morals. In this Rousseau is seen to be reacting to the corruption of the social institutions of his time and his version of a Social Contract is one where all men are born free and equal and in their contract with the State, they surrender none of their natural rights as described in Hobbes’ *Leviathan*. Rousseau’s “Social Contract” not only became the textbook for the French Revolution but the principles are also clearly evident in the constitution of the United States. In contrast to Hobbes, Rousseau’s natural state of humankind is free, independent, and while self-directed, it is not the brutal, competitive and self-interested portrait that was described earlier.

Rousseau’s view of humankind has clearly been inspirational in many historical and sociological contexts. Basic notions of freedom and equality have guided access to universal education and suffrage while in a marketing context the same notions underpin the Bill of Consumer Rights outlined by President Kennedy and subsequently extended by the United Nations in the 1980s (Executive Office of the President, 1963). In other respects both the views of Hobbes and Rousseau tend to have been ignored over the more recent past. Pinker (2002) argues that “political correctness” during the twentieth century has meant that it has been fashionable to attribute all variations in human behaviour to “nurture” and that it has not been appropriate to consider essential arguments about “nature”. Pinker describes this as the doctrine of the “blank slate” which presumes a neutral and non-dispositional nature for humankind.

Theories X and Y

One management theorist who did tackle the nature of human behaviour was McGregor (1960). McGregor is famous for proposing his Theory X and Theory Y dichotomy describing employee behaviours. McGregor’s descriptions of Theory X and Theory Y bear a striking resemblance to the contrasts described above from Hobbes and Rousseau. Regarding Theory X, McGregor (1960, p. 37) states that “people are inherently lazy, and must therefore be motivated by outside incentives” and that their “natural goals run counter to those of the organisation, hence they must be controlled by external forces to ensure that they work towards organisational goals”. This is a view remarkably similar to Hobbes’ view of the self-serving and oppositional nature of human behaviour that demands the *Leviathan* in order to maintain control and prevent anarchy. In contrast Theory Y, suggests that people are self-motivated and self-controlled and that there is no inherent conflict between the goals of the employee and

Table 1
Contrasts between the Sales and Marketing Concepts

	Starting point	Focus	Means	Ends
Selling Concept	Factory	Existing products	Selling and promoting	Profits through sales volume
Marketing concept	Market	Customer needs	Integrated marketing	Profits through customer satisfaction

If McGregor was correct about employees, it may be that companies need both, not either/or according to the immediate macroeconomic conditions and relativities of demand and supply.

The Sales and Marketing Concepts

In truth it seems that the folklore has developed a long way from Robert Keith's seminal paper on this topic published in the same year as McGregor introduced us to Theory X and Theory Y (Keith 1960). Keith's paper provides a short history of Pillsbury company documenting how the emphasis in their business practice had changed over time. The paper shows how they reassessed their view of their **business** including their products and their relationships to both distributors and consumers. Implicit in this is that Pillsbury, over time, changed their view of the way both distributors and final customers behaved. The history of a single American company that Keith describes as moving from production to sales and then market orientation and control, has been reproduced in major textbooks as a generalised history of the evolution of marketing (eg Stanton et al, 1991, Zikmund and Damico 1989). This has even been received into marketing literature in other countries which have quite different economic histories from the United States (eg. Stanton, et al 1992). While there may be some truth in a generalisable statement that, for example, a sales orientation dominated in the 1930s when oversupply in the Great Depression forced more aggressive selling and promotion, the overall pattern could only make some sense if we also assume that consumers behaved fundamentally differently during this period from those preceding or succeeding. In 1960 Keith wrote his influential words, "No longer is the company at the center of the business universe. Today the customer is at the center."(p. 35)

One must ask if this sentiment is in effect significantly different from Charles Parlin's views expressed in 1916,

"We may talk as long as we please about manufacturers and wholesalers and retailers. But in the last analysis, the consumer is king. The whim of the consumer makes and unmakes the manufacturers, the jobbers, and the retailers. Whoever wins the confidence of the consumer wins the day; and whoever loses it, is lost." (cited in Robinson, Blazovic, Green, Buell, Linnemann, Corbin and Michner, 1976, p. vi)

At least some people had the same view of customer behaviour in 1916 that Keith and Pillsbury came around to almost 50 years later.

Conclusions

This essay proposes three essential conclusions from the preceding discussion. The first of these is that all assumptions relating to theories in marketing must be made explicit. For over 50 years we have accepted the marketing concept as a fundamental tenet of marketing both as an academic subject for study and research and as a useful framework for business. We are not challenging this per se but suggesting that in the true spirit of the concept, where the focus is supposed to be on the market, that we actually

much of this has involved the piecemeal borrowing of individual constructs such as attitude, mood or personality. A comparable attempt to Hunt or Alderson in consumer behaviour, might be Foxall's (1990) consumer theory which recalls the history of behaviourism. All these examples remind us that marketing is a subset of human economic and social behaviour. In this essay we propose that even a simple dichotomy in marketing that is based on different assumptions concerning human nature, can be improved if the argument is placed in the appropriate historical context. In this case we can use the contrasting writings of Hobbes and Rousseau to reflect on and understand the different behavioural assumptions on which the sales and marketing concepts are based. In a few generations time, business historians may indeed reflect that the philosophical shift from the sales to the marketing concepts actually represents a new Enlightenment in business practice, just as the switch from Hobbes to Rousseau was shown to reflect a movement towards self-reliance and a belief in self-progress. We would argue that such a comparison serves to emphasise the importance of a market orientation in relation to the alternatives available for organisations and their managers.

While we acknowledge that we have only considered the aspects of human nature that lie behind the sales and marketing concepts and not developed discussion regarding product and production orientations, we believe that we have considered the two orientations at the opposite ends of the behavioural spectrum. The assumptions regarding the interests of consumers are not so well considered under the other concepts except that they seem to emphasise different responses to issues relating to quality and price respectively. Intuitively, we believe these are closer to the view of consumer behaviour that is inherent in the marketing concept. Indeed one might speculate that the marketing, product and production concepts all have their roots firmly set in industrial economics and strategy literature since they have striking similarities with differentiation, focus and cost leadership as the three basic competitive platforms upon which companies do business. The real contrasts lie between sales and marketing orientations rather than the other approaches described in Keith's paper and we may understand the difference between these two more effectively in terms of the Enlightenment.

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Political consumerism is a social phenomenon the understanding of which should be based on knowledge of fundamental changes in political participation. In many countries political research has shown that citizens are more inclined to regard the market as a channel for political participation (Andersen & Tobiasen, 2001:10; Micheletti, 2001). Thus, today consumers may be regarded as actual or potential political actors (Micheletti, 2001).

However, not only individuals with a well-developed consumer identity and representatives of consumer organizations are acting on the political stage. Ordinary consumers have apparently also realized that their decisions can be used for more than satisfying private needs and wants. This is mainly due to the fact that consumers are increasingly being involved in solving political problems. They have been invited not only by interest groups, companies, public authorities, and the mass media, but also by representatives of the institutionalised political system who have all contributed to increasing the politicisation of markets (Jensen, 2003).

However, political consumerism should not be regarded as one – and only one – form of political participation through the market mechanism. Danish, Swedish, and American studies suggest a distinction between the following four forms (Andersen & Tobiasen, 2001:13; Micheletti, 2001):

1. Collective, organized, positive political consumerism like, e.g., requests from the Max Havelaar Foundation to buy coffee in order to support poor farm workers in the developing countries.
2. Collective, organized, negative political consumerism like, e.g., the 1995 boycott against Shell, organized by Greenpeace.
3. Individual, unorganised, positive political consumerism like, e.g., the choice of ecological products in order to promote sustainable farm production.
4. Individual, unorganised, negative political consumerism like, e.g., avoidance of eggs from battery hens in order to promote animal welfare.

Considering the first two forms of political consumerism as political participation is hardly controversial, and history can, indeed, show many examples of these forms especially as far as boycotts are concerned (Friedman, 1999). It is, however, not self-evident to regard individual consumer behaviour in the same way. When the citizens use their power as consumers to put pressure on the French government to make it stop the nuclear tests in the Pacific, as was the case in 1995, it is no doubt a political action. When people boycott companies that base their production on child labour, it is also a political action. But what about consumers who buy ecological food? What about vegetarians? Or people who do not eat pork for religious reasons?

Andersen & Tobiasen (2001:12) define political consumerism as the actions a person performs when he/she shows substantial value considerations in connection with deliberately choosing or avoiding goods in order to promote a political goal. According to this definition green or ethical consumerism is not necessarily political consumerism. What motivates consumer behaviour is crucial. Thus, quality-conscious consumers who make a point of avoiding junk food are conscious consumers, but not necessarily political consumers.)*

Danish studies have shown that positive and negative political consumerism are not independent social phenomena (Andersen & Tobiasen, 2001:30). 19% of the 21% of the Danes who have boycotted certain goods for political reasons during the last 12 months, have also been involved in positive political consumerism. 19% of the 45% of the Danes who have made a positive politically motivated individual choice of products, have also been involved in negative political consumerism. 2% of the Danes have only avoided products for political reasons, while 26% have only chosen products for political reasons alone. According to these figures, negative political consumerism normally involves positive political consumerism while the opposite not necessarily is the case. However, we still need studies that can

their calculations managers should therefore always include the possibility of political consumers being mobilized (Andersen & Tobiasen, 2001:44). Consumer boycott is a strong, potential power instrument that may have substantial indirect effects. This is also the basic conclusion of the abundant empirical literature on boycotts in the USA (Friedman, 1999). Consequently, minimizing the risk of boycotts is the most important challenge for companies serving markets with a large built-in potential for politically motivated consumer actions.

Companies as Political Actors

In order to minimize such a risk companies should be more inclined to perceive themselves as political actors. Many Danish companies still strongly resist using concepts like politics and political when characterizing their actions and decisions in relation to their surroundings. This fear of contact reflects a narrow and traditional view on these concepts. Politics are no longer reserved for the state, the political parties, interest groups, the EU, the UN, the WTO etc. Companies are political actors, because their decisions and actions considerably influence economical, social, political, cultural, and environmental affairs in society. They are also political actors, because the political system increasingly involves them in solving political questions. Finally, they are political actors because they are expected to have a substantial share in social responsibility both today and in future. Politically acting companies therefore have to deal with fields, which have previously been regulated by the political system, or perhaps not regulated at all. Furthermore, they have to relate proactively and strategically to the opportunities and threats emerging in environments characterized by increasing privatisation of the political, and increasing politicisation of the private. The Brent Spar conflict in 1995 shows that at last Shell had to recognize that the company could not pull through by referring to an agreement with the political system. Even if the British government had accepted the dumping of a worn-out oil-drilling platform in the Northatlantic, Greenpeace activists, political consumers, prominent European politicians, and the mass media made it impossible for Shell to implement this decision. The conflict also shows that the political system chose to leave it to market forces to decide what was going to be the political result, and that Shell was not able to identify threats and opportunities appropriately in this course of events (Jensen, 2003). Being a political actor depends not so much on the existence of a public relations department, but more on the political competences of the company and how much the development and maintenance of these competences are supported by top management.

The Political Competences of the Company

The ongoing social debate on companies' social responsibility plays an important part for if and how markets will be politicised. Minimizing the risk of consumer boycotts therefore depends on whether companies possess the analytical skills for pinpointing what this responsibility means and how to relate to it. These skills should enable companies to act in the political reality behind the storylines of the mass media on, e.g., companies' social responsibility. The topics, which historically have had most media attention, concern companies' relation to child labour, human rights, the environment, bribery, corruption, genetic manipulation, arms production, equal rights, health, product liability, the working environment, employee policy, conditions of employment, competition and marketing behaviour, and animal welfare. This task is not easy. The prevailing attitude to company action towards its surroundings is changing because various actors and coalition partners through their discursive and social practices exert varying influence on the interpretation of this attitude. In the Brent Spar conflict social responsibility initially was related to the question, if Shell should be allowed to dump a worn out oil-drilling platform into the North Atlantic. Later on it was related to the question, if Shell should be allowed to create a precedent for further pollution of the marine environment. Finally, social responsibility was made to a question, if Shell should be allowed to release an environmental disaster. This conflict shows that social responsibility goes further than to legal affairs, that it is coherent with ethics and morality, and that it may have changing focus dependent on who is dominating the public debate. The conflict also shows that social

or terminal values with which they are cognitively connected by the consumers (Peter, Olson & Grunert, 2001:71). It has also been known for a long time that products should be marketed with special focus on preferred consequences and values, and new product attributes should be developed based on knowledge of such consequences and values (Woodruff & Gardial, 1996:135). However, if the demand for products is substantiated in aggregated political consequences and preferred political goals, companies should change their view on what to offer, how to approach marketing, and how to build and maintain competitive advantages. They should also reconsider the aims and means of market research in order to improve the strategic efforts in these areas.

Managing for Superior Customer Value in Politicised Markets

Markets with a large, built-in potential for politically motivated consumer actions require companies to reinterpret the concept of superior customer value, which by many authors is considered as the main purpose of all value chain activities (Jensen, 2001). Lower relative costs will always be advantageous, but in heterogeneous markets – as most markets probably are – all costs should be used to differentiate supply. Pricing is only one of more ways of doing this. Therefore, one should not like Day & Wensley (1988) plead that companies are to choose between superior customer value and lower relative costs. In heterogeneous markets all marketing strategies must reflect a desire for differentiation (Fulmer & Goodwin, 1988), and companies who try to combine low costs with differentiation are not necessarily “stuck in the middle” (Porter, 1980:43). In practice, most companies in fact try to find the most satisfying balance between low costs and other kinds of differentiation, and as it appears, improved product quality does not necessarily mean increased costs.

Customers very seldom attach importance to either what they get, or what they have to pay. Seen from a buyer’s point of view customer value is based on a satisfying trade-off between these two important product dimensions (Zeithaml, 1988), and they both represent a means-end chain, which will be cognitively integrated before considering a purchase. Therefore, we must take it for granted that also political consumers will connect these means-end chains in order to find out if a purchase is advantageous or not. Consequently, a politically motivated purchase will always be connected with perceived costs representing a larger or smaller drain on the available economic resources, more or less pleasant/unpleasant feelings, and more or less desirable/undesirable goal fulfilments. The more important the politically motivated consumer action seems to be, the higher costs and derived unpleasant consequences the decision maker is probable to accept. Therefore, we must take it for granted that involved, political consumers who, e.g., want to influence developments towards more sustainable farm production, are willing to accept higher opportunity costs than consumers who are not quite as dark green. However, we must also take it for granted that consumer markets normally are supplied with relatively close substitutes that are politically correct or perhaps not so politically incorrect as the product the consumer wants to avoid. At any rate this was the case when the consumers boycotted Shell’s petrol and oil products during the Brent Spar conflict. The relatively less political importance of other products chosen instead of what is meant to be avoided will probably bring about a relatively lower level of tolerance in terms of consumer willingness to sacrifice.

However, political motives are apparently mingled thoroughly with non-political motives when consumers make their final buying decision, and politically motivated attitudes and buying intentions do not necessarily result in unambiguous and consistent buying behaviour. These conditions can probably explain why the consumerism of ecological food is 5% and a decreasing part of the total Danish food consumerism. Even if environmental considerations seem apparent here, a number of non-political motives like family health, taste experience, or a wish for a certain life style can be much more important as purchase determinants (Beckman et al., 2001:39). It is also a fact that 45% of the Danes who have made a politically motivated choice of products within the last year have not wanted to support poor farm workers in the developing countries to a large extent, since the sale of Max Havelaar coffee is only 2,5%

Marketing strategy should therefore be an integrated part of all activities planned to realize the social responsibility that provides companies with sustainable competitive advantages, and the marketing-mix should be able to implement a chosen political positioning strategy in a convincing and competitive way in relation to target markets as well as to the public in general.

This implies a new interpretation of superior customer value as well as improved analytical and strategic efforts on the dimensions of customer offerings that may provoke politically motivated consumer actions. As superior customer value is not only a question of activities in the individual company's value chain, it is important that supply chain management is carried out in such a way that the whole supply chain is cooperating in order to minimize the risk of consumer boycotts, and that it is able to build and maintain superior political competences in relation to alternative supply chains. The Brent Spar conflict shows how badly things can turn out, if companies do not learn to manage in a better way when they serve markets, which are reacting politically to an increasing extent.

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Disruptive Innovations, Quality of Life, and Social Marketing in Biotechnology: Application of Patient Quality of Life Surveys in Refractive Surgery

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Abstract

The health care industry is replete with powerful industry forces that resist simpler alternatives to expensive treatment modalities because those innovations threaten their revenue streams. Termed “disruptive innovations”, many of these new technologies may threaten entrenched interests at the same time they benefit doctors, hospitals and patients and provide the opportunity to inject market forces into a highly regulated market. This study, focused on the laser vision correction market within the ophthalmology industry, uses a newly validated National Eye Institute Quality of Life instrument to adopt a patient-focus when evaluating new treatments for complex vision disorders. Conclusions indicate that many incumbents either over-shoot or under-shoot the needs of patients, creating expensive, deeply dissatisfying care. New innovations, however, offer higher quality and better outcomes for patients undergoing eye surgery.

Introduction

Governments throughout the world are facing awesome problems with their health systems. Health care is expensive, the costs are rising and the effect of inadequate health care is devastating on the individual. The aging of the population and the high cost of complex technology have placed immense pressure on hospitals and health care agencies as the community demands increase and no compromise on health care is acceptable. Many hospitals and other health care providers are facing insolvency and the governments have little option but to increase taxes as the user pays principle is very difficult to justify particularly given the catastrophic effect of such a policy on the poor. Another option that is available and has the potential to ease the pressure is the development of “disruptive innovations,” namely “cheaper, simpler, more convenient products or services that start by meeting the needs of less-demanding customers” (Christenson, Bohmer and Kenagy 2000, p. 104). To fully utilise this option it is necessary to combat the power of the “entrenched powers” and let market forces operate.

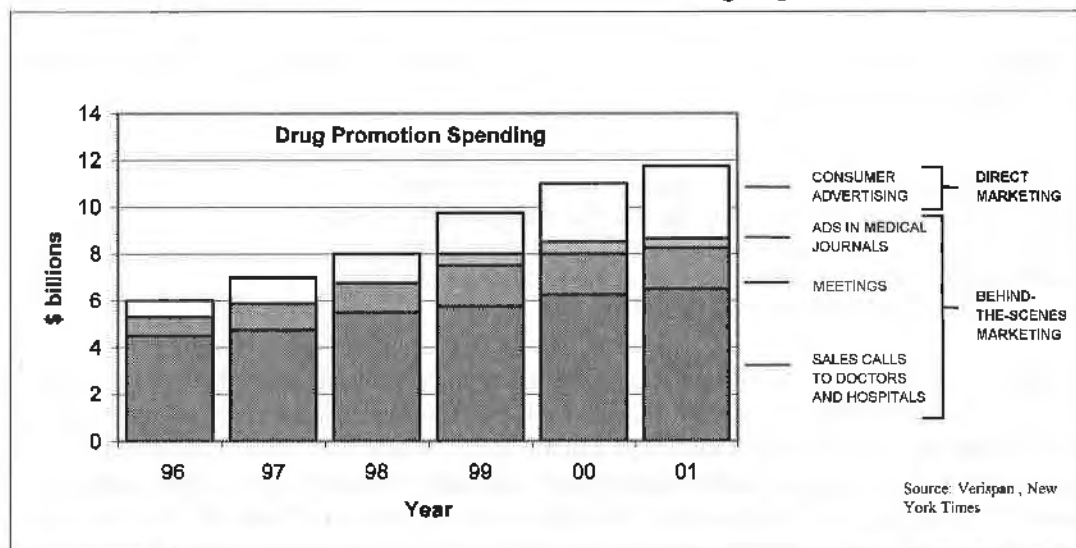
An important part of making disruptive innovation work for consumers involves new products in health care in general, and in particular in the area of ophthalmology, where new diagnostic and therapeutic tools permit treatment of common eye disorders such as myopia, irregular astigmatism and corneal disorders, often using new products such as laser surgery or intra-ocular devices implanted into the eyes. New developments in the field of ophthalmology have replaced products such as spectacles and contact lenses, and these disruptive, discontinuous innovations made products more accessible, affordable and widely diffused.

Literature Review

The macromarketing discipline examines the effects of marketing on society as a whole. This includes the impact of marketing exchanges on a range of consumer, government, industry and environmental stakeholders. Since pioneering research by Bloom and Novelli (1981), Dixon (1992), Kotler (2000), Robin and Reidenbach (1987), marketers have tried to overcome the problems of adapting commercial marketing strategies—appropriate for selling soda and chewing gum—to the design of programs seeking to increase the acceptability of a new idea, or practice, to a target group. Marketing undertaken in an ethical and socially responsible way is both more challenging, and more expensive than standard advertising and selling. Bloom and Novelli (1987) assert that it is easier to sell cigarettes to consumers, than more socially desirable marketing programs aimed at smoking cessation.

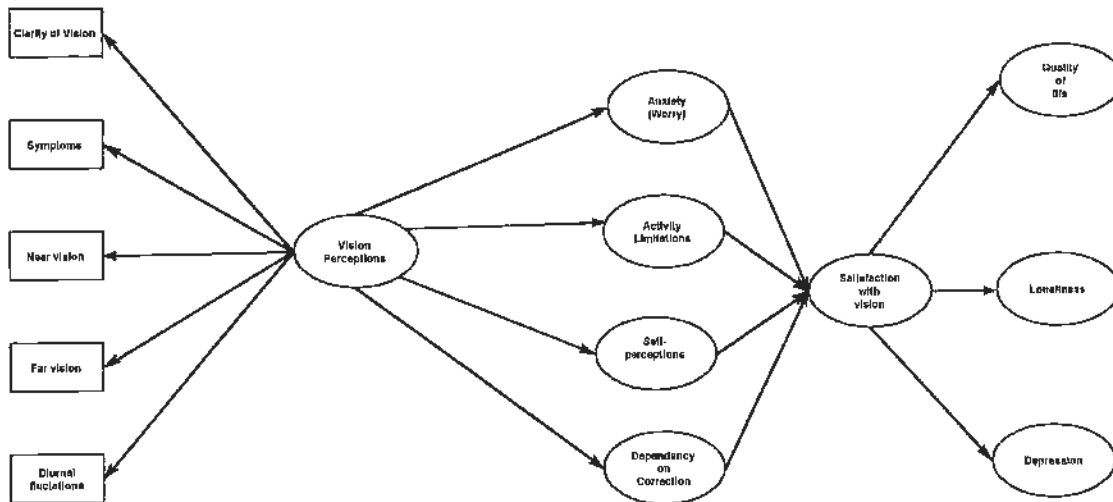
The marketing of technology, in particular biotechnology, is complicated by ethical and regulatory demands to quantitatively improve patient outcomes. The huge dollar amounts at stake for incumbents have attracted a range of questionable ethical marketing practices. These range from direct marketing to consumers (e.g. Viagra, Prozac, and Ritalin) to the employment of marketing companies rather than scientists to run clinical trials (Peterson 2003). Worldwide, over 300,000 refractive procedures were performed in 2002 (Executive Laser Briefings 2003). To quantify the marketing scale of the health care industry, Figure 1, below, demonstrates the increased direct and behind-the-scenes marketing expenditure by pharmaceutical companies, while Table 1 shows the high dollars at stake in the LVC industry.

Figure 1
Behind-the-Scenes Marketing Expenditure



and disruptive innovations will have a more beneficial impact on patient quality of life. Use of market research methods in medicine will be undertaken according to the tenets of Zikmund (1998).

Figure 2
Vision and Quality of Life



Method

A vision quality of life instrument will be administered to candidates for refractive surgery in Australia and Singapore organized via the Laser Sight Surgery Centers, a leading refractive surgery company operating clinics throughout the Asia Pacific. The instrument was developed by the National Eye Institute in the United States, and properly validated (Hays and Spritzer 2002). Importantly it is approved by both the American National Standards Institute and the US Food and Drug Administration. It contains 42 questions for prospective patients around their subjective evaluation of the vision quality, and ability to perform tasks requiring visual acuity (McRae, Krueger and Applegate 2002). The study will also use quality of life and other instruments developed in marketing and other social sciences (Dembowski and Hanmen-Lloyd 1994).

Conclusion

With the results from this study ophthalmologists, hospitals and surgery centers can combine this data with quantitative assessments such as best corrected vision. Also, qualitative data can be used to screen patients for surgery, to discriminate between the need for treatment by standard technologies, or new disruptive solutions. Also, post-operatively, this instrument can be employed to evaluate patient outcomes. Applied implications are clearly better patient outcomes.

Public policy implications also impact the development of social marketing theory. Recent scandals in Australia and Singapore over drugs, vitamins, and herbal remedies have indicated that consumers have a propensity to over-use elective medications, medical procedures, and lack education about the safety and efficacy of their choices as well as impacts on quality of life. Survey research data will be discussed in terms of both applied and theoretical implications.

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1999; Starck 1993). Such findings emphasize that a variety of social, cultural, historical, and political influences shape accounts of menopause.

The needs of women at midlife cannot be adequately served based only on a biomedical model, and recent years have seen calls for alternative frameworks. An interdisciplinary body of research is emerging that seeks to “rewrite” the menopause story—to challenge the biomedical model that suggests a “universal menopause” and replace it with new frameworks that reflect women’s depth and diversity of experiences (Apter 1995; Banister 1999; Ferguson and Parry 1998; Guillemin 2000; McQuaide 1998a, 1998b). My research will contribute to this effort.

Research Purpose and Method

In this study, I critically examine cultural messages of menopause and midlife in the United States, with the goal of uncovering alternative conceptualizations. The study methodology spanned two phases: in-depth interviews with midlife women and health care providers, and critical discourse analysis of medical, pharmaceutical, mass media, and marketing messages.

Examining the perspectives and experiences of women and providers sheds important light on how their constructions of menopause shape the health care process. Equally important are the organizational and social milieu that influence representations of menopause. Toward this end, I critically examine a range of written communications about menopause and midlife that women encounter, including advertisements for HRT and other menopause-related products and services, informational brochures, popular women’s magazines, and menopause resources on the Internet. I also analyze pharmaceutical sales materials that target health care professionals. Little research on the topic of menopause has examined such a breadth of communications.

Key questions addressed in my research include:

- How are menopause and midlife represented and experienced by women? How are menopause, midlife, and women represented by health care providers? by marketing communications?
- What accounts of menopause and HRT are privileged? marginalized? What are some of the cultural underpinnings of these various accounts?
- In what ways is the dominant “deficiency” account of menopause reproduced? In what ways is it challenged? by marketing communications? by providers? by women?
- What alternative understandings of menopause and midlife emerge?

Key Findings

My analysis highlights similarities, contradictions, and cultural assumptions embedded in the various representations of menopause and midlife. Moreover, the data reveal a number of conflicts that women and health care providers face in navigating competing discourses. At a macro level, these conflicts offer important insights into the myriad ways that the dominant social paradigm and counter ideologies shape cultural understandings (cf. Fisher 1995; Fraser 1995; Hirschman 1993; Kilbourne, Beckmann, and Thelen 2002; Kilbourne, McDonagh, and Prothero 1997; Stern 1993).

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The Importance of Multicultural Marketing: A Selection of Attitudes and Preferences of Hispanic and African-American Consumers

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Abstract

As the United States' ethnic populations grow, firms are under increasing pressure to understand the diverse needs and wants for this multicultural consumer marketplace. This is particularly important for customizing promotions; particularly advertising. This paper presents a variety of cross cultural research findings as evidence that there are differences in the attitudes, values and perceptions across three ethnic groups. These research findings provide insights for companies to develop marketing strategies that respond to this growing diversity. The implications and recommendations focus on selected universal values applicable to advertising and specifically technology-based communication products (computers and television).

Assessing Our Ancestors: Alderson and the Development of Marketing Thought*

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Abstract

The mid-20th century transition in marketing thought, from a more macro, descriptive to a micro, managerial orientation, is examined. Wroe Alderson may be seen as an important transitional figure. His writings made an important contribution to this evolution. They also should be recognized for conceptual and theoretical developments that contributed to understanding how markets perform best in the context of a mixed economy in which public policy provides socially oriented incentives to private actions. Some re-examination of the work of authors usually viewed as managerially oriented is also included in this review.

Discussions of the development of marketing thought tend to draw a thick line around 1960, between the descriptive, more macro approach attributed to, e.g., Converse, Beckman, and Phelps and the prescriptive, analytical, micro, more managerial orientation originally associated with Howard, McCarthy, and Kotler (and, today, virtually every basic textbook on the market). Marketing scholars mostly interested social concerns understandably lament the departure of the mainstream from their orientation – or celebrate their positional difference.

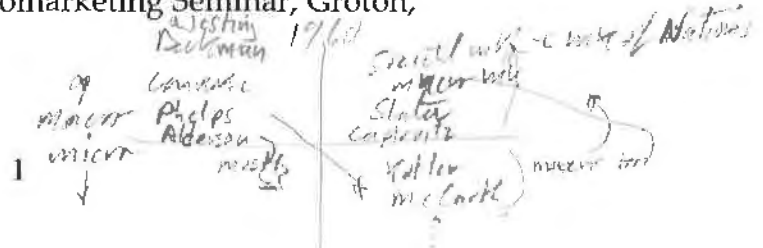
Unfortunately, this philosophical division within the marketing house has had some significant consequences. With only a few exceptions, marketing scholars have been marginalized when discussions turn to public policy issues – even as economic policies around the globe increasingly look to markets as the fundamental mechanism for allocating resources and distributing goods and services. This marginalization may explain, for example, the failure of California's experiment with energy deregulation, the continued struggle for equitable, affordable health care in the U.S., and the inability of many less developed nations to maintain sustained economic growth without repeated gifts from the developed world.

Lost in this discussion is the prospect that the orientation favored by the Land Grant academics of the early and mid-Twentieth Century may not have been very helpful either. While this taxonomic approach to studying markets is typically criticized for its failure to guide marketing management, it also lacked any normative connection between the phenomena described and the criteria for market performance in any context larger than that of the firm, e.g., innovation, efficiency, equity, and positive or negligible externalities.

Against this background, one frequently hears the question: "Where does Wroe Alderson fit?" in this paradigmatic evolution.

Historically, it seems obvious that Alderson has to be positioned in the midst of these changes in how academicians approached the subject matter of marketing – and determined what specific subjects mattered most. His most influential writings occurred between the mid-Fifties and Sixties (he died in 1965), coinciding with the changing orientation in marketing (and other business disciplines as well). This shifting orientation was fueled by two widely heralded

* Prepared for presentation to the Macromarketing Seminar, Groton, Connecticut, August 13, 2003.



foundation critiques of collegiate business education (Gordon and Howell, sponsored by the Ford Foundation, and Pearson, sponsored by the Carnegie Foundation for the Advancement of Teaching) and the Ford Foundation-sponsored faculty seminars at Harvard University and Carnegie Institute of Technology (now Carnegie-Mellon University). Those seminars brought the quantitative methods of microeconomics and operations research to the attention of a generation of younger doctoral graduates with the intent of directing both academic research and teaching to the more analytical and applicable level favored in the aforementioned reports. Both Phil Kotler and Jerry McCarthy were members of the first seminar group at Harvard.

Kotler and Alderson worked together on some projects in the early Sixties and appeared together on an American Marketing Association conference program in 1963. In this collaboration, Alderson, the senior of the two, may have influenced Kotler's thinking. Nonetheless, there seems to be no evidence of this influence in Kotler's work, which has included more than a little in the way of concept development. Thus, one must conclude that Alderson was not a major figure in this transition in thought.

However, a review of Alderson's most recognized works (*Marketing Behavior and Executive Action*, 1957; *Planning and Problem Solving in Marketing* with Paul Green, 1964; and *Dynamic Marketing Behavior*, 1965) reveal a definite orientation to managerial issues and, thanks to the collaboration with Green, the quantitative approach to problem solving advocated in the foundation-sponsored reports and seminars. One should also remember that Alderson spent much of his professional career as a management consultant (as a partner in Alderson & Sessioins). It seems reasonable to speculate that, had he lived beyond 1965, these contributions may have been extended and received greater recognition than has been the case.

The basis for this speculation lies in the adoption of functionalist thinking to understanding market behavior, both that of marketing managers and consumers. Functionalism is an approach to social science (generally attributed to sociologist Talcott Parsons) that connects behavior to its purpose. It should not be confused with the functional categories – buying, selling, transportation, etc. - so prominent, e.g., in texts by Beckman and Converse; these are activity classifications only. Differing approaches have been taken in the various social science disciplines, e.g., sociology, anthropology, and psychology, reflecting to some degree the nature of the data studied and the applications to which studies may be made. Historical and behavioral orientations are common examples of these differences. It is also relevant to note that academic work in the social sciences is often not meant to be applied. This congenial character is in sharp contrast to the business disciplines where the ability to solve problems tends to guide research and theory development.

The significance of the functionalist approach to studying market institutions and behavior extends beyond the recognition that there is a purpose served. By linking institutions and behavior to purpose, it is possible, when studying complex phenomena, to see how various institutions and behaviors are interactive and interdependent. For example, at the level of "the firm," a marketing channel routes physical products, information, and funds as well as providing other valuable services. In this sense, Alderson's conceptual contributions - "organized behavior systems," heterogeneous and segmented

markets," competitive interactions, "transvections," consumer behavior, channel cooperation and conflict, and technological change and innovations – constitute the key intellectual building blocks for understanding market mechanisms. (In this sense, Alderson out-Kotlered Kotler!) Two generations of theory and research directed to efficient marketing management driven by consumer and competitive motivations and behavior can be seen as grounded, at least unconsciously, in these contributions.

Now, if Alderson is seen as a major force in the managerial approach to marketing, why is he so honored by those who are more oriented to social criticism or market system performance? By recognizing and conceptualizing the interplay of market forces as the inevitable outgrowth of purposeful behavior by interacting firms and consumers, linked both vertically through channels and horizontally by competing for scarce goods and services, outlets and customers, Alderson was able to characterize market mechanisms at work in organizing and allocating functions.

Alderson has sometimes been criticized for his failure to reference earlier writings – a significant obstacle in efforts to establish the provenance of his thinking and what his work added to the development of theory beyond his original conceptualizations. In this respect it is significant that Alderson does attribute the foundations to his theory of advertising, directed to product differentiation, to Edward Chamberlin, the Thirties economist generally recognized (along with Joan Robinson) as having recognized and studied the phenomenon of imperfect competition. Alderson agreed with Chamberlin that markets were segmented, offerings were not uniform within categories or perfectly substitutable, resources were not perfectly mobile, and the information available to buyers and sellers was limited, often asymmetric, and heavily influenced by what sellers chose to say about their offerings. While this recognition was not particularly unusual among academics by the mid-Fifties – and leading marketers such as Procter and Gamble had established dominant marketing positions long before based on such understandings, Alderson is arguably the first *marketing* scholar to bring this development in microeconomic reasoning to bear on real world issues facing societies.

In *Dynamic Marketing Behavior*, Alderson prepared his final chapter on the subject of public policy, addressing such issues as the regulation of competition, patents, ideology, and enforcement. He recognized the competition between differing economic systems and the problems posed by globalization. In *Men, Motives, and Markets* (published posthumously in 1968 with co-author Michael Halbert), a chapter is devoted to "the marketing climate," stressing both public attitudes toward business and regulation, e.g., of pricing and product standards.

Perhaps the most compelling evidence of Alderson's interest in harmonizing the purposes of societies and individual firms and consumers can be found in a co-edited work (with Vern Terpstra and Stanley Shapiro), *Patents and Progress*, published in 1965. The principal thrust of the whole work and Alderson's own Chapter 12 is to recognize how patent policy provides an incentive to technological innovation, how such innovations improve lives, how marketing is the vital force in propagating innovation and building a firm's market position, how innovation is a key element in understanding competition, and how *patent* protection provides only limited *market* protection in a system where technologies compete for market protection. Finally, the prospect that

small businesses may be disadvantaged by institutionalized innovation in dominant firms and the resulting need to provide policy incentives for sharing technological advances is recognized. In this example, Alderson clearly recognizes the interplay of interests among firms of varying capabilities, consumers, and larger social interests.

From a contemporary macromarketing perspective, it is also fair to recognize the limitations of Alderson's work.

Despite a leadership role in the Marketing Science Institute during the time it was housed at the Wharton School, Alderson was a senior scholar schooled in the behavioral sciences with a propensity to conceptualize whole systems; in this respect he was clearly outgunned by younger scholars oriented to quantitative analysis. As important as his legacy in this respect, and its reflection of his conceptual understanding of then contemporary microeconomic theory, he was unable to bring the tools of quantitative economic analysis to bear on the social purposes of market systems and necessarily relied on colleagues such as Paul Green to apply his managerial thinking to problems in the firm.

In addition, several social concerns that have dominated what might be characterized as the *critical school of marketing* evaded his explicit attention, doubtlessly because, for the most part, they captured public attention after his death. Among these are concerns about environmental degradation and sustainability, the capability of the poor and market illiterate to cope in a market economy, the preservation of indigenous cultures and cultural products in competition with technological advances and cultural globalization, and the range of concerns related to the widening gap between advanced and less developed economies in an era of global markets dominated by governments and firms in the advanced nations of the world.

Some second thoughts are in order with respect to the thrust of the managerial approach personified, sometimes vilified, in Kotler and McCarthy. To be sure, the social insensitivity of the "4 Ps" approach to characterizing marketing activity is of concern to scholars concerned with the environmental and cultural preservation and social justice. However, a more inclusive review of their work reveals a significant interest in these and related issues. For example, both have recognized the significance of the micro vs. macro conflict in their texts as have many other authors of managerially oriented texts. Kotler wrote an article on economic development in 1988 and co-authored a book entitled *The Marketing of Nations* in 1997. And McCarthy co-authored *Social Issues of Marketing in the American Economy* with Hugh Furuhashi in 1971. While the emphasis on managerial questions and processes are the most prominent aspects of their work, their interest in broader concerns is also evident.

Based on this review of Alderson and his contemporaries, I draw several conclusions. First, I would grant those pre-1960 academics such as Beckman and Converse an important place in the pantheon of leading marketing scholars. They invented or propagated a taxonomy for marketing institutions and activities, an essential step in the development of any science, and schooled several generations of academics and professionals in both the literate and numerate understanding of marketing. They also catalogued the trends taking place in marketing during the first two thirds of the Twentieth Century, a period of great dynamism prompted by advances in transportation, communications, and industrial technology and rising living standards. Yet I believe that

nostalgia for this level of understanding is misplaced insofar as the connection of taxonomy and trends to business, consumer, *and* social purposes was never made. While a primary interest in whether social criteria for evaluating market performance leads to the critical observation that an analytical approach to prescribing managerial solutions and to explaining buyer behavior tends to irrelevance or even dysfunction, a practical assessment is that this step in advancing marketing theory serves a useful, if often sub-optimal purpose.

Second, Wroe Alderson has to be viewed as an important figure in explaining how markets actually operate as the reflection of individual purposes interacting in vertical and horizontal relationships. This judgment is amplified by the fact that he brought that explanation to bear on both the responsibilities of marketing managers operating in complex systems and the role of public policy in maintaining an acceptable level of harmony within markets and between markets and societal interests in distributive efficiency and innovation.

Third, the quantitative limitations of his own schooling led to a respect for analytical work, but an inability to transfer the mathematics of quantitative analysis to the complexities raised by his conceptual contributions.

Finally, concerns with social justice and cultural and environmental conservation, important issues in contemporary macromarketing scholarship, were not paramount aspects of Alderson's work –from the standpoint of either justifying *or* criticizing markets as mechanisms for allocating resources and goods and satisfying human needs. Yet one suspects, given the times in which he worked and the issues that dominated the public agenda during that period, the failure to address such issues ought to be excused.

In summary, the mid-century scholarship reviewed in this paper made significant contributions to our understanding of markets: how markets work; how *and why* business firms and consumers interact in market environments; how marketing managers ought to recognize, create, and exploit market opportunities; and how public policy interacts with private motivations and activities in serving – and sometimes frustrating – social purposes. The individuals who conceptualized, analyzed, counted, and prescribed policies at the managerial and governmental levels all made important contributions to this understanding. Yet all were products of their own times, both limited and fortified by their own academic preparation and the issues that dominated public and academic agenda during the time in which they made those contributions. In this sense, Wroe Alderson is a giant. However, one should maintain a measured evaluation, recognizing both strengths and weaknesses, of Theodore Beckman and Paul Converse as well as Alderson. Finally, while the scholars most often associated with the managerial or micro orientation, Phil Kotler and Jerry McCarthy, are often criticized for lacking a macromarketing perspective, i.e., ignoring the social impact of market processes and outcomes, that criticism cannot be supported in view of their explicit recognition of social concerns and the often conflicting interests of societies and individuals. Moreover, their response to the limitations of the more macro, but essentially descriptive work of *their* academic ancestors provided the integrated and purposive framework that makes constructive and critical analysis possible.

It remains for marketing scholars with the macromarketing orientation to advance our discipline the next step, to take on the task of applying the conceptual framework and analytical tools to prescribing business and public

policies that protect the economic freedoms we enjoy, guard against the abuses that too often result from such freedoms, and provide for the sustainable sharing of the fruits of market-based enterprise.

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